

HOW EMPATHY ENHANCES AN INNOVATIVE MINDSET

AN EXPLORATORY CASE STUDY AT HEMA



Master thesis by Pamela Asberg

How empathy enhances an innovative mindset: an exploratory case study at HEMA

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Preface

Dear reader, great that you have found my master thesis! I am excited to share this project with you. With this thesis, I have finished and obtained my master's degree in Strategic Product Design at the Delft University of Technology. These past six years of studying were challenging, inspiring, but most of all, fun. When looking back at all the opportunities I received throughout these years, and how I could combine obtained knowledge and skills for this final project, I do so with gratitude.

I want to make some acknowledgements. First of all, I would like to thank my supervisory team for supporting me throughout the project and always being available to meet or text. Rebecca, thank you for your critical view on the project and for making me take that extra mile. By asking me these questions, I could develop the project into more profound levels. Bart, thank you for your ever-positive feedback and your tips to follow my instincts. I enjoyed our two-weekly Skype sessions as I could tell you everything I had done.

Secondly, I would like to thank my coaches from HEMA. Marco, thank you for giving me this great opportunity and for taking me around the company to be much involved with the Innovation Lab. I highly valued your opinion during our weekly coffee talks. The way you treated this project as your own provided me with the feeling this project was of great importance to be making an impact on the organisation. Wessel, thank you for making this graduation time fun, for all of the mental support and for facilitating the webinar. I am genuinely convinced the innovation Lab will grow the way you both envision it to be with the both of you aboard. Also, a thank you to the other colleagues from HEMA's Portfolio & Management team. Ever since stepping foot on HEMA's grounds, I was treated with care. Even though I was only at the office once or twice a week, I maintained the feeling of being welcome for the full half a year I was with you.

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Last, but certainly not least, I would like to thank my friends, roommates and clubgenoten for making these years memorable. I especially enjoyed our cheese and wine nights, eating tosti's on the kitchen floor, and borrels and dinners.

Without further ado,

Enjoy reading my thesis.

Pamela Asberg

Executive Summary

One of the most pressing concerns of each organisation is innovation. It can be reached through product differentiation, but innovation is also obtained through having the right employees. Corporate cultures that support to take the risk and think creatively will be led to new products, services and strategies. However, these innovations are only beneficial if they manifest superior value in the customer-driven marketplace. To do so, companies should act upon customer-centricity: the act of placing the customer at the centre of everything one does, by listening to what they have to tell, studying their needs, and afterwards using these gained insights in one's process.

By putting consumers first and empathising with them, one gains an understanding of the target group, but even though this is very important, it is often not sufficient for successful NPD (New Product Development). Instead, consumers need to be present and cooperating in NPD stages to provide valuable feedback. This involvement can be managed with the well-known principle of Design Thinking, primarily through the first step of empathising.

Empathy is described as an identification process of "*becoming*" the experience of the client, and it is based on the two components of affective and cognitive empathy. By balancing these two and with that optimally empathising with customers (understanding the customer; recognising the customer), innovation and profitability are reached. Hence, a new type of innovating was introduced: Empathy-driven Innovation. One in which companies focus on the deepest underlying needs of their users and the quality of those, by putting the customer first and performing all company-energies while thinking on behalf of the consumer, to stimulate innovation.

However, based on a Case Study at HEMA, it was found that there is currently limited contact with (and involvement of) customers happening in (design) processes within the studied company. The goal of the Case Study was to find out how much innovation was currently happening through both qualitative and quantitative research. The study discovered five lacking factors of innovation to be improved. Firstly, employees should not only acknowledge Customer-centricity but also act upon it. Secondly, employees should use (more) customer insights in the fuzzy front end to build a foundation for their products to make. Also, the perceived level of innovation among employees should be enhanced. Fourthly, all employees should take ownership of innovation: it is not a one man's job. Finally, HEMA should become a frontrunner, whereas they are right now following other businesses to get ahead.

A strategy was created to integrate customers in HEMA working processes, to become therefore more innovative. The HEMA framework, based on empathising with the customer, is short for Hear, Experience, Melt and Analyse. These four steps in the HEMA model are in the first place easy to remember for employees because of the acronym and second of all, they support the employee to engage in customer interaction. The designed HEMA Empathy Toolbox takes care of the company's lacking factor of innovation. The toolbox contains, amongst others, a HEMA Empathy Card Deck with 42 questions that enable the employee to take on the perspective of the customer. While supporting employees to take on this perspective or to even act as if they are the customer themselves, it stimulates active customer participation in company processes.

A Customer Involvement Panel is the end-goal of the strategical roadmap to this issue and is recommended to support employees even more to have direct contact with their user. With this panel, employees can set up meetings themselves to, together with Empathy-driven Innovators, facilitate co-creation sessions with real customers. Ultimately, this HEMA Empathy Framework will improve the rate of customer engagement, and with that stimulate and reach innovation.

Table of Content

Preface	1
Executive Summary	3
1 Introduction	10
1.1 This project	11
The new way of working - Playbook	12
1.2 Research question	14
1.3 Triple diamond approach	15
Diamond 1: Identifying the problem	15
Diamond 2: Understanding the problem	15
Diamond 3: Building a solution to the problem	17
2 Literature review	18
2.1 Why companies use design	19
Advantage of design	19
When to use design	19
Design as a resource	19
Design weaknesses in companies	21
2.2 Organisation in retail	22
From brick-and-mortar to online shopping	22
From mass-communication to personal marketing	22
From disposal-culture to a circular economy	23
From end-user to co-producer	23
2.3 Meaning of design	24
2.4 Importance of Innovation	25
Innovative behaviour	25
2.5 How design (thinking) leads to innovation	27
A five-step model	27
Design Thinking in practice	30
Deep dive into empathy	31
Innovation profitability model	32
2.6 Hypothesis	34
3 Case Study at HEMA	35
3.1 About HEMA	36
Vision	37
Strategy	38
3.2 Methodology in study	39
In-depth semi-structured interviews	39
Survey	41
Employee observations	41
3.3 Innovation at HEMA	43
(only) Acknowledging customer-centricity	43
Market analysis	43

Work and communication optimisation	43
3.4 Factors to improve for innovation	44
1. Act upon customer-centricity	44
2. Use Customer Insights	46
3. Improve perceived innovation within the organisation	47
4. Take ownership of innovation	48
5. Become a frontrunner	49
3.5 How these factors are negatively influenced	50
Financial Status	50
Working in silos	50
Choices are made on gut-feeling	50
3.6 Filling the gaps	52
Validating the hypotheses	52
Envisioning empathy in design	54
4 Empathy is key	55
4.1 How empathy is going to stimulate HEMA's survival	56
HEMA Empathy Model	57
5 A focus-shifting framework for HEMA	59
5.1 Ideation	60
Part I	60
Part II	60
5.2 HEMA Empathy Toolbox	64
Empathy Card Deck: thinking on behalf of the customer	65
Method Explanation Cards	75
Validation of the concept	81
Production of the Box	82
6 Implementation at HEMA	84
6.1 Strategical Roadmap	85
Customer Involvement Panel	88
Team of Empathy-driven Innovators	89
Empathy session for employees	90
Webinar	91
Discussion	96
Answering the research question	97
Limitations of the study	98
Recommendations	98
Evaluation	99
What to improve	99
What to stop doing	100
What to keep doing	100
References	101

Appendix	107
Appendix A - "Trend Analysis"	108
Appendix B - "Transcripts Interviews, important quotes & filled-in interview templates"	109
Appendix C - "SPSS codes"	139
Appendix D - "Scoping insights clustered"	141
Appendix E - "Interviews main insights clustered"	143
Appendix F - "Evaluation Brainstorm"	151
Appendix G - "Brainstorm how-might-we results"	154
Appendix H - "Brainstorm insights clustered"	158
Appendix I - "Filled in Concept Cards"	162
Appendix J - "Full-size Explanation cards"	168
Appendix K - "Design iterations Card deck"	200
Appendix L - "Evaluation Webinar"	202

Figures

Figure 01: Lean Startup principle (Ries, 2011)	12
Figure 02: Digital Innovation Lab Canvas	13
Figure 03: Innovation Funnel	13
Figure 04: Triple diamond approach with assigned goals per phase	16
Figure 05: Extensive list of benefits of involving customers in NPD (Sigala, 2012)	20
Figure 06: Model of innovative behaviour (Scott & Bruce, 1994)	26
Figure 07: Ten characteristics of a wicked problem	28
Figure 08: Innovation sweet spot (IDEO, 2008)	28
Figure 09: Explanation of 5 step model	28
Figure 10: Exclusion of empathy in 5 step model	28
Figure 11: Top 10 innovative companies (BCG, 2019).	30
Figure 12: Presentation Rebecca England (October 31st, 2019)	30
Figure 13: Affective vs cognitive part in Empathy (Kouprie & Visser, 2009)	31
Figure 14: Identified relationship between empathy, innovativeness and profitability	32
Figure 15: Job-to-be-done statement (Ulwick, 2017)	33
Figure 16: Origin of HEMA (HEMA. n.d.)	36
Figure 17: Key values HEMA	37
Figure 18: Customer profiles (confidential)	37
Figure 19: Governance HEMA; thesis written from P&M	37
Figure 20: Interview template	39
Figure 21: Table of interviewees	40
Figure 22: 'HEMA as a person' (result from survey)	47
Figure 23: HEMA's net result	51
Figure 24: Identified pain points in current business regarding innovation	53
Figure 25: Defined HEMA Empathy model	57
Figure 26: Integration HEMA Empathy model in Digital Innovation Lab Playbook	58
Figure 27: Four how-might-we's used to brainstorm	60
Figure 28: Concept card template	61
Figure 29: Results four how-might-we's	63
Figure 30: HEMA Empathy Toolbox	64
Figure 31: Different levels of knowledge to be reached through toolbox	64
Figure 32: Showcase HEMA Empathy toolbox cards, including branded case	65
Figure 33: Scenario Empathy Tool Deck in use	67
Figure 34: Overview of all cards within the Empathy Toolbox	68
Figure 35: Cards (A6) scale 1:4	69
Figure 36: Card (A6) scale 1:1	75
Figure 37a: Method Explanation Card (A4) scale 1:2 - front	76
Figure 37b: Method Explanation Card (A4) scale 1:2 - back	77
Figure 37c: All 16 Method Explanation Cards scale 1:16	78
Figure 38: Guerrilla testing survey to validate the concept	80
Figure 39: Production costs HEMA Empathy Toolbox	82
Figure 40: HEMA Empathy Toolbox	83
Figure 41: Strategical Roadmap Empathy-driven Innovation at HEMA	86
Figure 42: Potential screen for customers to opt-in for designing with HEMA	88
Figure 43: Envisioned Empathy-driven Innovators (facilitating)	89
Figure 44: Employees during the empathy session - employee observing - author presenting HEMA model	90
Figure 45: Landing page HEMA webinar registration	92
Figure 46: Cheque HEMA worth 10K	93

1 | Introduction

Customer demands have been changing fast over the last few years (Giri et al., 2019). They demand more personalised services and *"thinking"* one knows what customers long for is no longer sufficient. To shift with these customer demands, companies need to invest time and effort into getting to know whom they are dealing with. Data is needed to create an understanding of customers to be able to meet their expectations or even exceed them. Consequently, employees have to engage in a growth mindset, one that enables them to change along with the company and not stay behind in the same position. Likewise, the sector of retail has also changed. A shift has taken place from offline in-store shopping towards online shopping on companies' omnichannel; in which customers can reach the company through multiple connected channels.

In order to stand out from competitors and to stimulate customers to buy and make use of product offerings, companies are continually innovating. With the use of design, companies create more than just beautiful products: they can create meaningful customer experiences, competitive advantage and customer loyalty. Design has become an essential strategic factor in making a business successful (Na et al., 2016).

1.1 | This project

This research is in assignment for HEMA, a Dutch general merchandise retailer. To stimulate this company to grow and innovate faster, the company finds itself in the middle of a digital transformation. First of all, an organisational change within HEMA departments has taken place, in which the two departments of Information Management and Online Development have merged into HEMA Digital, to create room for a digitally enhanced approach. HEMA Digital is the department from which this project is executed. Secondly, the focus of HEMA's omnichannel strategy has gone digital, focussing less on their physical stores. Lastly, about a year ago, HEMA set up a Digital Innovation Lab, in which a team of Product Owners come together to (co)create, validate and iterate in projects. It is a creative place for product/service development.

The Digital Innovation Lab focuses on the development of solutions for both HEMA's consumers and colleagues. On the one hand, it exploits existing businesses to the full potential by optimising current technologies, methods and (removing) processes. On the other hand, it explores and discovers new potential businesses by searching, acknowledging and solving problems.

However, the Digital Innovation Lab has noticed there are knowledge gaps regarding innovation within the various departments of the company: not one common understanding of what the right thing to do is yet known and also clear metrics to validate projects are missing. The Digital Innovation Lab, therefore, has taken responsibility for the knowledge exchange from its department, HEMA Digital, to other departments that are less aware of innovation. The Digital Innovation Lab offers a broad perspective of the way of working within the organisation to those employees. It is driven by the desire to explain what innovation is about, how to move (fast) within projects and to transform people's mindsets into growth-mindsets, in which ***"people will believe it is not hard to innovate"***, as said by the Digital Innovation Lab manager.

To reach these goals, the Digital Innovation Lab offers a broad understanding of the new work approach, in which a bottom-up procedure is used to stimulate innovation and where people work according to the principle of Lean. They make employees enthusiastic regarding 'change' to enable them to let go of the existing setup and, besides, try to improve the rate of going from proof-of-concept to actual production, since - unfortunately - many projects get stuck in that first phase. The Digital Innovation Lab is the physical translation of HEMA's key-value "act as an entrepreneur", as it has the aim to transform the entire organisation to their 'new way of working' and to fill the innovation knowledge gap.

The new way of working - Playbook

In a rapidly changing world, it is essential to stay relevant to customers by changing with them to retain a high level of satisfaction. The Lab aims to introduce a new way of working, which they like to call Continuous Innovation. It is driven by the continuous discovery of and experimenting with (digital) business opportunities that contribute to the efficiency and optimisation of HEMA's processes. Their purpose is to shape HEMA's culture by educating and empowering colleagues to embed innovation practices in their daily activities. The Digital Innovation Lab has combined all their knowledge and tips into a playbook. The playbook begins with the following quote as spoken by Churchill:

"Success is not final; failure is not fatal:
it is the courage to continue that counts."

That sentence entails the whole purpose of their role; acting as a vehicle to unlock the innovation potential within HEMA.

Approach

The playbook sketches the new approach which is based on the principles of Design Thinking and Lean Start-up, in which a distinction is made in the phases of discovery, design and delivery in combination with going through the loop of build, measure and learn (Ries, 2011; figure 01). The goal of the first phase is to take a deep dive into the problem to be solved. This is done through the execution of, i.e. in-depth research, preparing an eager team and defining a precise scope. The second phase is focused on developing a solution to the problem defined in the previous phase. The measurement of desirability and behaviour is characterized by executing numerous experiments, in which the riskiest assumptions are (in)validated. Ultimately this leads to a solution that sufficiently addresses the problem identified. The delivery phase is the concluding phase, in which it is time to go out into the 'real-world'. As the concept is still in a state of MVP, learnings still need to be gathered, so the learnings and experimenting mode should still be on.

Besides the offering of the work approaches and tools, the playbook contains several canvases for employees to fill in and use. A sample from the canvases is the Digital Innovation Lab Canvas (figure 02), Team Canvas and Lean Canvas. These tools are mostly to structure projects and, e.g. grasp critical elements of it, scope it down, validate and prioritize.

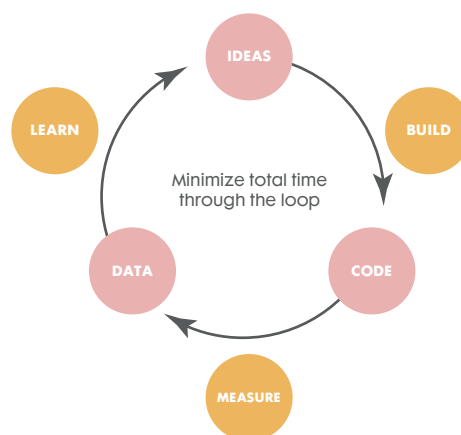


Figure 01: Lean Startup principle (Ries, 2011)

Prioritising

In order to make sure that the right projects are executed, a prioritisation process is created within the innovation funnel (figure 03). This process is aimed at selecting the projects that have the highest priority for HEMA. It starts with acknowledged problems or first ideas entering the funnel. In here, everything is welcome. Then, using the Digital Innovation Lab Canvas (figure 02), the idea is framed to be able to be reviewed and compared to others. These canvases are analysed by the funnel committee on strategic alignment, critically for improvement, risk reduction and or opportunity enablement and afterwards prioritised and planned accordingly. Afterwards, the Digital Innovation Lab comes in. They go through the process of learning and validating at high speed until (in) validated behaviour is defined. Once validated, the project will enter the regular portfolio management process, where the budgets will be dedicated to the projects.

digital innovation lab canvas											
how might we...	strategic alignment strategic goals: value drivers:	key resources business owner: (or) product owner: project members:	level of insecurity how crucial is it to the business: how much do we know about the outcome:								
			influenced key metrics								
problem/opportunity statement describe the problem or opportunity for the business intangible benefits: tangible benefits:		stakeholders everybody impacted by the initiative project	related initiatives								
milestones											
phase: date: deliverable:											

Figure 02: Digital Innovation Lab Canvas

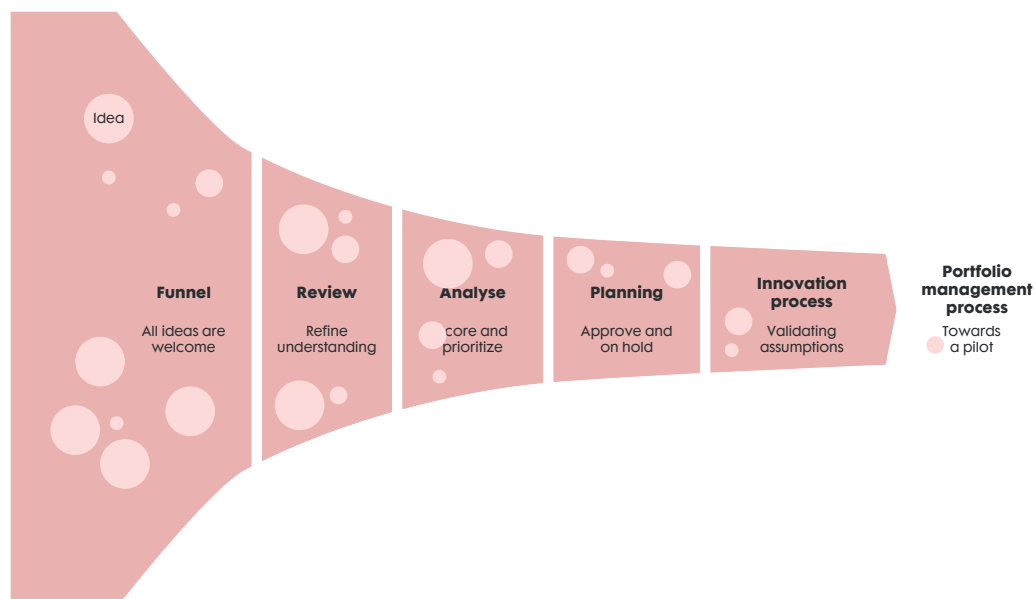


Figure 03: Innovation Funnel

1.2 | Research question

To close the innovation knowledge gaps the Digital Innovation Lab experiences, it desires to teach employees a new way of working: one that transforms fixed mindsets into growth mindsets. This is done with the goal of enhanced company growth and higher innovation levels.

The desire of the Digital Innovation Lab to teach their way of working, combined with the current (failing) financial situation of the organisation, asks for an investigation. Therefore, this is a study with the aim of designing a custom-build work-approach to offer opportunities to employees that make this company more innovative.

This research is aimed to find out how the organisation is currently operating, what is going wrong, and how to translate current businesses and its employees into a new (more innovative) mindset. The goal of this study is to provide an answer to the following research question:

“How can the Digital Innovation Lab empower HEMA employees in enhancing an innovative mindset?”

Research Question

1.3 | Triple diamond approach

An adapted version of Design Council's Double Diamond innovation framework (2004) was used to go through this research and its creative process in an orderly fashion. In this case, three diamonds were identified and used to diverge and converge within the analyses repeatedly (figure 04). The model was put to practice as guidance to dive deep into the context and systematically get a broad understanding. Subsequently, while converging, clusters and results could be made to get to the core of the issues. Note that this was an iterative process, not the regular process as depicted in the model. Constant feedback happened by going back and forth in loops.

Diamond 1: Identifying the problem

Qualitative research - Semi-structured interviews

Semi-structured interviews were conducted with (five) employees of the HEMA Digital department to get to know the company and the hurdles it is dealing with. A template (p. 39) was used as both a communication tool and script to guide the conversations along the same routes, so every employee was asked the same set of questions. These interviews took around half an hour, were recorded and afterwards transcribed. The insights were clustered to pick the main problem and to decide on the scope of the project, which is described in chapter 3 (p. 44).

Diamond 2: Understanding the problem

Qualitative research - Semi-structured interviews

The same template as phase one was used with other employees to find out their perception of the company and what activities they performed to reach innovation.

Quantitative research - Survey

Next to the qualitative approach, quantitative research was conducted through a survey to get a broader understanding of the employees and departments on a company-wide level. The survey was posted on heyHEMA, HEMA's digital communication platform, which is accessible to all 700 Dutch employees. Questions were asked regarding their self-perceived innovativeness, what they think should be improved within the company and how (often) they communicate with stakeholders.

Qualitative research - Informal interviews

Other interviews were conducted in a less structured way. These were done to get a more extensive understanding of the way of working in other departments within this organisation. Not all meetings were recorded, but most of them took again approximately half an hour.

Qualitative research - Literature Review

Aiming for an in-depth understanding of the use of Design (Thinking) (in companies), how to reach corporate innovation and the context of retail, a literature review was performed on existing knowledge. This analysis provided the basis for the Case Study at HEMA.

Qualitative research - Field research

To understand how innovation is reached, what it can offer to HEMA and to get inspired for the next phase, other companies were analysed to find out how they are innovating. To have a clear overview of what HEMA is doing and what their position is in the market and media, a Google Alert was set up. This alert sent emails every day with the information written about the company. Every morning started with a brief walkthrough of all articles. On top of that, LinkedIn was used as a source to get in contact with other (innovative) companies.

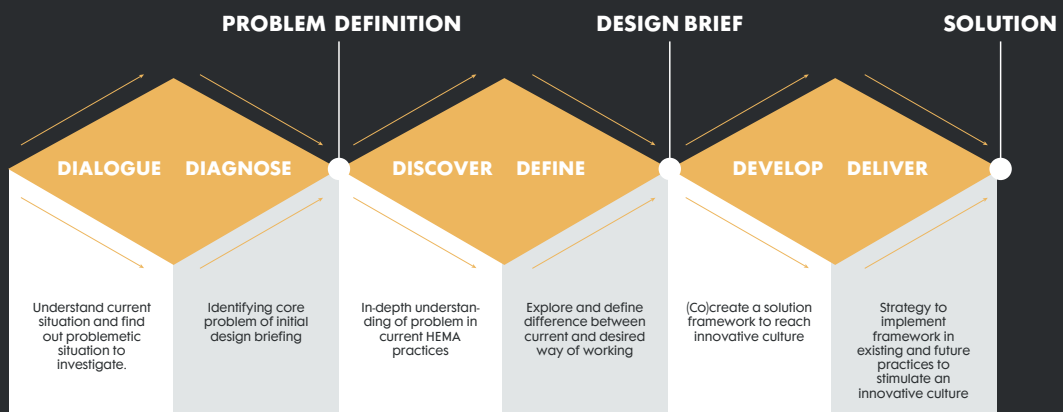


Figure 04: Triple diamond approach with assigned goals per phase

Insights from all conducted research were clustered using Miro (digital whiteboard software), put together into six themes, to ultimately select the foremost cause of the problem to research and convert. These together developed the building bricks to define the delivered Design Brief.

Diamond 3: Building a solution to the problem

Creative sessions with students and HEMA employees

Three ideation brainstorm sessions, each lasting one and a half hour, were conducted to get inspired on questions that raised from the performed research. The most appealing benefit of this type of ideation is the creation of a solution that fits multiple stakeholders as multiple people/parties give their opinion on what matters to them and how they envision things to be implemented in an organisation.

Webinar for implementation

A webinar was hosted to provide twenty HEMA employees with the knowledge about the importance of understanding one's customer. This digital approach was chosen to work around the heavily spread COVID-19 virus that was active during the times this research was ending. With this webinar, the first step of the strategic roadmap was taken.

2 | Literature review

A literature review on existing knowledge on the topics of *“design in companies”*, *“innovative mindsets amongst employees”* and *“customer engagement”* was conducted in order to examine what already has been researched and to build the foundation of this study.

2.1 | Why companies use design

The potential for design-driven growth is enormous for companies in both product and service-based sectors (McKinsey, 2018). To sell more is not only possible via improving the offered products' functionalities or raising awareness about its purpose through marketing, but it is also achieved through good design. More and more companies are involving in-house or outsourced design methods and tools to approach innovation (Muratovski, 2015). Inside a store, people will decide on a product on emotional response and what the eye finds attractive (Molenaar, 2016). Design-driven innovation is not only great for creating products and services that lead to more competitive advantage and increased sales (Borja de Mozota, 2006), it can also create meaningful customer experiences to the customer (Lockwood, 2011). Besides, design is more than aesthetic beauty (the act of picking the right colour, shape and texture): it is about simplifying this world full of complexity (Lockwood, 2011). Design will help a business stand out, to be noticed, through branding and packaging that catches the eye (Kimbarovsky, 2018). Design builds customer relationship through shared values in design. Besides, design creates brand consistency, which in its turn also takes care of increased perceived value and higher sales.

Advantage of design

"Used effectively, design and designers truly do have the power to transform nearly everything: concepts, brands, categories, markets, technologies, materials, logistics systems, experiences, industries, even governments", Deloitte (2015) declares. Using design well can increase sales' growth rates (Rubera, 2015). Also, it enables the creation of novel products (those that are new to the market), that, on the long run, perform better than other products from a design and technological perspective (Rubera, 2015). Not only moneywise design can be beneficial, but it also encourages clear technical and strategic communication, both internally and externally, which is essential for improving employee loyalty. Additionally, this internal communication effect leads to more exceptional dedication to improving, manufacturing, and delivering quality products and services (Na et al., 2016). Furthermore, clear external communication is essential to successfully improve brand value and brand loyalty (Na et al., 2016).

When to use design

In the first phase and role of a designer, designers were seen as the people who put a beautiful wrapper around the idea (Brown, 2008). Starting from the second half of the twentieth century, designers became an increasingly valuable competitive asset (Brown, 2008). Furthermore, designers are now asked to create ideas that better meet consumers' needs and desires, giving them a much more strategic position. Customer needs can be identified as lacking factors between the current and desired situation (Kärkkäinen et al., 2001), and they can be divided into articulated and latent needs. The first ones are unmet divergences that are known by customers, whereas the latent needs are not apparent to customers, but still exist and will keep the customer dissatisfied.

Design is no longer about enhancing the product's looks and functionalities. Instead, it has become an essential strategic factor in making a business successful (Na et al., 2016). Design should be used strategically and integrated into business processes. It is now looked at as a strategic business tool, to gain an in-depth and holistic understanding of the market, its customer and future. Na et al. explain that design innovation takes place in three key areas: designing (the act of creating products/services), design strategy (the management of design with strategic intent), and corporate-level Design Thinking (the philosophy and method of design applied to manage a business holistically).

Design as a resource

Design is not only applied within a company by employees. It can also be outsourced to an external company or conducted with the power of end-users. Cui & Wu (2016) have researched the three forms of customer involvement in innovation. The first is involving the customer as an information source, where employees

collect information about customers to apply this to NPD that meets consumers' demands. Lagrosen (2005) named this relationship transactional as designing for the customer only takes place in the early phases of NPD. Secondly, customer involvement as co-developers, where customers create products collectively with NPD employees. In here, product development is done in co-creation rather than being isolated. Sanders & Stappers (2008, p. 6) have defined co-design in the broadest sense by ***"the creativity of designers and people not trained in design working together in the design development process"***. A facilitative level of relationship is defined here by Lagrosen with designing with the customer happening in the early phases of NPD and the testing phase. Lastly, customer involvement as innovators, where customers are given the role of a designer to compose their products, which are then chosen and produced by the company. This type of relationship which is characterised by the customer as a designer is on the integrative level; acting in all phases of NPD.

Reasons (not) to include the customer

There is a difference between customer focus and customer understanding. It is a matter of perspective. Lagrosen (2001, p. 350) emphasises that ***"customer focus means that the activities of the companies are intended to benefit the customer, but the customer is seen from the companies' perspective"***. On the other hand, in developing customer understanding, a shift of perspective is needed: ***"The company needs to gain entry to the customers' perspective and adopt the customers' framework of viewing the product."*** However, a mere understanding of the customer is often not sufficient (Lagrosen, 2001). Instead, consumers need to be present and cooperating in NPD stages to provide valuable feedback. Customer interaction in early NPD stages has a positive impact on product success (Gruner & Homberg, 2000). Staying close to one's customers and having frequent interaction (also outside NPD projects) was ranked as one of the most critical factors for NPD success (Gruner & Homberg, 2000; Hanna et al., 1995). As a consequence, the higher the understanding of the customer, including their situation, needs and desires, the more likely it is that developed products will succeed (Hanna et al., 1995; Lagrosen, 2001). On top of that, Sigala (2012) combined an extensive list of benefits related to success that can be achieved if consumers are integrated into NPD processes (figure 05), including reduction of market failures, a faster NPD process and developing products that match and satisfy customer needs.

Benefits of involving consumer

the development of products that match and satisfy customers' needs;	speed up the NPD process;
public relations and development/improvement of relationships with customers;	high new product acceptance rates;
better understanding of market needs;	superior quality and a differentiated service;
reduction of market failure and errors in the early NPD stages;	user education;
reduction in time to market;	rapid diffusion of innovation;
	makes ideas for new products more original;
	enhances new products' perceived value by users

Figure 05: Extensive list of benefits of involving customers in NPD (Sigala, 2012)

However, it has been demonstrated that involving customers may even limit the level of innovation. According to research by Bennett & Cooper (1981), customers experience a knowledge gap about innovation. This gap is causing their input to be only based on comparing existing items they can relate to from one supplier to another supplier's offerings. Using that type of information as the basis of product development will only lead to incremental changes, rather than the desired radical innovation (Lagrosen, 2005). Another disadvantage found by Bennett & Cooper concerns consumers who do not know how to express and verbalise their needs because they are not acquainted with the possibilities of current technology. Hence, even if people are known in the area of technology, consumers' expressed needs may transform and change over the time the new product is developed and launched in the market (Bennett & Cooper, 1981). Fourthly, customer involvement brings about high costs both directly and indirectly with time, and this is for many companies, the main reason not to include the customer in the design process. Moreover, lastly, frequently with breakthrough products, companies do not yet clearly know whom the future customer of the new product is going to be (Deszca et al., 1999). This makes it rather difficult to engage customers in the NPD.

Design weaknesses in companies

Companies that are strong at design have superior business performances, according to extensive research performed by McKinsey (2018). Companies that are strong at design have superior business performances, according to extensive research performed by McKinsey (2018). The companies scoring highest on the McKinsey Design Index (MDI), increased their revenues and total returns to shareholders (TRS) significantly quicker than their business equivalents did over five years; 32 percentage points greater revenue growth and 56 percentage points greater TRS growth for the period as a whole. This strong positive correlation is valid for businesses in the medical technology, consumer goods and retail banking market. In the current society, in which consumer expectations are rising rapidly, design can be used to meet their wishes (Ottman, 2017). Design can be applied in company projects to make better decisions through prototyping and testing with real users, to identify their exact needs.

Nevertheless, according to McKinsey's research, a lot of Fortune 500 companies are finding design weaknesses within their organisations. They have not embedded design in C-levels, have weak employment of design metrics and make little investment in design tools and infrastructure. Besides, design should be used in cross-functional teams, as these teams ensure lower costs, increased project successes and, therefore, products that can be offered at a lower price with better quality (Schilling & Hill, 1998). Besides the characteristics of a team, design is often not balancing quantitative and qualitative research and focused on integrating the user and business research in projects. These can and should be done through testing and refining quickly and starting a project with the user, not some specifications.

Concluding, design is more than just the department making a product. It asks for a cross-functional team that makes user-centric design everyone's responsibility (McKinsey, 2018). Furthermore, the product to design is part of something bigger. It is one of the building blocks of the user experience. Companies should actively use design to innovate their businesses. With the involvement of customers in that process, companies not only gain a larger understanding of their customer's needs, wishes and desires, they also are more likely to develop products that will succeed while offering superior quality and speeding up their NPD process.

2.2 | Organisation in retail

Design-driven innovation takes place in various sectors, including retail in which HEMA is active. Trend analysis in retail was performed to investigate how it has changed over the last years and what the newest innovations are. The analysis was conducted by researching various trend reports (amongst others INretail, Deloitte and KPMG) to find innovative factors that are relevant in the sector of retail. The trends that have the most significant relationship to the retail branch are presented in this paragraph. See Appendix A ("*trend analysis*") for the full trend analysis.

From brick-and-mortar to online shopping

Online is becoming retail's main channel. The shift from brick-and-mortar businesses to a digital future has continued in 2019, in which E-commerce was responsible for half of the growth in the retail market in the first half of the year. E-commerce further expanded and has reached a share of 21% of total sales, worldwide (Deloitte, 2019). Nevertheless, sales are not considered as the most significant benefit of E-commerce anymore to retailers; many companies choose to integrate their store and E-commerce to improve customer services, speed up business processes including administration and increase communication with customers (Piris et al., 2004).

Many brick-and-mortar retailers are investigating strategies to blend their physical stores with an online environment to improve the customer value proposition and lower costs (Gallino & Moreno, 2014). However, this digital focus is forcing many physical stores to close their doors (Deloitte, 2019). Consequently, E-commerce has an impact on the customer, where they are not anymore able to see or touch the products, have to wait for the order to be delivered and are not sure of security in times of advanced hacking and selling non-original items (Larry, 2019). Conversely, E-commerce is trying to turn these disadvantages into benefits. As retailers' online information becomes increasingly reliable, more customers engage in ROPO (Research Online, Purchase Offline). They use the online channel to browse store inventory availability but make their purchases in the stores. Especially the products of low price, relative to the shipping costs, are items that shift most to in-store purchase. Despite ROPO, there is a rise in the BOPS (Buy Online, Pick-up in Store) strategy. Gallino & Moreno's research analysed the impact of this online-offline integration strategy that provides the possibility to buy items online and pick them up in a physical store. It showed that BOPS' implementation results in fewer online sales, but enhanced store sales and higher store traffic. The latter is beneficial because of an increased likelihood of customers purchasing additional products during their pick-up visit.

From mass-communication to personal marketing

Consumers experience 'info obesity'. Consumers get triggered all day and receive information and signals that are often irrelevant. They wish only to be confronted with personalised, relevant and appropriate messages at the right time, in the proper place, on the right device and via the right medium (INretail, 2018). Social media has taken an essential role in this. For most customer purchasing journeys, Social Media has become inevitable. Social media has become the first type of communication with the company for more and more customers (KPMG, 2019). This way, the best retailers manage a close relationship with the customer, while simultaneously gaining customer-centric data from them to understand their behavioural habits. Another way of providing personal and proper information is led by the trend of subscriptions and smart products that can indicate products running out. The use of algorithms, technology and AI (artificial intelligence) make it possible to assure that one does not have to make reactive purchases and, e.g. will never use up their toilet paper as it will always be in stock (INretail, 2018).

Understanding the customer is most important in an era where consumer expectations are growing. On the one hand, everything should be accessible anywhere and anytime (Deloitte, 2020). As we are experiencing right now due to the outbreak of the extremely contagious Coronavirus, companies have to adapt and re-shape their businesses to continue meeting customer expectations. For instance, home delivery has shifted from a service to a constraint. During this pandemic, the number of users of grocery delivery in Italy has doubled between February and March, and China's number one food delivery service has seen their delivery orders quadruple in early 2020 (McKinsey, 2020). On the other hand, consumers expect the price to match its purpose in terms of value, convenience and experience (KPMG, 2019). To put it another way, value for money is becoming a boundary condition and this, amongst others, is resulting consumer spending growth to slow down from 2.5% in 2019 to 2.2% in 2020 (KPMG, 2019).

From disposal-culture to a circular economy

Even though our earth does not have unlimited resources and energy sources, most products are produced as cheaply as possible and for short use. Additionally, most products break quickly, are impossible or too expensive to repair and are not easy to recycle. The shift towards a circular model is the solution. Consumers are already participating in this by giving away used and unwanted items to charity, and by selling or buying on the second-hand market. Waste seems to be the new fabric, and it will not take long before everything we use, can be reused (INretail, 2018). The subscriptions of the future, as described in the previous paragraph, are purchased more often and are making it less necessary to own a product to use it (INretail, 2018). Fewer products need to be made as they can be shared. This subscription model is already seen with, for instance, car lease contracts, renting of skis or music-sharing with platforms like Spotify.

From end-user to co-producer

As illustrated in the previous chapter, the role of the customer is changing. This change is also happening within retail (INretail, 2018). The consumer-role transforms from merely being the end-user of a product to the designer and co-producer throughout the process. Companies increasingly engage with consumers in their production processes to be able to expose specific needs and wishes and translate those into products - or solutions - that meet these demands.

2.3 | Meaning of design

Design is the single thing that distinguishes one product from another in the marketplace (Peters, 2005). On the path to innovation, design is a way to differentiate one product from the other. Within the development of such 'product design', a set of (non-)visual elements are combined to create value for the user. Firstly, the aesthetics are a dimension referring to the perceived character and usefulness of a product. It can be according to an actual attribute of the product or some additional perceived value imagined by the user. In here, the design is about finding the perfect surfaces, spaces and fonts, as those elements are a visual reflection of the company's identity (Okat & Solak, 2020). Secondly, functionality is an element in product development that describes the ability to facilitate the accomplishment of a particular task (Bloch, 2011).

Functionality can be assessed upon usage, but also from examining its features. This latter form of functionality is primarily of use in online environments, where there is a lack of sensory product information, because of the inability to look and feel the product (Spears and Yazdanparast, 2014). Lastly, the symbolic element controls the product communication to a consumer and the perceived message regarding the consumer's self-image. People can see meaning in objects that sometimes have nothing to do with their usage or with the purposes meant by their producers (Boztepe, 2007). Consumers often appreciate products not for what they do, or what they are made of, but for what they signify. Easier said this emotional aspect evokes associations, personal values to enable consumers to express themselves. Concluding, these three aspects together lead to increased purchase intention and word of mouth, which in their turn, result in increased sales.

2.4 | Importance of Innovation

One of the most pressing concerns of each organisation is innovation and its role in the market (Tohidi & Jabbari, 2012). There are several definitions of innovation described in existing studies. Schumpeter (1961) defined it as the introduction of new productive combinations in the economy. However, there is no one true definition. Therefore, a study by Baregheh et al. (2009) aimed at combining definitions of innovation created one common understanding of the term. It resulted in the following overarching definition: ***"Innovation is the multi-stage process whereby organisations transform ideas into new/improved products, service or processes, in order to advance, compete and differentiate themselves successfully in their marketplace"*** (p. 1334). This definition of innovation is used throughout this thesis.

It was researched by multiple scientists that product innovativeness has a substantial and significant impact on new product performance (Kleinschmidt & Cooper, 1991; Cho & Pucik, 2005). Also, new-to-the-world products have an overall stable success rate in terms of profitability (Kleinschmidt & Cooper, 1991). The result of this innovativeness on profitability is mediated by quality (Cho, 2005). So, because innovation leads to higher quality, it leads to profitability. While an innovative environment is suitable for determining a firm's competitive advantage, it often positively affects its very survival as well (Block et al., 2017). With that being said, it is both the innovativeness factor and quality-level within a company that is driving economic growth.

Except for innovation on a product level, innovation is also obtained by the employees within an organisation. Corporate cultures that allow to take risks and think creatively will be led to new products, services and strategies (Kuczmarski, 2003). This daring depends on the mindsets company's employees' have, which are fixed or open, or somewhere in between. People with a fixed mindset believe personal abilities are static and unable to change, whereas a growth mindset belongs to people who believe that individual characteristics are malleable and surely not fixed (Dweck, 2008). As this research aims to enhance HEMA's innovative behaviour and mindset with employees, employees should participate in this growth mindset. However, as Kuczmarski acknowledges, changing one's mindset is hard, let alone an entire organisation. It takes time to develop and full commitment of the company is a must. However, with knowing the key ingredients of success, innovation can be reached.

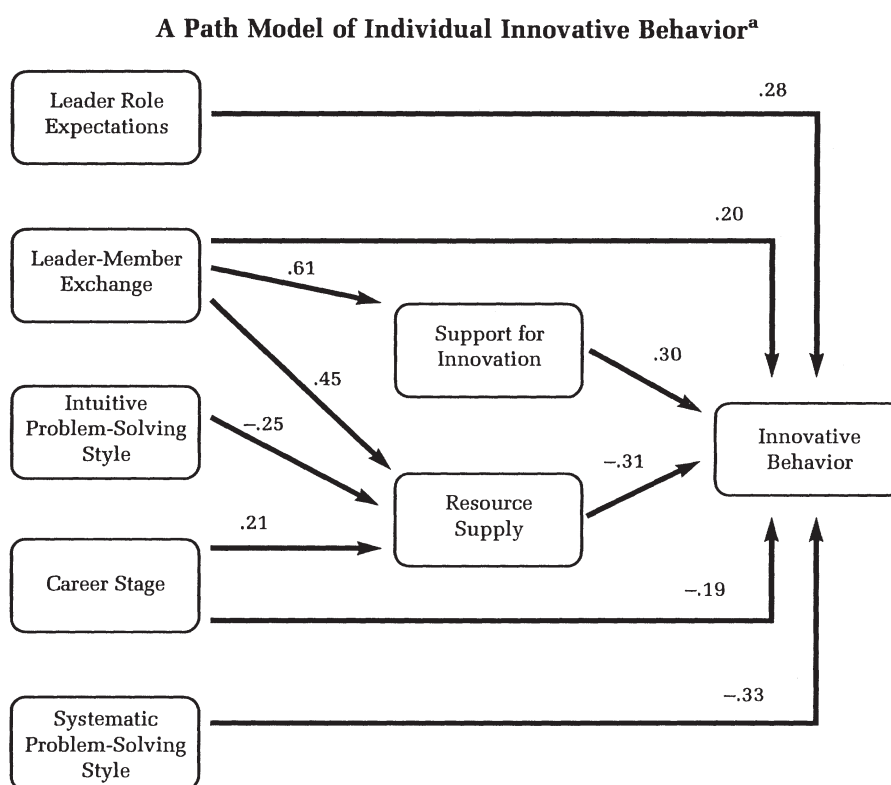
Innovative behaviour

According to the much-cited Scott & Bruce (1994), innovative behaviour within an organisation is influenced by seven factors (figure 06). One of the factors, Leader-Member Exchange, describes the evolution of an employee from having a formal and impersonal connection with their leader or manager (low-quality leader-member exchange) to having mature interactions with mutual liking, respect and trust (high-quality leader-member exchange) and the positive influence this has on innovative behaviour (Basu, 1991; Scott & Bruce, 1994). It is therefore recommended that they develop understandings regarding how much freedom in decision making, influence, and autonomy will be allowed to the employee (Scott & Bruce, 1994). It was argued (Kozłowski & Doherty, 1989) that, since leaders are seen as the most important representatives of management actions, policies and procedures, employees will generalise these perceptions to their entire organisation. This intention to generalise provides managers with the responsibility of sharing and taking care of a critical message. The manager, in their turn, translates and communicates expectations of the employee through their behaviour. E.g. when he would like their employee to be innovative, the employee will perceive the manager's behaviour as encouraging and facilitating. This phenomenon is described as Leader Role Expectations.

On team-level, it is suggested by the team-Member Exchange theory that employees participate in a role-making process with their workgroups (Seers, 1989). High-quality team-member exchange is reached if there are mutual trust and respect amongst the workgroup. Likewise, low-quality team-member exchange is reached when these factors are not present and if the employee is not well integrated with the workgroup. Scott & Bruce have shown a significant positive connection between Team-Member Exchange and one's innovative behaviour.

The fourth and fifth factor that influence innovative behaviour concern individual problem-solving. Koestler (1964) describes that problem-solving is composed of two modes: systematic problem solving and intuitive problem-solving. The first one, also known as associative thinking, is based on habits, adherence to rules and use of rationality. This mode of thinking is more likely to generate traditional, incremental solutions to problems. The other mode, also known as bisociative thinking, is based on overlapping domains of thought at the same time, shortcoming of rules and focus on imagery. In contrast, this mode is more likely to generate radical new-to-the-world problem solutions.

Lastly, the psychological climate, based on an employee's cognitive representations of the corporate climate, including support for innovation and resource supply, also has a direct effect on employees' innovative behaviour. The support for innovation measures how much the organisation is open to and willing to change, and resource supply is determined for resources (staff, financial means, time) and to check if they are sufficient for the organisation. Within HEMA, this physical and psychological climate of innovating is coordinated by the Digital Innovation Lab.



^a For clarity, only significant paths are shown

Figure 06: Model of innovative behaviour (Scott & Bruce, 1994)

2.5 | How design (thinking) leads to innovation

Companies in an innovative context are likely to be exposed to ill-defined, undiscovered problems; also known as wicked problems (Rittel & Webber, 1960). In these, information is confusing, there are many clients, and decision-makers have conflicting values (Buchanan, 1992). Ten identified factors of a wicked problem by Rittel & Webber are shown in figure 07. In order to try to answer the wicked problems, the organisation should use clear guidance, with the help of the principle of Design Thinking. This approach enables users to think outside the box and dive deep into problem-solving, while analytically seeking for elements the solutions should have, combine these and balance them against each other (Buchanan, 1992). Rossi (2017, p. 322) prefers to *“apply the design thinking methods to understand the problem we want to solve, instead of using them to produce more solutions”*.

This dynamic human-centred approach to build successful innovation is placed on the sweet spot (figure 08) amongst what is desirable for consumers, feasible in technology and viable for businesses (Brown, 2008). It is driven by customer-centricity through a thorough understanding of what people wish and need in their lives and what they like or dislike about specific products (Brown, 2008). Brown is executive chair of IDEO, the company that first put the Design Thinking principle visibly to use, and that made it so powerful to solve problems both small and large. Nevertheless, the principle has been around for many years before (Johansson-Sköldberg et al., 2013).

A five-step model

The principle touches upon three Design Thinking-spaces to challenge assumptions and tackle complex problems in a structured way. It jumps back and forth between inspiration, ideation and implementation (Brown, 2008) through a 5-step model. This iterative 5-step approach leads to innovation and is differentiated from other linear, step-by-step models with its alternating diverging and converging process (figure 09). In here, diverging stands for broadening possibilities and converging is narrowing them by selection.

The way of working starts with empathising with the customer to gain insights into the needs that are involved. This first step is placed in the Design Thinking space inspiration, in which the problem or opportunity are being researched. When all insights are collected, one defines or reframes the problem into a human-centric way with all requirements listed. These requirements will be used to start the next phase. Step 2 and 3 are part of the ideation phase, in which the ideas are generated, developed and tested: in here as many ideas and solutions as possible are created in ideation sessions. To find out if these ideas are worthwhile and working in practice, they can be prototyped on a minimal scale to experiment with and test their use eventually. These last two steps are located within the implementation phase, which is the road to the market; bringing the tested idea to consumers' lives.

This model is of great importance, and especially the first part: empathising with the target group. An example is used to elaborate. The first step of the approach includes the acts of getting to know the target group, understanding their habits and what they are struggling with within the process to be improved. When designing new razors, for example, one should find out where the product is being used, how it is used, and how to improve the current experience. Without empathising with the context the product is used in (as illustrated in figure 10), one does not know what material the product should be made of, if it should be designed for women or men, for trimming or shaving, for what part of the body, or if it is actually aftercare products that customers are seeking. By basing design requirements on thoughts and expectations, rather than validated customer research, many assumptions are made. With these in mind and without validating them, perhaps a pink disposable razor blade will be made for women, while the companies' customers might actually be looking for a subscription providing them monthly with the newest razor blades so they always have sharp razors; making sure they can



Figure 07: Ten characteristics of a wicked problem

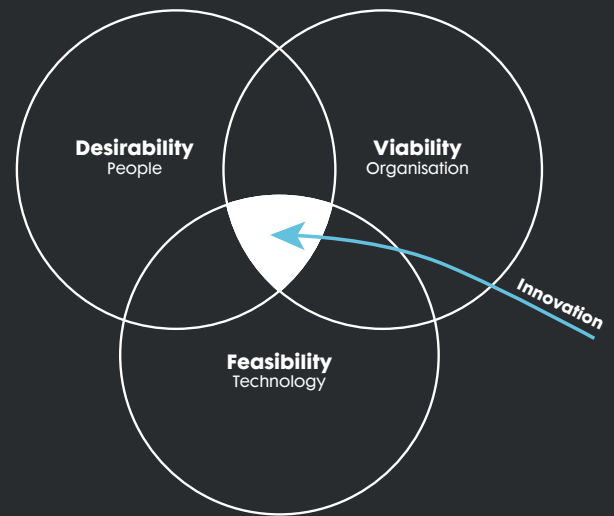


Figure 08: Innovation sweet spot (IDEO, 2008)

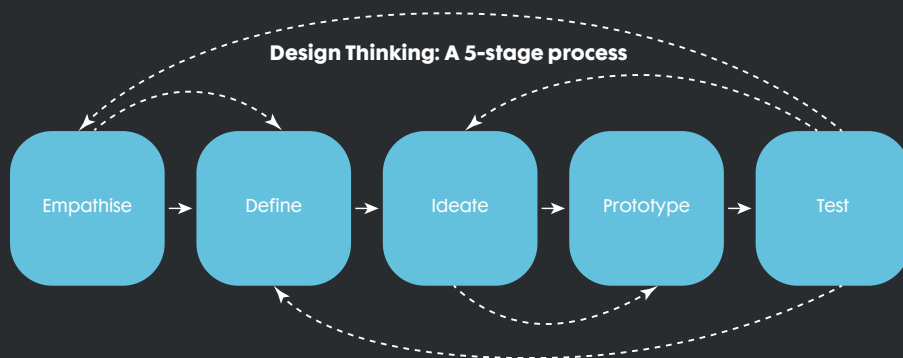


Figure 09: Explanation of 5 step model



Figure 10: Exclusion of empathy in 5 step model

always shave and be smooth. And while HEMA was making disposable razors made from plastic, the consumer actually became much more sustainability driven and does not want to buy plastic products anymore. How could the company have known this if they did not place themselves in the footsteps of the customer? How would the company know that the customer is tired of buying new razor blades all the time and is actually willing to pay more in turn for more convenience? That is the question that concludes why empathy is so important. In another example, from the management perspective, a market could be predefined by its size or available money, without carefully taking into account how much customer demand there actually is. The company would invest money in a market, to afterwards find out that there are already so many alternative products and companies offering the same sort of products, or that the demand is actually way smaller than expected.

To clarify, by understanding in what context the product is going to be used, what requirements the product should or should not have, and for who is being designed, one identifies what customers truly need and with that, increase the possibility of product acceptance (Sigala, 2012).

Performed correctly, to HEMA this Design Thinking approach could be beneficial as it provides a quick validation of assumptions and with that, an agile approach to creating new products. As the CIO of HEMA said in one of the first interviews: *"The optimum way (of working) looks to me: a way in which we can add as much value as possible to the business as efficiently as possible [...]".* Afterwards, he acknowledged that there was little to no room to fail, *"simply because of problems that need to be resolved and quickly – you better had fixed it yesterday - and cheaply [...]".* Concluding, the processes should be running as smooth as possible, where it creates value, is efficient, quick and cheap. In order to take a step into this direction, Design Thinking could play a role. The quick validation takes care of a genuine connection between the products that are being made and the products that consumers want to have. Also, it provides the opportunity to test in early phases, so no additional or extra costs are made in 'the end' to recreate the product.

However, Design Thinking is not for everyone, and it is only beneficial if used in the right way (read: creating the right foundation). To make a Design Thinking project successful, it is essential to have the right team. The team should consist of T-shaped people, in which knowledge and experience are found in a specific field but with the possibility to reach out to others and create meaningful collaborations (Interaction Design Foundation, 2018). On top of that, it should ideally be a cross/multi-disciplinary team consisting of a mix of specialisations. Next to having the right people on board, it is essential to understand that Design Thinking is performed through a looping process. However, many companies use it as a linear process, without having the messy, ambiguous component in it, but in order to make the process appeal to the business culture. Nussbaum (2011) stated, *"in order to appeal to the business culture of process, it was denuded of the mess, the conflict, failure, emotions, and looping circularity that is part and parcel of the creative process".* The researcher concluded that wrongfully using the method could be the reason for a low success rate. Using Design Thinking in the right way is, therefore, essential for its outcome. How this plays out for HEMA, is described with the framework in chapter 5.

Design Thinking in practice

Design Thinking is commonly used in the most innovative companies. Figure 11 presents the top ten innovative companies of 2019 from all industries, worldwide (BCG, 2019). Especially the change in Research and Development indicates that these innovative companies are investing time and effort into improving its business practices.

The most innovative company, Google, engages in a culture of innovation by using Design Thinking to let their teams create and test ideas effectively (Google, 2019). Within this Design Thinking principle, they focus on 3 E's. The first stands for Empathy, in which they put the customer on the number one focus to, as a result, be able to create meaningful solutions to actual problems. Then there is Expansive Thinking, or brainstorming, to reframe the problem and to look at it all possible perspectives. Finally, in the Experimentation phase, the generated ideas are tested using prototypes to get feedback from people outside the company. Next to that, England (Amazon's Digital Lead) stressed that their company's employees think of problems and solutions from a consumer point of view and when the consumer changes, they change with them (2019; figure 12). Regarding testing, she said: *"It is all about learning from failures. We are okay with failure as long as it does not happen again, and we have learned from it."*

Alternatively, IBM makes use of Design Thinking as well. IBM has even published its own version of the Design Thinking Approach in 2016, which is online available for everyone to use. They believe that Design Thinking is not to be questioned and that their principle is essentially offering team efforts the possibility to be centred around users, as they are most important.

1. Alphabet (Google)
2. Amazon
3. Apple
4. Microsoft
5. Samsung
6. Netflix
7. IBM
8. Facebook
9. Tesla
10. Adidas

Figure 11: Top 10 innovative companies based on revenue change, EBIT change, TSR change and R&D spending change (BCG, 2019).

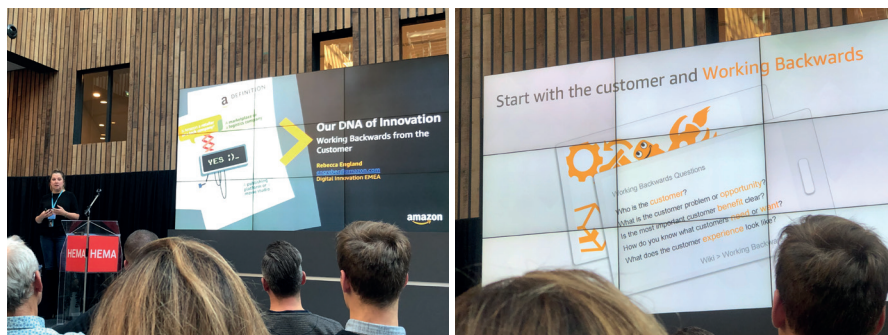


Figure 12: Presentation Rebecca England (October 31st, 2019)

Deep dive into empathy

As written in the literature review, it is of great importance to include customers in the design process. Companies need to gain and develop an in-depth customer understanding (Lagrosen, 2001), and even if this is done, the understanding of the customer is often not sufficient (Lagrosen, 2001). Instead, consumers need to be involved in NPD stages to provide valuable feedback. This understanding of the customer is reached and worked on in the very first phase of the Design Thinking principle; to empathise. Design theorists, as well as practitioners, describe how empathy is a crucial impact factor of Design Thinking (Brown, 2008; Kouprie & Visser, 2009). Before describing what empathy can offer and what effects it will bring to the current business, it is first essential to describe what empathy entails.

Within research, there is no one universal definition of empathy. Researchers describe it as an identification process of *"becoming"* the experience of the client (Mahrer, 1997). Alternatively, in the psychological space, empathy is described as *"the therapist's sensitive ability and willingness to understand the client's thoughts, feelings and struggles from the client's point of view. It is the ability to see completely through the client's eyes, to adopt his frame of reference"* (Rogers, 1980, p. 85). Nevertheless, it is always focussed on customer-centricity and getting to know their underlying needs. Customer-centricity is the act of placing one's customer at the centre of everything one does, by listening to what they have to tell, studying their needs, and afterwards using these gained insights in a business process.

Empathy can be divided into two components: an affective and a cognitive part. The affective part is the immediate emotional response in empathy. An example is used to clarify. When someone sees another person smiling at them, one's automatic response is to smile back and feel happy. This instant reaction by acting upon a situation is called *"emotional contagion"* (Kouprie & Visser, 2009). Within affective resonance, boundaries disappear between the researcher and consumer; the viewer becomes the other by taking their perspective. It can be stated that this part is all about emotion.

The cognitive part in empathy is a deeper layer and supports the observer in the understanding of the consumer's feelings. While hearing about one's experience, cognitive reasoning imagines the situation from the observer's perspective, to take on the role of being the consumer. However, here, the boundary of the viewer (researcher) does not disappear, but takes place beside the other (Lipps, 1903; figure 13). In here, the boundary enables the viewer to understand the perception of the consumer through cognitive reasoning. One will understand how someone sees and thinks (about) the world but will not *"become"* the experience. To conclude, affective empathy is the emotional aspect of empathy, whereas cognitive empathy is the rational side in understanding someone. According to Kouprie & Visser (2009), building the right balance between the affective resonance and cognitive reasoning is the core matter of empathy.

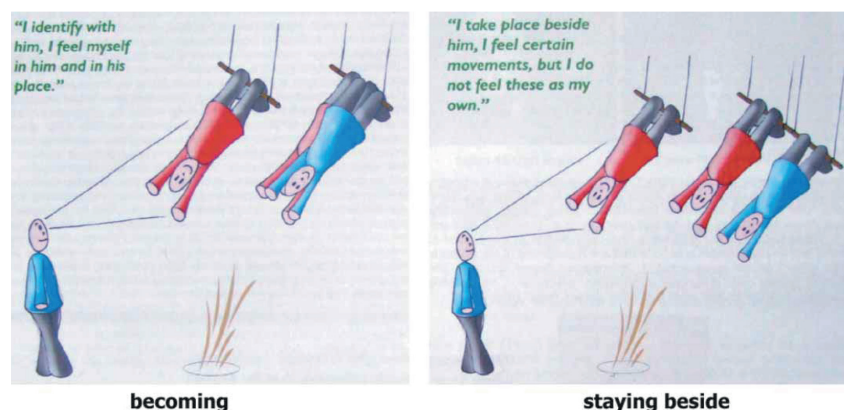


Figure 13: Affective vs cognitive part in Empathy (Kouprie & Visser, 2009)

The required mindset is not so much described in terms of
 "I want to feel what you feel" but rather with the sentence
 "I'm curious to hear what you feel".
 (Köppen & Meinel, 2015, p. 24)

Innovation profitability model

Empathy amongst people is influenced by the degree of similarity between them. This magnetism is researched within psychology, where the connection between therapist and client were mediated by empathy (Duan & Hill, 1996). Within the same sector, it was found that therapists should not assume they are "*mind readers*". They should seek to authentically care for the client and empathise in a positive and genuine, as only then it is effective (Elliott et al., 2011). Going back to empathy in design, empathy is feasible if the researcher's perspective is discarded in favour of the observed consumer (Köppen & Meinel, 2015).

Figure 14 presents a model showing the relationships I found between empathy with the customer, innovativeness of products and profitability for a company. Empathy in design is based on the act of understanding the customer and making an effort to understand needs, wishes and behaviour. This learning of specific requirements is, amongst others, a determinant of Service Quality, according to Parasuraman et al. (1985). Service quality is a measure of "*how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis*", thus Lewis & Booms (1983, p. 26).

This Service Quality has a positive effect on customer satisfaction and the likelihood of recommending a store to others (Sivadas & Baker-Prewitt, 2000). With the effects on repurchase intention, relative attitude and customer loyalty, the service quality is affecting customer visits, comebacks and, with that, increasing profitability. As Naik et al. (2010) write: "*satisfied customers improve business and dissatisfied customers impair business*" (p. 242). This relation again shows the importance of satisfying customer and to sometimes understand them even better than they understand themselves (Heylighen & Dong, 2019). On top of that, as stated before, (service) quality is a mediator for innovativeness on profitability (Cho, 2005). So, by understanding one's customer, one stimulates innovation and profitability.

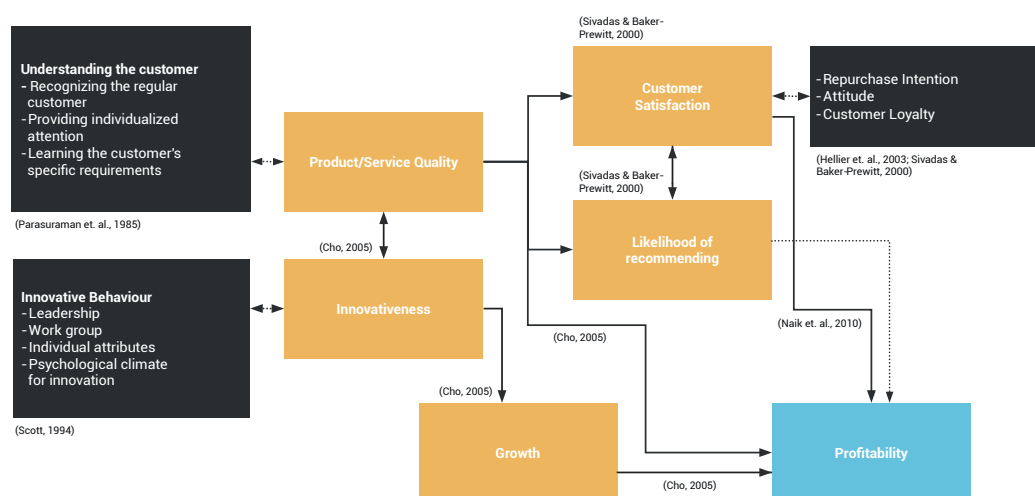


Figure 14: Identified relationship between empathy, innovativeness and profitability

Empathy-driven Innovation

As figure 14 showed the relation between empathy, innovation and profitability, I would like to introduce a new type of innovation called "*Empathy-driven Innovation*". One in which companies focus on the deepest underlying needs of their users and the quality of those, by putting the customer first and performing all company-energies while thinking on behalf of the consumer, to stimulate innovation. While gaining this information, one would empathise with their customer.

What could be helpful here, is the well-known jobs-to-be-done theory by Christensen et. al. (2016). This theory could be best defined as a perspective: "*a lens through which one can observe markets, customers, needs, competitors, and customer segments differently, and by doing so, make innovation far more predictable and profitable*", writes Ulwick (2017). According to the authors, a "*job*" to be done is short for what someone ideally desires to accomplish in a certain context. In the search for purchasing a product, people essentially 'hire' it to help them do the job. If it performs the job right and pleasantly, the next time they are faced with the same task or job, they tend to hire that product again. And in case it does a bad or unpleasant job, they 'fire' it and look for an alternative (Christensen et. al., 2016). The job-to-be-done, a statement that describes what someone trying to accomplish, is normally written in the setup as presented in figure 15. This theory identifies and understands the jobs to be done, but it is only the first step in the development of products that customers desire. Besides, it is crucial to, e.g. build up the right experiences for the purchase and use of the product and then incorporate those experiences into a company's processes (Christensen et. al., 2016).

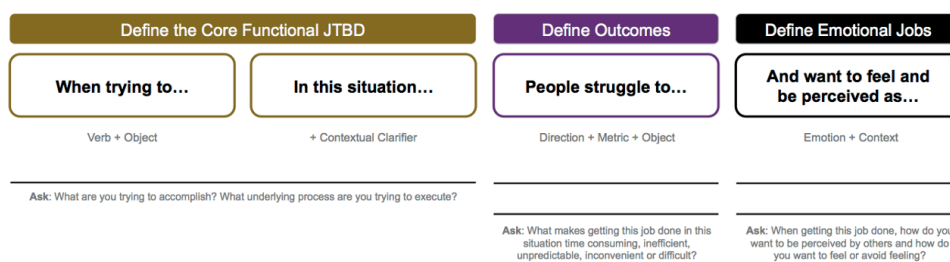


Figure 15: Job-to-be-done statement (Ulwick, 2017)

2.6 | Hypothesis

Taking everything into account, it is essential for a company to innovate. Nonetheless, to innovate alone is not the key to success. According to research by Cooper & De Brentani (1991), the path to success is instead formed by developing products that deliver unique and superior benefits to the consumer. What is more, Kandampully (2002) concluded that innovation alone is not beneficial for a company unless it offers this superior value in the consumer-driven marketplace. Innovation is only beneficial if a company acknowledges a full focus to think on behalf of the consumer. By putting consumers first, one gains understanding of the target group, and while this is very important, it is often not sufficient for successful NPD (Sigala, 2012). Instead, consumers need to be present and cooperating in NPD stages to provide valuable feedback. With that said, it is the consumer who is key to success.

Empathy in design is crucial to achieving innovation

Based on this literature review, I conclude that it is beneficial to understand the customer in order to sell the right products at the right time. Besides, the importance of Design Thinking was shown by literature and examples through practice by innovative companies. The most highlighted part within the Design Thinking principle is the first step of empathising with the customer, as this is the part where the customer understanding is realised. Therefore, for companies, it is beneficial to get to know their customers genuinely. Regarding customer intelligence at HEMA, the following hypothesis was set up:

Hypothesis 1: At HEMA, there is not enough empathy happening.

A second assumption regarding the level of empathy in the company was made; the understanding of the benefits of customer engagement were expected to be poor. To put it another way: the benefits of customer involvement are not dominating the factors that cause the lack of this approach to happen. Therefore, a second hypothesis was created:

Hypothesis 2: The benefits of empathising with customers are underestimated.

Seeking to find out how much of these hypotheses is correct, a case Case Study was conducted to discover how much empathy is happening at the company and if the benefits of the approach are indeed less dominant than the reasons causing empathy with customers to happen limitedly.

"Empathy is at the heart of design. Without the understanding of what others see, feel, and experience, design is a pointless task."

Tim Brown, CEO at IDEO
(IDEO, 2013)



3 | Case Study at HEMA

In order to investigate the research question and hypotheses, a Case Study was set up. This research strategy was aimed to find out what is currently happening, how to improve customer integration, and how to enhance innovation. The Case Study was conducted at the typical Dutch retailer HEMA. Before diving into the Case Study, the company is briefly introduced.

3.1 | About HEMA

HEMA, which is short for Hollandsche Eenheidsprijzen Maatschappij Amsterdam, is a Dutch general merchandise retailer that originates from 1926. HEMA is continuously expanding its business and currently has stores in nine countries divided over Europe and Asia. They are offering products in the Netherlands, Belgium, Germany, France, Austria, Italy, Spain, the UK and Dubai. The shops are good for welcoming almost six million visitors every week (HEMA, 2018). Besides the original HEMA stores, the company sells products through Walmart in the US and Canada and is offering products through franchises with the French Franprix and the Dutch marketplace Jumbo. The foreign (shop-in-) shops were rebranded as "**HEMA Amsterdam**", in which the link with Dutch Design was made clearer. All company's products are HEMA branded, have original and trendy designs and are part of everyday basic household necessities (from cosmetics to babywear). Besides selling in-stores, there is the online marketplace HEMA.nl and the HEMA application on which consumers can order their products any time and any place.

Let's go back to 1926 (figure 16), the year in which the very first HEMA was opened on November 4th on the Kalverstraat, Amsterdam. It only took one year before the company had expanded to 10 shops. At that time HEMA was written as H.E.M.A., but after World War II the dots disappeared because of harmful word-of-mouth spreading the abbreviation 'Hier Eet Men Afval' (here people eat garbage). HEMA was a differentiator in providing products for ordinary people, whereas the Bijenkorf was for the elite. HEMA was selling everything for either 10, 25 or 50 cents. A bit of this history can still be found in the current prices of HEMA's products, as everything is priced with rounded numbers.



Figure 16: Origin of HEMA (HEMA, n.d.)

Vision

HEMA is integrated into Dutch society. The products are attractive to customers because they are universal, disregarding political, religious and sexual preferences. It makes HEMA a brand where everyone is welcome, that is accessible to everyone and that takes care of the people they are working with. HEMA's aim is to make daily life easier, more fun and better: e.g. by making sustainable products affordable for everyone. The company values (figure 17) are reflecting their heritage and show how the company culture is build up. According to HEMA, the seeking for the ideal balance between good quality, sound design and great prices is something that makes their brand irreplaceable.

Because of this vision, HEMA has a wide range of consumer profiles. These profiles are set and revised by analysing customer insights which are collected by "meerHEMA", HEMA's consumer loyalty program. If the customer scans its loyalty card, he or she gets a discount on highlighted products. In return, the company stores its data to improve the consumer profiles, enabling them to, e.g. understand the needs of their consumers and figure out why they shop at HEMA (figure 18).



Figure 17: Key values HEMA

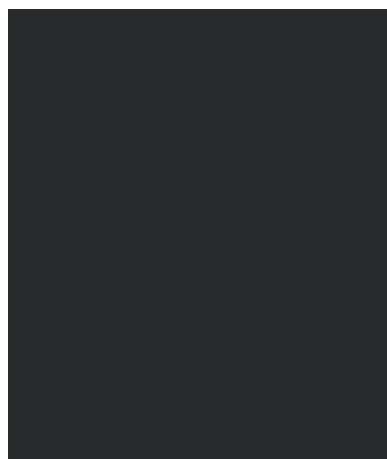


Figure 18: Customer profiles (confidential)

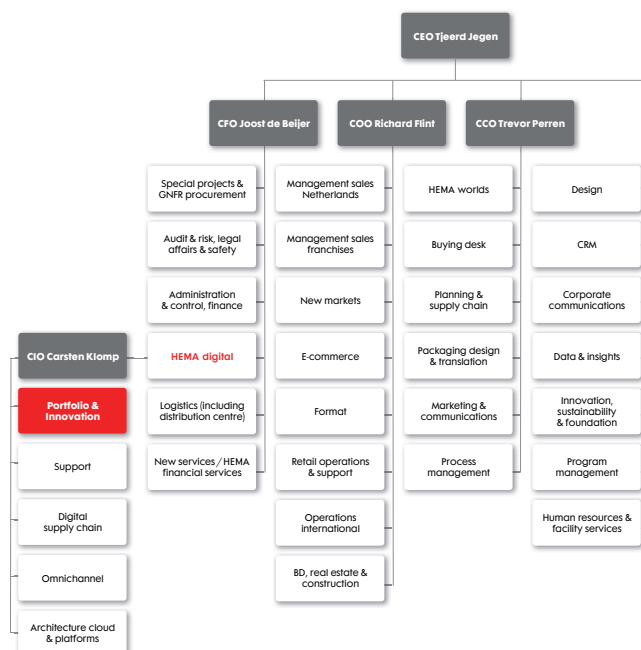


Figure 19: Governance HEMA; thesis written from P&M

Strategy

Starting from 2015, Tjeerd Jegen is the man in charge of HEMA. He manages his disciplines as well as the board consisting of CFO Joost de Beijer, COO Richard Flint, CCO Trevor Perren and CSO Martine van Oostrum. Within the financial discipline, HEMA digital is located; the place from which this thesis is written. At the time of research, Carsten Klomp is CIO of HEMA, managing all teams within. He transformed the organisation to its current state one year ago, in which he could take the stand of the newly created position of CIO. The Portfolio and Innovation team is the team where the author has been in for the last five months. The HEMA Worlds that are located underneath the CCO are the departments and teams working on the actual product design, product development and stock management. Within these, there is a distinction between Home (Living, Cooking & Eating, Essentials, Bath, Bed and Seasonal), Celebration Study and Beauty (Study, Gifting, Food, Partygoods & Gift-wrap, Toys and Beauty) and Food.

Until July 2007, HEMA was part of Maxeda (which also included Vroom & Dreesmann, Praxis and De Bijenkorf) which was owned by private equity party KKR. After that, the British investment fund Lion Capital bought the company. It was then bought by the current company owner, Marcel Boekhoorn, an entrepreneur who took over the company in 2018. He is focussed on pushing HEMA into an international position. To move into that direction, the company has set up a strategy focussed on three pillars:

1. Growing the core markets

HEMA's base is located in the Benelux and is, therefore, an essential building block for HEMA's overall success. Accordingly, the company keeps investing in that most significant marketplace.

2. Accelerating digital transformation

The international stores and online platform offer convenient shopping experiences and together form HEMA's omnichannel. With the digitisation of the world, HEMA believes that digital is the way to go.

3. Expanding internationally

There is a significant potential for HEMA to spread its business to international markets while branding the products as *"HEMA Amsterdam"* in which their typical Dutch-design will be accentuated. As a result, HEMA aims to become a global brand.

A brief understanding of the company is established by sharing information about the company's history, values and strategy. By showing the company's mission to grow its core markets while at the same time, expand internationally, it becomes clear the company needs innovation to achieve these. Therefore, this research aims to find an explanation for the shortage of an innovative mindset within HEMA and how this can be transformed towards an innovative culture that they need.

3.2 | Methodology in study

A Case Study research approach was chosen as the research strategy for investigating the research question. This approach consists of thorough investigations and data gathering to provide an analysis of the circumstances and processes involved in the phenomenon studied (Yin, 1994). A Case Study is in most cases not intended as a study of the entire organisation, but rather it is designed to concentrate on a specific issue, feature or event to analyse. Studies typically combine data-collection methods such as interviews, questionnaires and observation (Eisenhardt, 1989). It offers the opportunity to examine a phenomenon in its own natural, real-life setting where complex factors and underlying meanings can be explored (Yin, 1994).

The goal of this Case Study is to investigate how the retail company is currently innovating and how much Empathy-driven Innovation is happening with customers. The aim is to find out what the current role of the consumer is in the company's current way of working. With an in-depth analysis of this current situation, combined with the knowledge gained from existing literature, this research contributes to enhancing HEMA's innovation circumstances and improving the innovative mindset of employees.

In-depth semi-structured interviews

In order to gain in-depth knowledge about the phenomenon in the study, interviews were conducted with 14 employees at HEMA's headquarters, which is called the Support Office (SO). The approach of an open-ended, unstructured interview was taken. This procedure is the least formal interview type and is described as *"ethnographic interviews"* by Patton (2002). Nevertheless, in order to make the interview occur fluently but in a systematic way, a semi-structured interview guide was set-up as an interactive template (figure 20). The questions, or subjects, were asked open-ended and thereby left open for personal experience and to explore the views of the participant towards HEMA's way of innovating (Patton, 2002). The interview template was constructed to ensure that the same topics of inquiry would be pursued while enabling the researchers to examine topics of interest for each interviewee (Patton, 2002).

These interviews probed employees regarding the company's way of working while seeking to find out how much the customer is currently integrated into the processes and how much HEMA is innovating. The purposes of the interviews include: *"obtaining here-and-now constructions of persons, events, activities, organisations, feelings, motivations, claims, concerns, and other entities"* (Lincoln & Guba, 1985, p. 268), so to see how everyone perceives the organisation and how people work accordingly. Each interview lasted between 30 minutes and 1 hour. New interviews were added until the point of saturation (not hearing new information) was reached. In the end, a total of 14 employee interviews were conducted. During the first six sessions, the communication template has been filled in together with the interviewee, while being recorded. The other interviews were not recorded. However, for every interview, the most useful quotes were directly registered and listed per participant.

The figure shows a semi-structured interview template form. It consists of a main table with five rows and two columns. The first column contains labels for different topics, and the second column is for the interviewee's response. The labels are: 'CURRENT TASKS' (orange), 'YOUR HEMA' (grey), 'VISION' (orange), 'IMPACT' (grey), and 'SUMMARY' (orange). The 'YOUR HEMA' label has a sub-label 'YOUR MOST INNOVATIVE ACHIEVEMENTS SINCE' in orange. The form is designed to be filled out during the interview.

CURRENT TASKS	
YOUR HEMA	
VISION	
IMPACT	
SUMMARY	

Figure 20: Interview template

Interview template

The interview guide template served as a framework for the questions to prevent the discussion from going into areas that are not covered for this scope. The template (figure 20) listed the issues to be explored during the interview. The template is a communication tool to find out how employees come to innovation and how HEMA thinks they are innovating, on which all activities are mapped using the method of Customer Journey Mapping. The columns in order:

1. Daily activities: What the employees work on all week and how this contributes to innovation. Besides, it acted as a means to find out what people think of innovation and how they think they contribute to it.
2. Methods & Tools: Listing the methods and tools employees are already using. To find out how they like them and to identify where they need support.
3. Dream way of working: The approach employees would take to work if there were no boundaries if anything was possible and all hurdles were taken away. This imaging acted as a creative way to find out where those hurdles and boundaries are and where possible pain points are located.
4. Effects: Effects that new way of working would have on, e.g. people, colleagues, the company.
5. Three most innovative achievements of 2019: Listing the innovative presentations employees have acted out. Besides, this acted as a means to find out if employees are proud of their work and how they perceive HEMA's current level of innovation.

Participant selection

Interviews were conducted with 14 employees during multiple stages of this research. Figure 21 provides an overview of all interviewees including their roles and years of experience at HEMA. The selected employees were chosen by quantitative sampling that aims to draw a representative sample from the organisation, to make sure that the results of studying the sample can then be generalised back to the population (Marshall, 1996). As the author describes that random sampling is inappropriate for qualitative studies, this study used purposeful and snowball sampling. Purposeful sampling is an approach in which participants are selected based on a set of predetermined requirements they need to meet (Marshall, 1996). In this study, it was important that the interviewed roles were from various departments and were considered 'decision-makers' in their teams/ departments and, with that, be on top of innovation. The snowball sampling, in which participants recommend other useful candidates, was used to involve more useful employees in this research.

	Job Title	Experience at HEMA*	Interview Date	#
DIALOGUE <i>Portfolio & Innovation team</i>	CIO	4 years	04-10-2019	(01)
	Digital Innovation Lab Manager	6 months	21-10-2019	(02)
	Product Owner	9 months	28-10-2019	(03)
	Program Manager	2 months	28-10-2019	(04)
	Portfolio Manager	7 months	28-10-2019	(05)
DISCOVER	Digital Lead Omnichannel	5 months	25-11-2019	(06)
	Purchase & Innovation Manager	18 years	26-11-2019	(07)
	Head of Sustainability	1.5 years	27-11-2019	(08)
	Continuous Improvement Specialist	13 years	02-12-2019	(09)
	Innovation Manager	3 years	02-12-2019	(10)
	Concept Designer Study	4 years	18-12-2019	(11)
	Consumer Researcher	9 years	06-01-2020	(12)
	Senior Database Marketeer	1 year	06-01-2020	(13)
DEVELOP	Jr. Designer Home & Seasonal	9 months	08-01-2020	(14)

*EXPERIENCE MEASURED AT INTERVIEW DATE

Figure 21: Table of interviewees

The interviewed employees of HEMA work for various departments. However, not all of HEMA's departments were involved in this research. Therefore, the outcome of the interviews cannot be fully generalised to the entire organisation. However, it offers a good indication and overview of what those employees experience in the current way of working. The presented insights from the interviews in this report are anonymised to ensure that participants' rights to privacy are protected. This anonymisation means that identifiers, names and job functions are removed from the presented data and cannot be linked to a specific participant. However, the full list of quotes that can be found in Appendix B ("*transcripts, important quotes & filled-in interview templates*") is ordered by participants, while still not providing the name to whom it belongs. Nevertheless, there might be a possibility that people with a specific role within the organisation - one that no other has - can be identified.

Survey

A quantitative survey was used to gain an in-depth holistic understanding of the company and its departments. The questions are regarding current innovation, personal characteristics and communication with stakeholders. All completed surveys were examined for inconsistencies, and invalid responses were treated as missing values, resulting in slightly different denominators for analyses. Descriptive and correlation data analysis were conducted to calculate the means of factors, to find out (significant) correlations between factors and to compare the characteristics of people who talk to end-consumers to those who do not. Correlations were significantly flagged at the 0.05 level (2-tailed). Responses to the open-ended questions were coded and analysed to identify recurring themes: those codes can be found in Appendix C ("*SPSS codes*"). The main results will be presented in chapter 3 (p. 44).

Participant characteristics

The survey was distributed on HEMA's digital communication platform, heyHEMA, which has a total outreach of all 700 Dutch employees. All 51 employees that started the survey completed it, which resulted in an overall response rate of 7.3%. Of those participants, 68.6% were female, 76.4% were between the ages of 25 and 45, 64.7% had answered yes to working on innovative projects, and at the time of the survey, the average job-experience at HEMA was three years and ten months.

Employee observations

Another qualitative approach used was direct observations. This approach was implemented in a later stage of this study through teaching specific methods to employees they could benefit from in their projects. Those meetings were 'experiments' with two main objectives. The first, most prominent one, was to teach employees the basics to perform the methods themselves, so they could also use the tools after the author leaves. The second, more underlying reason, was to observe how employees would behave in such situations, how adequate they are to use new methods and tools and find out how much they would like to 'change' to enable innovation in their company.

HEMA



3.3 | Innovation at HEMA

In order to understand how much empathy is happening at HEMA, the current way of working had to be brought to daylight. Together with HEMA employees, tasks to reach innovation were mapped according to the principle of Customer Journey mapping. Using the communication template (p. 39), the participants were asked to describe as many tasks they were performing themselves that influence reaching innovation. For the full overview of the performed tasks by employees to innovate see Appendix D ("*Scoping insights clustered*"). The main findings from these interviews are listed in this paragraph.

(only) Acknowledging customer-centricity

Teams are working with the goal of customer-centricity: to take care of excellent customer experience over its omnichannel, to make services more fun and easier, but also to improve the presentation of products in-stores (04; 06; 07; 08; 10). By trying out new business models, HEMA is trying to shift along with its customers' demands. To give space to this, the Digital Innovation Lab was launched in 2018: a place where new technologies are implemented for new business ideas. It is the creative place for product/service development.

Market analysis

Inspiration is sought from its market to get inspired for product development. Trends are analysed, fairs and shops are visited, and an eye is placed on what competition is doing. Sometimes this analysis is outsourced to an external party, to bundle knowledge. Most products are tested before production. Most of the times that is internal, with colleagues, but sometimes tests or pilots take place with customers. It is helpful that there is a HEMA store right underneath HEMA's headquarters, so it should be considerably easy to get in contact with customers and test out products or services.

Work and communication optimisation

Despite innovation on the product level, work approaches and instructions are being standardised to align employees and get everyone looking in the same direction. This way, it will be clear for everyone in the team what everyone is working on and what will be reached. While focusing on company culture, awareness of change within HEMA and transparency to customers is created. Tasks here belong to improving the communication amongst colleagues, but also to the customer, by, e.g. providing the customer with insights into the production processes (like showing production locations). Through repetitive meetings, employees keep contact and let each other know what they are working on.

However, it was soon found out that it was hard to talk about specific tasks to reach innovation. In most interviews, the conversation shifted from innovation-tasks to tasks HEMA was not performing or the missing factors within the organisation. These offer additional, insightful information on how Design Thinking can change the organisation and are therefore thoroughly presented underneath.

3.4 | Factors to improve for innovation

The factors that need improvement are listed in this chapter. It is the combined list of both qualitative and quantitative research and is based on the clustering of all data. For an extensive list of clusters, the reader is referred to reading Appendix E (*"Interviews main insights clustered"*), where one will find the most overarching, most telling and most important insights and quotes that form the following list.



1. Act upon customer-centricity

Talking with consumers to validate solutions is an essential factor to reach innovation. The consumer owns all the valuable data and information, and it is up to HEMA to discover those. The underlying needs, wishes and wants need to be discovered, and that can only be done by integrating the consumer in practice. The importance of which is acknowledged within this organisation, yet people do not act upon this. It was questioned, *"How do you keep track of all those fast-changing consumer expectations?"* (08). This unknowing is showing that there is no direct contact with consumers and that there are many uncertainties. According to the survey statistics, twelve employees are working on customer-centric issues; collection, customer experience, customer communication, new service/business and projects. These employees have an average of 2.4 out of 5 in talking to consumers, which corresponds with talking to them a couple of times per year. This amount is too limited and should be enhanced. Remarkably, the person who is responsible for customer communication filled in to never talk with customers.

Stakeholder contact

Based on quantitative research, the average contact with people's employer is 3.9/5.0 (n=48), which shows frequent contact being monthly and weekly. Overall, 90% has contact with its end-user. The average for talking to *"end-customers"* is 3.0/5.0 (n=51), which is equal to monthly. The departments having the most end-user contact are Finance & administration, Packaging design & Translation and New markets (mean of 4.3/5.0, n=4). The end-user, in this case, would probably not be HEMA's consumer, but merely a colleague or someone to 'test' with internally. This lack of customer contact was also found during the interviews: someone mentioned that content is always made inside the headquarters and that she had never done a co-creation session with customers (11). Contradicting, the departments scoring the lowest on contact with end-users, and therefore having the least contact with them, are Design, Format and Worlds (mean of 2.1/5.0, n=14). What is strange here,

the departments focused on product design are talking the least to its end-consumer. Especially when this is the department that is responsible for the design, it is remarkable that talking to the consumer only occurs a couple of times a year on average. The question arises: does this mean that some people do never talk to the customer? Then, how do they know what to design?

Implement Design Thinking

During the very first interviews, it was found there is no one common understanding of innovation, but that employees do, however, desire a HEMA-broad innovative mindset. On top of that, in some projects, teams fail to see the actual problem, and it is challenging to transform employees to become more daring. These central issues can be improved by implementing Design Thinking, as other innovative companies have shown they use this principle to put their customers first. These lacking factors caused the investigation into Design Thinking in the first place. For a more in-depth overview of this very first scoping session, see appendix X ("*scoping insights*").

Maintain a clear scope and project structure

"Sometimes you think you have come up with the right solution, but then it turns out that it does not suit the consumer at all because you have not conceived or anticipated certain aspects" (01). Not reaching the core of a problem is a clear sign of insufficient scoping and asks for clear structure in the way of working. This argument is backed up by interviews in which was said that one of HEMA's biggest pitfalls is to make projects very big (09) and the company's issue in framing that a lot of extra things are continuously added to projects (06). This widening of the project is causing the front-end of a project to be incorrect, because of difficulty or lack of project planning (09; 13). Even so, it was acknowledged that there is currently too little room for failure and that projects should go *"as fast, as cheap and as well possible"* (01). There is at the moment no fail-safe or fail-proof culture and that, combined with time pressure (06; 09), is causing the lack of testing or talking with consumers to validate the right solution.

Current use of methodology/tools

Based on the quantitative approach of using SPSS, it was found that many methodologies are already in use. Agile has been called seven times (equal to 14%), and also Lean/Lean Startup has been called seven times. Design Thinking was called three times. The rest (see Appendix X "*SPSS codes*") was mentioned less than three times. The question that arises here, with 32 different sources/methods to choose from, how to pick the right and most optimal one to use? Design Thinking could be the foremost guidance and structure for innovation. Yet, some people said they are using this principle in both the survey and interviews, but the actions that belong to the approach were not identified in their daily tasks that were mapped during the interviewing sessions.

Doing the thing right vs doing the right thing

According to the conducted interviews testing the to-deliver product is essential, but is not yet a must in current projects. Within projects, the teams are not *"first-time-right"* (09). People, therefore, need to do much rework and that takes time. Also, sometimes team members have to get back to the drawing table ten times, *"sometimes literally ten times"*, to make it right. How about doing it right the first time? Relevant here is to know the difference between designing the right thing and designing the thing right. It was mentioned that projects should start from a problem definition because a customer does not just solve these themselves (14). On the other hand, another team is already focused on trying things out. *"[...] that is very much our guideline. The strategic plan is to do many things."* (07). Nevertheless, employees do acknowledge the importance of testing, but it is, unfortunately, not fully integrated.



2. Use Customer Insights

A team of consumer analysts are focused on contact with customers. During this contact, the customers are reactively asked for their experience and opinions about purchased products. Nevertheless, customer contact with other teams is poor (12). It is rather challenging to plan what worlds are going to be making in a couple of months from now, and which customer(s) you want to involve in there (13). So strict planning is crucial here.

Reactive vs proactive

The current way of customer interaction is through responsive emails after purchases asking if the customer is satisfied with the bought product. The problematic thing here is that - when asking for reactive feedback - one gets to know what the customer thinks, but one can not change anything anymore about that experience. Instead, the focus of customer interaction should also be applied to the first phases of design to understand potential issues the customers are struggling with. However, the contact there is limited; the department regarding early product development and product demand did much customer research, but it is unclear why they do not exist anymore (12). Despite, the current researchers are making use of a test panel with about six thousand HEMA customers, but unfortunately this group is *"not representative for the Dutch population"* as one of the team members said. *"Those are just 6000 people"* (13), but this is the data that is being designed with. Budget, time and ownership are what is building a barrier here. Employees should act according to HEMA's principal value: act as an entrepreneur, get into contact with the customer themselves. A way of working should be created so employees can grab it and go out in the field themselves.



3. Improve perceived innovation within the organisation

HEMA as a person

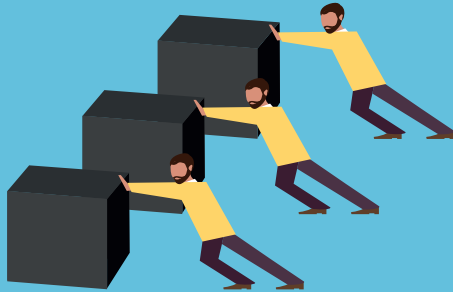
Self-innovativeness



4. Take ownership of innovation

The Digital Innovation Lab has noticed there are knowledge gaps regarding innovation within the different departments of the company. There is not yet one common understanding about what is the right thing to do, and also clear metrics to validate projects are lacking. Therefore, HEMA's Digital Innovation Lab has the desire to support and teach other departments in innovating by using their knowledge and experience in innovation to reach the company's goal: becoming a global brand. However, it should not only be the job of the Digital Innovation Lab to roll out this way of thinking towards innovation. Employees should know what they are doing, why they are doing this, and what their role is within the company's strategy (05). Innovation should be incorporated into the company's strategy and should be carried along with the entire organisation, starting with the management team, including CEO Tjeerd Jegen. However, it is feared that the executive board does not realise how vital digital is for a good foundation of the company's future (01). The pitfall here is that the board would not see the benefits of innovation quick enough and decide to allocate the money elsewhere; e.g. to reduce costs instead of investing (01, 02). A recommended way to reach this could be through experts, which are responsible for product vision (05), who look critically to processes and ways of working to seek improvement (04).

what is **offered**



what is **demand**



5. Become a frontrunner

The departments working on the design of products, the so-called HEMA worlds, are focussed on creating new products for consumers. One would think they would be on top of all trends and innovation to create ground-breaking products, yet this is not always the case (11; 14). HEMA is following other companies and brands instead of being the frontrunner themselves: *"In terms of innovation, we could go big in this department. We should have to get ahead, but now we are a bit following the business"* (06). To come back to the CIO, he also mentioned HEMA not selling anything that other businesses are not selling. It is acknowledged by another employee that HEMA is merely a follower, but that she is doing that pretty well (03). Yet it is mentioned that a lot of possibilities are available in this *"[...] digital transformation of our world. Make use of this; it is so good. It offers possibilities"* (04). Above all, this results in HEMA's current practices. The company is having difficulty in attracting fresh minds as the CIO believes they are perceived as not innovative (06). She is active in a competitive market, or a somewhat *"dying business"* as the CIO calls the retail marketplace. Because there is more demand than offerings in personnel, one has to differentiate their business to attract new people.

3.5 | How these factors are negatively influenced

It can be concluded that, if the company desires to become more innovative, there is a need for change. A need to innovate the current way of working into a more innovative one. There is a need for talking with direct consumers to find out what they want from HEMA, to find out what problems they are having and to find out how HEMA can tackle those issues. Hence, how come there is limited contact with consumers?

Financial Status

Potentially, the driving factor which is causing limited contact amongst colleagues and consumers is lack of budget. Even though the company has many consumers, the company's financial state is not doing so well. According to the third quarterly report of 2019, HEMA's gross debt has almost reached 800 million euro (HEMA, 2019). The same reports also show that the company has been making losses from 2013 onwards (figure 23), starting with an annual loss of 16 million in 2013, to losing 232.9 million in 2018. Hence there is limited flexibility to allocate budget to customer research. It was said during the interviews that budget was one of the main barriers (13): people wanted to get the freedom, resources and priority they need (07; 10). Likewise, research (Lagrosen, 2005) has shown that, for companies, the cost factor is the main reason referred to for not using customer involvement.

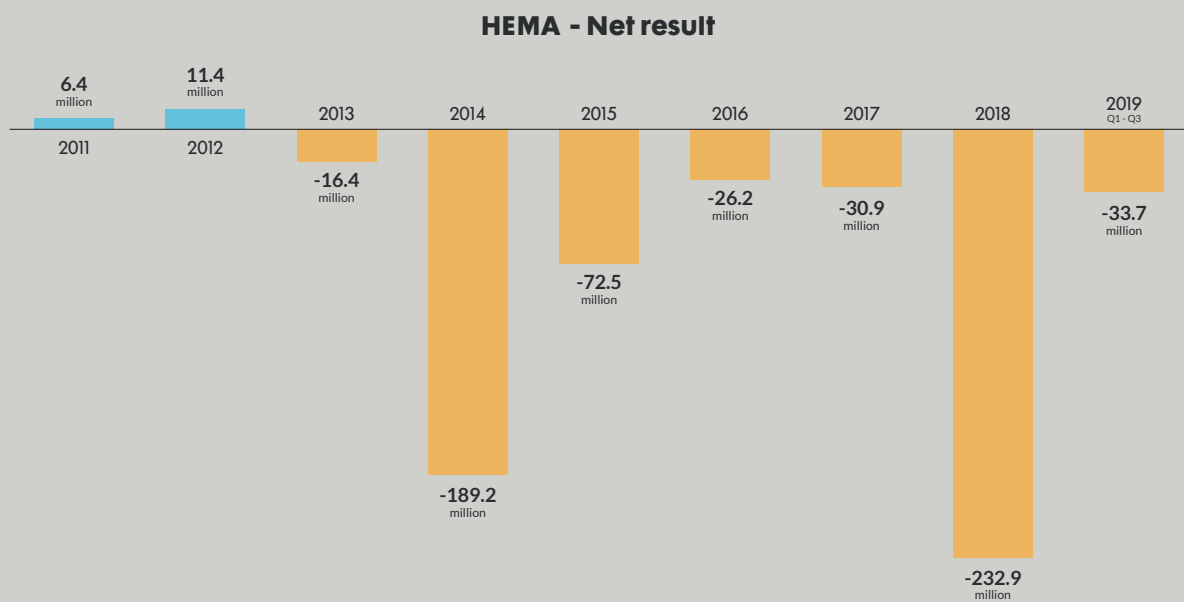
To reduce the amount of debt of HEMA, the company is exploring strategic options for selling their bakeries. Likewise, the reorganisation at the Support Office was part of the strategic options within the cost reduction program. Besides, according to the CIO of HEMA, talented personal can help this diving situation. However, HEMA is having difficulty finding the right talent due to scarcity, a growing competitive market, and because there is an increased demand in technically skilled people. On top of that, he states: *"Being a retailer in 2019 is not very easy, it is a slightly dying business. So, you have to do something new"*.

Working in silos

Another - rather difficult - factor within the current organisation is the effect of silos and its result of lousy communication. An example here is the project of Self-Check-Out cashiers, in which the departments of Digital, Loyalty and Operations all have opinions and wishes for the project. Even though they all work on the same project, they work isolated from each other in their small department. It was only some months after launch that the departments got together with the Digital Innovation Lab to think about ways to improve the current system. Many people have a specific role in a process, and that is quite challenging (08), as a result of so many people who work here, it is hard to make everyone look the same way (06). However, the working in silos is not to be changed by this author; it is just not a one man's job. Nevertheless, this thesis does provide a way in which a more uniform way of working is recommended, enabling departments to communicate more smoothly.

Choices are made on gut-feeling

Employees receive information about customers through sales staff and the customer insights department. Nevertheless, multiple employees have admitted that they in some cases lack the information they need about their designs and therefore make decisions regarding their gut-feeling (11; 13; 14). On top of that, one interviewee told that decisions were made based on what they wanted to make or what they like to make themselves. An example given here is about the creation of a wallet with much storage for coins which has been in HEMA's assortment for many years. Every year it has been going through a redesign and added to a new collection. However, when paying attention to details, who uses coins nowadays? This might be indicating that the designs are not well researched, or at least the demands of customers are not being met.



(HEMA, 2012; HEMA, 2013; HEMA, 2014; HEMA, 2015; HEMA, 2016; HEMA, 2017; HEMA, 2018; HEMA, 2019; HEMA, 2020; HEMA, 2020; HEMA, 2020)

Figure 23: HEMA's net result

3.6 | Filling the gaps

The current way of working map (figure 24) describes the pain points that should be paid attention towards. Even though they are all important and that they should all be brought to our attention, it was chosen to dive deep into one specific argument to scope down this project and to apply full focus on the most important and promising factor. Combining this map of the current way of working with earlier described importance of involving customers in the (design) process, and that innovation is only beneficial if the company applies full focus to think on behalf of its consumer (Kandampully, 2002), pain point three was chosen for further exploration. In the current organisation, the importance of customer-centricity is acknowledged, but not sufficiently acted upon, causing the organisation not to read customers wishes and to not optimally serving the right products. Improving this acting upon the customer is truly important for this company as this approach can be beneficial for successful NPD (Sigala, 2012). Consequently, by improving this pain point, the other five will be touched upon indirectly, because they are interconnected and complementary to each other.

Validating the hypotheses

Looking back at the principle of Design Thinking, empathy was the most crucial step; to understand the target group in its real-life context. Nevertheless, empathising with the customer is overseen at HEMA. Empathising with the customer and with that defining projects is executed minimally and is only done by the employees from the customer insights department.

Hypothesis 1: At HEMA, there is not enough empathy happening.

In H1, it was hypothesised that at HEMA, there is not enough empathy happening. Talking with consumers and integrating them in NPD validate solutions is an essential factor to reach innovation (Sigala, 2012). The consumer owns all the valuable data and information, and it is up to HEMA to discover those. However, during the interviews, it was questioned, *"How do you keep track of all those fast-changing consumer expectations?"* (08). This unknowing shows that there is no direct contact with consumers and that there are uncertainties. Next, according to the survey statistics, employees working on customer-centric issues have an average of 2.4 (out 5.0) in talking to consumers, which corresponds with talking to them a couple of times per year. This amount is too limited and should be enhanced. Remarkably, the departments scoring the lowest on contact with end-users, and therefore have the least contact with them, are Design, Format and Worlds. Besides, there is no mandatory or integrated part of talking to customers in HEMA's current way of working: *"after nine months being with HEMA, I have never spoken to a customer once"* (14) and *"there are no co-creation sessions here"* (11). These insights show the lack of empathising with customers and, therefore, support H1.

Hypothesis 2: The benefits of empathising with customers are underestimated.

In H2 it was hypothesised that the benefits of empathising with customers are underestimated. The interviewees acknowledged customer-centricity. They want to offer a good experience over the complete omnichannel (06), make it as easy possible for the customer (07), while continually questioning yourself 'what is it the customer wants?' (08). However, there is limited direct customer contact, and employees rarely spoke about the benefits of involving them. The disadvantages and factors that cause this shortage predominated. The first and foremost reason found for limited contact regards to budget, as employees experience difficulty in getting it allocated to their project. Another reason is the lack of time, or the perception employees have of their colleagues lacking it (09). Bad planning is another finding which results in last-minute awareness and with that lack of time to prepare for, i.e. workshops. The ownership of innovation is something interviewees doubt about; whether colleagues are aware of the importance of innovation (05). Lastly, interviewed employees are making their decisions based on sales data and customer insights. However, the last is not representative (13). When employees lack the



Taking ownership of innovation

- "I find HEMA's culture an obstacle with people saying "I'm too busy today so I don't have time to improve." That is actually the biggest obstacle we encounter." (09)
- "What also plays a role is that people often say that they like change and would like to change, but actually people don't want that at all. They want certainty in life and to stay in their comfort zone. "Why? I have always done it like that?" I think that people naturally do not like changes so much." (08)
- Main reasons why people resist change: Fear of the unknown/surprise, Mistrust, Loss of job security/control, Bad timing, An individual's predisposition toward change (Quast, 2012).



(not only) Acknowledging importance Customer Centricity

- Departments - that design - have limited contact with end-customers (SPSS)
- "What is difficult; How do you keep track of all those fast-changing consumer expectations? That is a challenge." (08)
- + "Direct contact with your customer, with whom you collaborate, or with those for whom you make the product/service is essential." (04)
- "It is dangerous to do this [picking ideas] on your own gutt feeling. You really have pick based on what users find important." (03)



Becoming an innovator

- "We are the omnichannel team, so it terms of innovation we could go big [...] As the omnichannel we actually have to get ahead, but now we are a bit following (the wishes of the business)." (06)
- "All kinds of innovations are now possible in technical areas with the entire digital transformation of our world. Make use of this, it's so good. It offers possibilities." (04)
- "I have not yet seen at HEMA that we have come up with something that nobody else has made yet. I can't imagine that to happen now." (01)
- "We are not a forerunner, merely a follower; but I think we do that pretty well." (03)



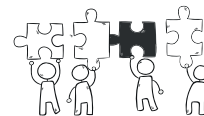
Customer Experimenting

- "So, we are innovating but we are not first-time-right. People therefore do a lot of re-work and that takes a lot of time." (09)
- "Sometimes because of the pressure things have to go quickly and things are not well thought through in advance, so it is not right and you have to go back to the drawing table ten times. Sometimes literally 10 times. That of course takes a lot of time."
- "Primary strength is in commerce. How can you turn new trends and new technologies into commercial products? We are a commercial company. We are not a test garden, in the end we make products to make money." (07)
- "We are focused on trying things out. [...] that is very much our guideline. The strategic plan is to do a lot of things." (07)



Having a clear scope and project structure

- "And sometimes you think you have come up with the right solution, but then it turns out that it does not suit the customer at all because you have not conceived or anticipated certain aspects." (01)
- "That is our pitfall at HEMA, we make things very big. We are pretty bad at framing what we want to do and then when someone comes up with new things to do [...] I try to frame things well from 'This is what I do now and those other things I can't tackle now.'" (09)
- "The business says 'We want this' and then other projects get piled up, more and more and more things are added." (06)



Guided way of working: creating uniformity

- "A lot of people have a role within a process and that is quite difficult. It's because there is still a lot of working in silos. Even though disciplines of different worlds already come together through the matrix structure." (08)
- "There are so many people who work here, it's very hard to make everyone look the same way. The funnel committee is a step in that direction. Then we determine with the whole of HEMA: we will do this and we will go there." (06)
- "No, I made the scenario and explained to everyone what their roles and responsibilities are. I just love the structure (of the pitch) and I ensure that people deliver the right things at the right time." (09)

Figure 24: Identified pain points in current business regarding innovation

data they need, or simply because they want to create what they like themselves, they make decisions on gut-feeling (11; 13; 14). These insights show that the importance of empathising and its additional benefits are not well understood within the organisation. Thus, the findings support H2.

Envisioning empathy in design

To summarise, a gap was found in talking with direct consumers to find out what they want from HEMA, to find out what problems they are having and to find out how HEMA can tackle those issues. The Digital Innovation Lab has the desire to teach employees an innovative mindset by showing and sharing their knowledge gained by personal experience. In the current situation, employees already say it is essential to talk to the customer and to get to know them as best possible, yet they are not talking to them regularly, while literature shows that the involvement of customers is an inevitable factor of success. Therefore, the road to HEMA's desired way of working will be led by the following vision statement:

"For teams who are handling consumer-driven processes, the HEMA Empathy-driven Innovation framework is an inspiring, a disruptive and focus-shifting framework that allows thinking from the perspective of the consumer to gain an in-depth understanding of their needs, wishes and desires, unlike the current decision-making which is based on assumptions and gut-feeling."

Vision Statement

As the most effective visions are future-oriented, compelling, bold, aspiring, and inspiring, yet believable and achievable (Levin, 2000), this vision is quite courageous. The framework will be inspiring as it offers a new way of thinking - from the customer's view. On top of that, this shift in focus is *"disruptive"* to HEMA as they are not yet incorporating this type of approach in their current way of working. This is something new to them and will certainly cause some commotion in the ongoing business.

4.1 | How empathy is going to stimulate HEMA 's survival

This transformation features the fundamental integration and engagement of customers in (design) processes to identify problems and to get to the bottom of their underlying needs. This in-depth understanding of customer's needs and the situation they are needed is key to make NPD successful (Kärkkäinen et al., 2001). As the company will be thinking on behalf of the customer, there will be a transition from creating products to designing for people's purposes through, e.g. services. This way, the created products and services will have superior value in the customer-driven marketplace, and with that be more innovative. For all that, customer information is inevitable (Kandampully, 2002).

Empathy, the first step in the Design Thinking principle, is about the exploration of these customer insights. The creation of a custom-build, new work approach for HEMA should, therefore, be based on empathising with the customer. It should have a clear foundation, starting at the "**fuzzy front-end**". This front-end is referred to as fuzzy because of its 'vagueness' as the challenge lies in the understanding of the customer's context and identifying problems before an idea or product is created. The gained insights (which you do not know beforehand) are the fuel to the project. Customer interaction is therefore proactively needed.

The desired way of working involves the consumer, or user, in the product development, which is called participatory design. It is built around the experience of getting to know the customer to the fullest, by allowing oneself to become absorbed in the user's world (Kouprie & Visser, 2009). This absorption is done in the first stages of a design process, where one aims to get to know what the problem is that customers are tackling. At this point, it is most of the time not sure yet whether the deliverable will be a product, a service or an interface (Sanders & Stappers, 2008). In addition, empathy is beneficial within the organisation's teams that work on the product development. Design Thinkers need to be empathic (to each other) to be able to accept co-workers who presumably have different cultural and educational backgrounds, and to gain strengths and weaknesses from them (Köppen & Meinel, 2015).

Empathy in design can be used as a tool to design with or to acquire insights from consumers' needs (Gasparini, 2015). The participatory design, in which users act as experts and create products and solutions themselves, is considered the core of co-creation techniques (Sanders & Stappers, 2008). *"This co-creation practised at the early front end of the design development process can have an impact with positive, long-range consequences"*, thus Sanders & Stappers (2008, p. 9). Accordingly, it will transform how, what and who designs. Empathic design can be used to observe the customer and to perceive their latent needs. It is an approach to get more familiar with the lives and experiences of potential consumers, in order to enhance the likelihood of the designed product or service to be adopted (Kouprie & Visser, 2009). For some situations, rather than passively watching what customers are doing, it is better to talk with them actively. The qualitative approach of interviewing reveals more in-depth detail and aims at getting to know the user values or goals. While getting to know much information about the target group, personas can help in representing types of customers based on their distinctive needs and requirements.

Employees need to be activated and stimulated to get them to work with these experiments, workshops and methodologies. This initiation can be done through show and tell, by telling the importance of it and showing how it works. Another way to stimulate employees is through an easy to remember mnemonic.

*"To embrace co-creativity, it is required one
believes that all people are creative."
(Sanders & Stappers, 2008, p. 9)*

HEMA Empathy Model

The HEMA Empathy Model (figure 25), which is short for Hear, Experience, Melt and Analyse, was created based on the empathy framework by Kouprie & Visser (2009) to step in and out of the user's life. This way, the model has a better fit for the company. With the convenience of the abbreviation, it is likely easier to remember and perform the model. This model guides and enables employees to think from the perspective of the customer, to step into their footsteps and experience what they are going through.

The Empathy Model starts with approaching the customer and hearing what he or she has to say. In here, the employee enters the consumer's world and listens what type of issues the customer faces. In the second step, the employee experiences what the customer goes through by walking around in the consumer's context. The ultimate goal here is to melt with that experience and try to make it one's own to resonate with the consumer ultimately. The last step is probably the most important; the stepping out of someone's world and collecting the information one needs for designing the solution to the issue, but now with the perspective of the customer in mind. However, this is probably also the most *"abstract"*; therefore, the most challenging step. One should seek to analyse all gathered information to use this in their work by, e.g. creating a persona of the target group that one could design for. Personas are fictitious personalities – based on actual people – that depict the target user(s). Personas should be realistic, they are not per se the ideal user, but an example of an actual, possible user in its current state (tDX - DesignMethods, 2017). One could include hobbies and activities, cultural background and habits to build up the image of the potentially targeted user. While creating a new product or service, one should seek to create a solution specified to the defined persona, with its wishes, needs and behaviour.

With the empathy model as a very first step towards a more empathic and innovative company culture, it was presented to the Digital Innovation Lab to be acknowledged in the approach Playbook (figure 26). For a more in-depth explanation of this document, read chapter 1 (p. 12). Now the HEMA-model is formally integrated into the playbook for everyone to see and use, it is time to introduce the framework which is going to stimulate empathy with customers by changing the perspective of the employee. It leads to the created vision: an inspiring, disruptive and focus-shifting framework that allows thinking from the perspective of the consumer to gain an in-depth understanding of their needs, wishes and desires.

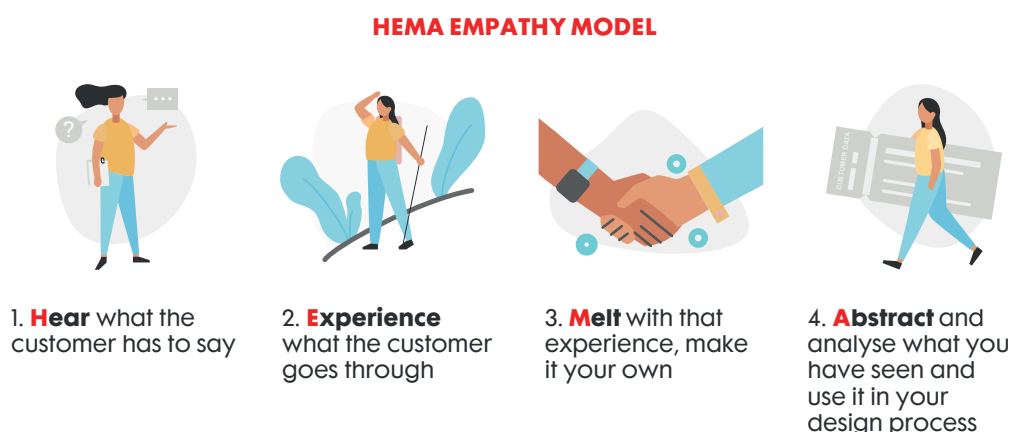


Figure 25: Defined HEMA Empathy model

HEMA EMPATHY MODEL

Hear what the customer has to say
Experience what the customer goes through
Melt with that experience, make it your own
Abstract and Analyse what you have seen and use it in your design process



Figure 26: Integration HEMA Empathy model in Digital Innovation Lab Playbook

5 | A focus-shifting framework for HEMA

A framework, that might be perceived as disruptive for HEMA, was created to enable the company to participate in Empathy-driven Innovation. Through the conduction of three ideation brainstorm sessions of each one and a half hour, inspiration and answers were gathered to questions raised by performed research. The benefit of this type of ideation is the creation of a solution that fits multiple stakeholders as multiple people/parties gave their opinion on what matters to them and how they envision things to be implemented in an organisation.

5.1 | Ideation

Three sessions were held with a total of 9 participants: 6 students and three employees of HEMA. This way, inspiration could be gained by peers and people from within the business. The latter was essential to build a connection between what to create and how to implement that. The session consisted of two parts, and for both a template was created to offer structure, guidelines and support to the focus groups.

Part I

The first part of the brainstorm session was done with four how-might-we's. A piece of paper was used on which participants could individually *"brain dump"* all their thought about the question written on it (figure 27). In the next rounds, papers got circled, and people could write their thoughts about another question, while also being able to continue on other thoughts that were already present on that paper. This way, the brainstorm reached more depth and enabled out-of-the-box thinking.

Part II

For the second half of the session, a concept-creation template (figure 28) was provided to guide in the creation of a concept. It offered five description-boxes to explain/illustrate the created concepts. However, it was mentioned during the session that not all boxes had to be filled in, but that it was mainly provided to offer structure and a guide to the participants to not throw them in the deep with 'nothing to use'. Participants were asked to create concepts (solutions) for each of the how-might-we questions. For each round, they got eight minutes. A more detailed version of the brainstorm sessions, including a try-out, evaluation and changes made, can be found in Appendix F (*"Evaluation Brainstorm"*).

To be able to offer the right products, there is a need to know what the customers' wishes, desires and behaviour are.	To be able to gather an in-depth understanding of the customer, there is a need for time and contact between multiple parties.	To be able to create ownership of innovation, it needs to become a shared importance and employees need to be supported to understand that change is essential.	To be able to overcome the challenge of using something new, there is a need to stimulate employees to participate (and to prevent it from ending up in the closet).
How might we.. gain customer insights?	How might we.. create contact between employees and customers?	How might we.. convey the importance of innovation to employees?	How might we.. stimulate & activate to make use of something new?

Figure 27: Four how-might-we's used to brainstorm



Impression of the brainstorm sessions

CONCEPT CARD	
Concept title 	Visual
Explanation 	
Benefits ☐ ☐ ☐ ☐ ☐ ☐	
For who the is a that Unlike our solution	

Figure 28: Concept card template

Outcome

The data from all sessions were combined, and four information-trees were created (figure 29). The data were clustered (Appendix H - *"Brainstorm insights clustered"*) to get a better overview of all the 362 thoughts that were given and to be able to use this as inspiration. It was impressive to see how every session came up with new things that others had not say before. Besides, a total of 7 concepts were created (see Appendix I - *"Filled in Concept cards"*), as in two sessions, the participants had combined the how-might-we's of creating contact with customers and gaining insights. The concept cards were perceived as helpful.

For tackling the challenge of gaining customer insights, many DCI-methods (Deep Customer Insights) were named including interviewing, observing and watching what competition does. In close relation to creating contact between employees and customers, many communication channels were discovered, as well as organising a HEMA Hackathon in which customers are invited and employees were visiting customers' homes. An appealing thought to mention here is being a 'detective for a day' in which employees would go into a store to observe which provides direct data. The insights from personal experiences are increasingly trusted and break patterns while validating assumptions. Gaining information through a target group with a consumer analyst mapping these insights and people was presented to offer a representative target group and make the workshops approachable for teams. In return for participation, consumers could receive, e.g. discount. Another concept regarded a customer game program to motivate employees to collect In-depth customer insights through customer interaction, in which it was visually insightful how much an employee had talked to customers through gamification.

To convey the importance of innovation to employees, the participants came up with several workshop-inspired activities. One could research other companies' product offering, their own company's sales or employees can be shown (un)successful innovation. In addition, a HEMA Innovation Day was created where inspiring speakers would present their successful businesses and workshops could be held with consumers to connect them to employees and get to know them. This type of event would be suitable for new energy and motivation, team building, and getting employees out of their routine. Also, a more out-of-the-box idea of a Future Escape Room was presented as an approach to convey the importance of innovation. In here, the (unchanging) current situation of the company could be shown while the context it is in will change. To visualise this and make employees experience it themselves, they wanted to show and convey that change is needed.

For the last challenge, to stimulate & activate people to start using something new, rewarding seemed to be the best option. Rewarding could be both intrinsically (like to work for HEMA) and extrinsically (money, gifts, loyalty points). On top of this, it was thought it would be best to convince employees of the importance by showing them and offering fail-proof surroundings. Making someone responsible for the implementation of use was a common factor in all concepts. A HEMA Academy was presented with the following concept statement: *"for HEMA employees who are insufficiently capable of innovating, the HEMA academy is a training approach that teaches new and crucial skills. Unlike the launch of systems and solutions that do not work, our solution embeds new skills in our core."* In the other sessions, an Innovation Coach and Vibe Manager were assigned: an internal ambassador with a familiar face who will guide teams in the use of the new tool while keeping employees sharp.



Figure 29: Results four how-might-we's (bigger version in Appendix X 'Brainstorm how-might-we results')

5.2 | HEMA Empathy Toolbox



Figure 30: HEMA Empathy Toolbox

The outcome of the ideation sessions was analysed and used to create a fitting solution for HEMA to change their perspective in the way of working. This framework tackles the presented challenges from the previous paragraph and offers the solution to enable Empathy-driven Innovation at HEMA.

The HEMA Empathy Toolbox (figure 30) is a ready-to-use communication tool that links employees to customers through customer experimenting and qualitative research. It contains an Empathy Card Deck, 16 Method Explanation Cards, a cube of post-its and a whiteboard marker. The toolbox creates the opportunity for employees to talk to their customers; something that is limitedly happening at the company nowadays. It enables employees to take on the perspective of the customer to gain in-depth customer understanding about customer-specific needs, wishes and behaviour. This new way of thinking motivates employees to HEMA's key-value "act as an entrepreneur" and identify problems HEMA can design solutions for. With this tool, HEMA employees can create solutions that are specifically designed for their customers' demands: products that their customers would like to see, want to buy or things they need to help solve specific customer issues.

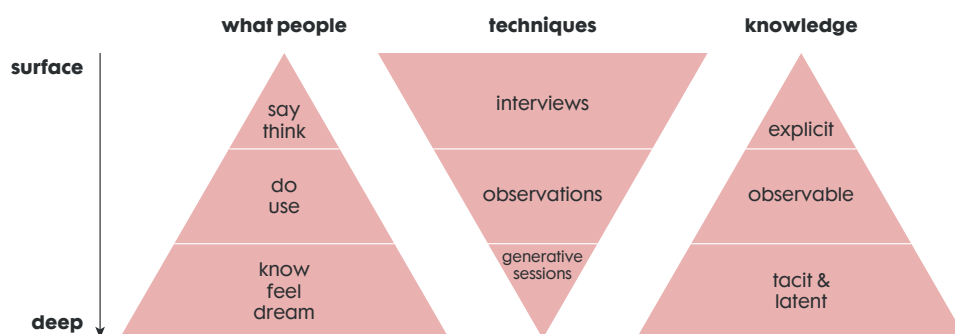


Figure 31: Different levels of knowledge to be reached through toolbox



Figure 32: Showcase HEMA Empathy toolbox cards, including branded case

Empathy Card Deck: thinking on behalf of the customer

Through different tools and methods that come with the box, employees try to reach different levels of knowledge from the customer. As illustrated in figure 31, knowledge deepens from surface-level - which is explicit knowledge; things people know about themselves - to deep, latent needs which customers cannot speak of themselves because they do not know it (yet). With the use of, e.g. generative sessions in which brainstorming or context-mapping takes place, people get faced with their problems and are forced to think about what they feel, hear, do with certain emotions. As an employee, one wants to grasp those emotions and use them in perspective while designing.

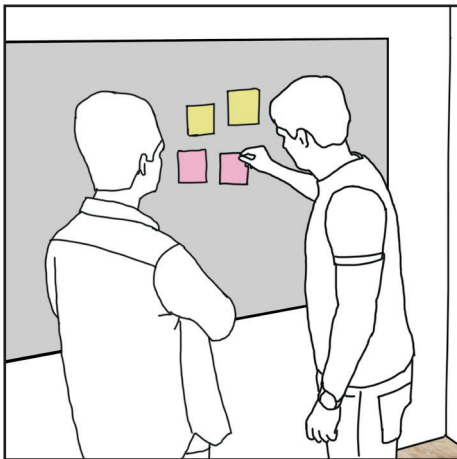
The HEMA Empathy Card Deck (figure 32) is based on the HEMA model, which is short for Hear, Experience, Melt and Analyse (p. 57). Every category has specific questions that guide the employee to step into the world of the customer and to empathise with them. The cards are laid on the table facing down, with only seeing the different coloured themes. For every theme, one picks up 1 or 2 questions that will be discussed amongst employees in a meeting. A scenario was created on the next page to illustrate the product in use (figure 33).



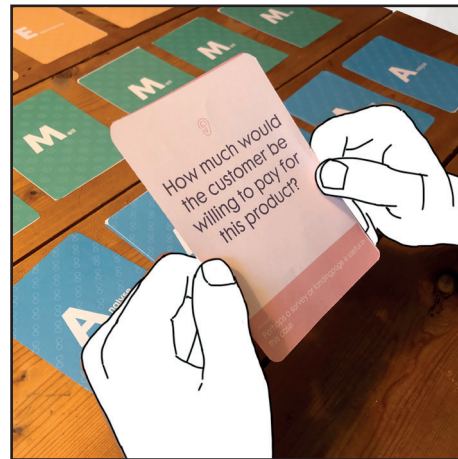
Step 1: Lay out all the cards on a table, with their questions faced down.



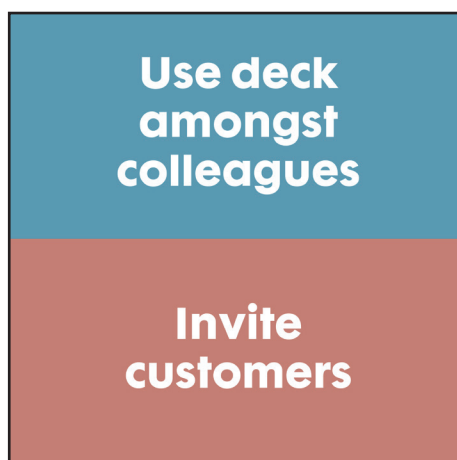
Step 2: Pick a card from the category Hear. Read the question out loud to your colleagues.



Step 3: (together with your colleagues) Think of all assumptions you can make regarding this question.



Step 4: List of assumptions ready? Time to validate through experimenting! Read out the assignment underneath the question.



Step 5: Decide on the way you are going to perform the action.



Step 6: In case you do not fully understand the assigned method, see the Explanation Cards for benefits, limitations and tips&tricks.



Step 7a: Use the method for further creation of assumptions and to empathise with your customer through acting as a customer yourself.



Step 7b: Prepare and host your meeting using the step-by-step guide as stated on the Method Explanation Cards.



Step 8: Finished the empathy assignment? Now use these gained insights about your customer to improve or design your product or service.



Step 9: Repeat these steps for the categories Experience, Melt and Analyse.

Figure 33: Scenario Empathy Tool Deck in use



Figure 34: Overview of all cards within the Empathy Toolbox

Another example could be that one chooses to take one of the green melting-cards and finds out there is the question: *"How does the customer feel when using this product?"*. It can now be discussed amongst colleagues what one thinks the customer would say to this, what the customer does or does not do. One should try to imagine themselves as if they were in the seat of the customer and melted with their experience. Which feature should not be there? There is no right or wrong in these sessions, as customers are ever-changing, and no customer is the same. However, if one wants to find out what most customers think, or what the average customer feels, one could look at the assignment that is assigned to the question. With this assignment, employees go into the field, interact with real customers to find out if the assumptions that were made, are correct. Using this direct data, one will be able to (re)design the product for a perfect fit to the customers.

Design of the cards

The design of the cards has been iterated until the final design, which is presented in this report. For a full overview of iterations, see Appendix K. The designs have been analysed by two independent students from IDE to give feedback on the readability, playfulness and clarity. The corporate identity of HEMA was translated onto the packaging of the deck, on which HEMA's brand language can be identified. The cards inside the deck do not have the HEMA-red colour but are based on four rather pastel tones not to give one theme more emphasis than the other. On figures 34 to 36, all Empathy Deck cards are displayed.



Figure 35: Cards (A6) scale 1.4



What do our customers complain about?

Undetermined?

Maybe social media could help you out here.



How much would the customer be willing to pay for this product?

Not sure?

Perhaps a survey or landingpage is useful in this case.



What did customers like about their previous product/service(s), before they got to our product?

Wish to learn?

Maybe researching fora is the way to go.



Which products are we not offering that customers wish we had?

Want to discover?

Maybe you should try giving customers a diary to find out.

Experience



How easy or difficult is it to use our product?

Unclear?

Perhaps creating a customer journey map is useful in this case.



What do customers think about the price of our products/services?

In doubt?

Maybe a focus group in which you can ask questions is the way to go.



Which features are least useful about this product?

Uncertain?

What about asking "how-might-we" questions to research?



How can we make the usage of this product easier?

Don't know?

Maybe brainstorming with customers could help you out here.



What could we change to make our product/service more user-friendly?

Like to find out?

Perhaps creating an empathy map is worthwhile looking into.



What are customers struggling with while using this product?

Undetermined?

Maybe you should try create a journey map to find out.



What would customers change about our product/service?

Wish to learn?

Maybe brainstorming in a focus group could help you out here.



How does the context in which this product is used influence the usage?

Need to investigate?

Maybe you should try contextmapping with the customer to find out.



What challenge or problem does this product solve for customers?

Don't know?

Maybe contextmapping in which the context is identified is the way to go.



What do our customers hate the most about buying at HEMA?

Want to discover?

What could mindmapping do for you here?



Why do customers go to the competitor for this product?

Suspicious?

What about doing observations at the competitor to research?



If you could only change one attribute of this product. What would it be?

Unclear?

Perhaps creating a scenario is worthwhile looking into.



What if the customer is in a wheelchair?

Uncertain?

Perhaps roleplaying as if you were in a wheelchair yourself is useful in this case.



What skills does the customer need to perform this action?

Not sure?

Perhaps visiting the customer's home is worthwhile looking into.



What causes customers to not buy this product?

Don't know?

What about observing in-stores to research?



If you could change the name of this product. What would it be?

In doubt?

Maybe a scenario could inspire you here.



What if the customer is blind?

Undetermined?

What could stepping into the footsteps of this person do for you here?



What would the customer tell their friends or colleagues about this product?

Want to discover?

What about using personal observations to research?



How does the customer feel when using this product?

Like to find out?

Maybe acting as a customer is the way to go.



With who is the customer interacting when using this product?

Wish to learn?

Maybe you should try to create a scenario to find out.

Analyse



How could we make this product more accessible to different users?

Undetermined?

Maybe iterating the looks&feel is the way to go.



What could we do to get our customers to recommend us to others?

Want to discover?

Perhaps stepping into the footsteps of our customer is worthwhile looking into.



How could this product be used over a longer time?

Uncertain?

Maybe prototyping an additional purpose is the way to go.



What could we do to make our customers happier?

Like to find out?

Maybe you should try to think of customer experience for a specific persona to find out.



Why would the customer find this product more useful than the one they already own?

Not sure?

Maybe roleplaying could help you out here.



Why would the customer buy our product and not the product from [company]?

Don't know?

What could a usage-scenario do for you here?



How do our customers know about this product?

Need to investigate?

What could creating a persona do for you here?



How does our product/service make an impact on the customer?

Undetermined?

Perhaps taking the perspective of the customer is useful in this case.



What could we do to get our customers to purchase more?

Wish to learn?

What about thinking of something that a specific persona really wants to research?



What type of services could we add to this product?

Need to investigate?

Perhaps creating a new businessmodel is useful in this case.

How to use this Deck

There are 42 cards in this deck, divided over four categories that together form the HEMA Empathy Model:

Hear what the customer has to say

Experience what the customer goes through

Melt with that experience, make it your own

Analyse what you have seen and use it in your process

Place all cards on the table with the questions faced down. For every category you pick one or two cards from the deck. Read the question out loud and form assumptions about the answers together with your colleagues. What could the answer be? What would the customer say, do, think, feel in this situation?

After writing down your assumptions, you can perform the assignment that is assigned to that question on the bottom of the card to validate the answer. In here you will find out what the actual behaviour of the customer is using various research techniques. If the assigned technique is new to you; have a look at the Explanation Cards. On there, all techniques are explained including some tips&tricks to get you started!

Good luck getting to know your customer!
Don't forget to have some fun.

Empathy

"What would your colleague say about this?"

Remember to always empathise with whoever you are working with (while using the Empathy Deck). Whether that is a colleague or someone you do not know, ask them the question: "What do YOU think? How do YOU feel about this?" Give each other the room to talk. Remember: There is no right or wrong! All input is valuable.

"Empathy is at the heart of design. Without the understanding of what others see, feel, and experience, design is a pointless task."
Tim Brown, CEO of IDEO

Design Thinking

According to the principle of Design Thinking, Empathy is a crucial step in which we get to know our customer. This deck combines the affective and emotional aspects of empathy to enable you to getting a better understanding of who you are working for.



The required mindset is not so much described in terms of "I want to feel what you feel" but rather with the sentence "I'm curious to hear what you feel".

Author

This carddeck is the result of my graduation project in assignment for HEMA. With this research I have finished and obtained my MSc. in Strategic Product Design from the Delft University of Technology. For more information about the project or Empathy Deck, contact me on info@pamelaasberg.com.

Enjoy empathising,

Pamela Asberg

Like to get more info?

Contact me at
info@pamelaasberg.com



Which products
are we not
offering that
customers wish
we had?

Want to discover?

Maybe you should try giving customers a
diary to find out.

Figure 36: Card (A6) scale 1:1

Method Explanation Cards

For every card within the Empathy Card Deck, there is a specially assigned assignment to the question. It helps the user (so in this case, the employee) to validate their assumptions through experimenting. Those assignments vary from conducting interviews to using probing diaries. In case users of the toolbox do not (fully) understand the assigned method or task, they could dive into the Method Explanation Cards that are provided in the box. These A4 cards are categorised per HEMA Empathy Model category, and consist of information on when to use, why to use, and how to use (figure 37). Besides, it offers valuable tips and tricks and templates to get the user started in the process. On the following pages, the Explanation Cards are displayed. The full-sized Explanation cards can be found in Appendix J ("*Full-size Explanation cards*") or in the HEMA Empathy Toolbox (figure 30) that came with the thesis.



Brainstorming is a group or individual ideation method during which efforts are made to find a solution for a specific problem. This is done by gathering a list of ideas which are spontaneously generated by customers. Brainstorming "rules" are usually followed to encourage a broader, more natural set of ideas.

Use it to..

to come up with ideas through a loose and free-form approach. This is often helpful in the beginning to generate ideas or when a team gets stuck. To facilitate the session, it is helpful to outline what you hope to gain out of the brainstorming activity, including a vision of what the session might look like from start to finish.

Benefits

- An unstructured and flexible technique that allows for out-of-the-box thinking.
- Allows the entire design team to participate in the process.
- Encourages wild ideas, therefore creating a fun and playful environment.

Risks/limitations

- Team members may be unwilling to fully participate if they feel like they will be judged harshly for the ideas they share. This can be averted by setting clear ground rules upfront by, e.g. mentioning that no ideas are wrong and everything is okay.
- While positive feedback creates a more supportive environment, critical feedback and debates may allow people to dig below the surface of the imagination and come up with collective ideas that aren't predictable.

Skills that would help



Quick
thinking



Improvising



Visualising

Figure 37a: Method Explanation Card (A4) scale 1:2 - front



Brainstorming can be done in either a group or an individual setting. When having a group session, try to limit the number of team members to a maximum of ten.

Step 1: Defer judgement

Make clear to not block someone else's idea if someone does not like it. Instead, put it on the whiteboard, and maybe you'll be able to build on it later.

Step 2: Go for volume

Getting to 100 ideas is better than 10, no matter what you initially think about the "quality". Try setting a goal for the number of ideas you would like to get in a certain amount of time.

Step 3: One conversation at a time

When different conversations are going on within a team, no one can focus.

Step 4: Be visual

Sketch your ideas out for your teammate. It will communicate them more clearly than words alone, plus you might inspire some crazy new ideas.

Step 5: Headline your idea

Make it quick and sharp, then move on to the next one.

Step 6: Build on the ideas of others.

This leverages the perspectives of diverse teams and can be especially useful when you feel like you're stuck.

Step 7: Encourage wild ideas

The crazier, the better. You never know where your team might be able to take it.

Tips & Tricks

- Make sure there is a facilitator in the group responsible for timekeeping and for making sure that the entire team gets a chance to share their ideas.
- Keep the environment playful and relaxed, but do not allow the chaos to dominate. This can be tricky with a large group, but keep the group on track by reminding them of your common goal.
- Begin the session with a "warm-up" where the team can get into the right mindset to be loose and creative.
- Stay on topic. Your idea for an edible cell phone is awesome, but not during a brainstorm on making opera more exciting for children.

Figure 37b: Method Explanation Card (A4) scale 1:2 - back

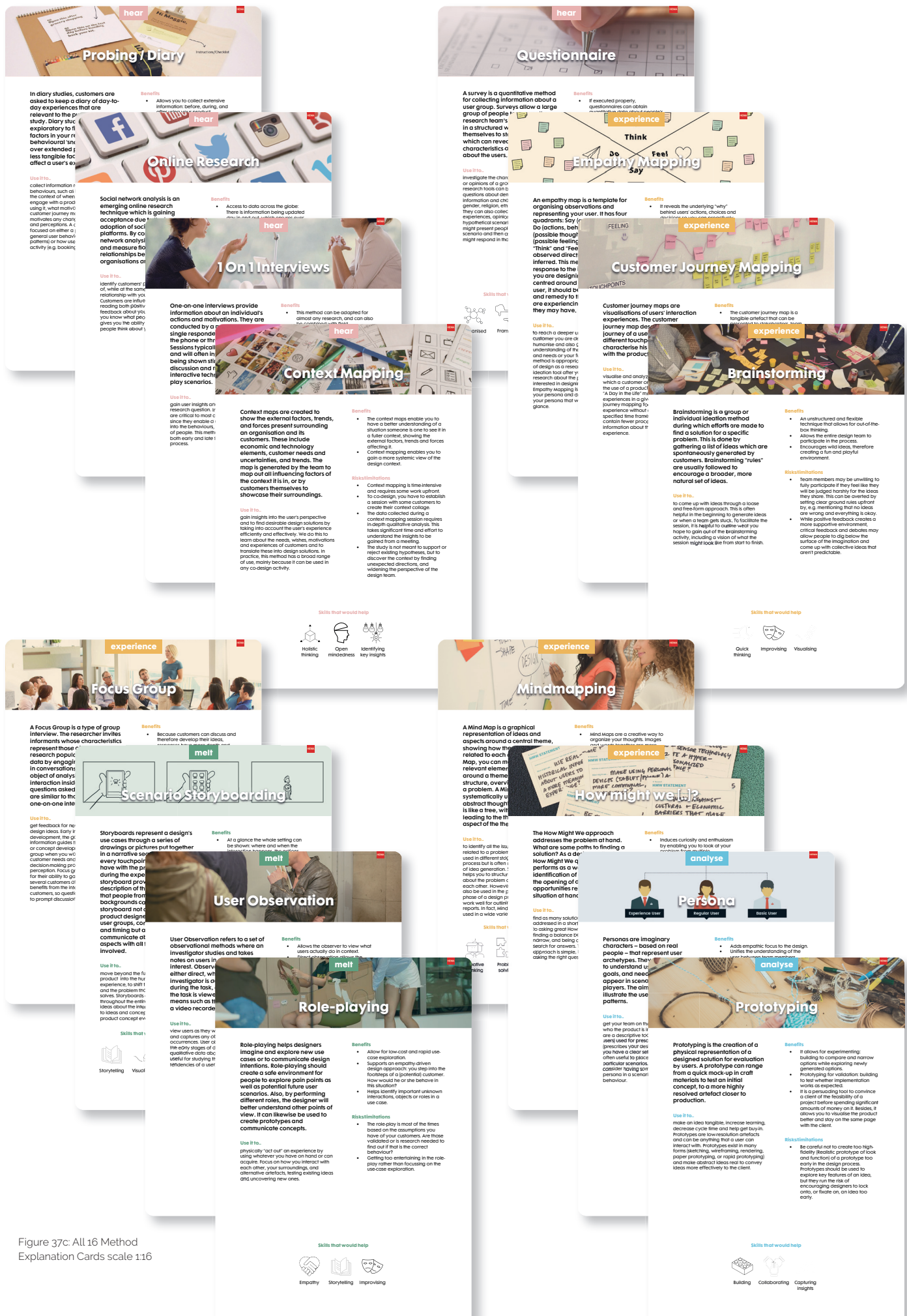


Figure 37c: All 16 Method Explanation Cards scale 116



HEMA Empathy Deck cards facing down, showing HEMA categories

Designing with/for HEMA would be

(Scale 1 to 5)

○

○

○

○

○

Stupid
Awesome!

I would want to do that in/ travel to:

(multiple options possible)

☐ This store
☐ Headquarters (Amsterdam)
☐ Place with a max. of 30 minutes traveling
☐ Place with a max. of 60 minutes traveling
☐ My own home

As incentive for the workshop I would like to get..

(multiple options possible)

☐ Free samples
☐ Discount
☐ A giftcard: worth of
☐ I do not need any incentive
☐ Other:

What do you think of HEMA

.....

.....

Reason current visit at HEMA

.....

.....

HEMA innovatie lab

Male / Female / Other

City:

Pamela Asberg

Figure 38: Guerrilla testing survey to validate the concept

Validation of the concept

The HEMA Empathy Toolbox is a tool to gain customer insights. Hence, the concept was pitched to the department of Customer Insights. They *"totally agreed we should be doing this"* and were positive about all the benefits the tool could offer. Nevertheless, they also had some worries. First, they worried if the intention of people willing to come to HEMA to give their information or to design with the company would be strong enough to ensure they would actually come. This insecurity was tested and primarily validated through an experiment that will be explained in the next paragraph. Secondly, in the initial stage, the concept (inviting customers over at HEMA's office) made use of no incentive; asking people to come to HEMA to design for joy and not because they were paid to do so. However, the department emphasised that the incentive would ensure that people give their honest opinion, and besides, it motivates people to put in time and effort. Another benefit of providing an incentive is the accuracy of HEMA's target group that can be invited. In other words, if HEMA would ask people to design with customers for free, it will be mostly people with enough spare time would have time to come to HEMA. However, HEMA's primary target user is of adult age and has a job paying median income. One would want people from this group to come to HEMA, and an incentive can stimulate to make time for that visit.

To investigate these two challenges, and to find out if customers are excited to design with HEMA and willing to travel to a specific location, guerrilla testing was performed. The benefit of this type of testing is that participants are not recruited in advance, but participants are approached during their real-life setting; in a HEMA store (Usability Geek, n.d.). This method makes guerrilla testing a fast and cheap way of gathering feedback from customers.

76% of the interviewed customers would like to design with HEMA.

In a short survey with only five questions (figure 38), participants were asked how much they would like to design with and/or for HEMA and were asked to rate this liking on a scale of 1 (stupid) to 5 (awesome). 76% (13 out of 17) of the customers who were asked would like to design with HEMA. The reasons for not willing to do so: not being creative or that *"it is simply not something for me"*. If they liked to design with HEMA, they were asked where they would like this to happen. Most of the participants responded with the location of the store they were in at that moment. The participants' estimated age varied between 20 and 60, and both men and women were asked for their opinion. The younger people choose for going to the headquarters of HEMA, as this would be a *"cool experience"* to *"taste the ambience there"*. Besides, customers found it difficult to tell how much they would be willing to travel for such a workshop. Despite, they did say they were willing to travel for some time to, e.g. go to HEMA's headquarters.

As the feedback from HEMA's customer insight's team recommended not to make this experience free, the customers were asked what type of incentive they would like to receive in return for their input. Opinions differed: some would like to receive a discount, others wanted to receive a gift card. On average, people would like to receive €29 (n=5, SPSS). Another remarkable finding here is the effect of age on not wanting anything in return. The older participants were, the more likely they were to not ask for an incentive in return, as the *"experience is the incentive on its own"*. The remaining two questions regarded their opinion about HEMA and the reason for their visit to HEMA at that moment. The main shared opinion about HEMA is the ratio between price and quality. People perceive value for money, as well as the importance of sustainability.

To conclude, it was found that customers that were asked about their opinion to design with HEMA were mostly positive, customers are willing to travel to a designated area as long as it is not further than 30 minutes and since there was not one common opinion about incentives, people could perhaps be given a choice to what to receive.

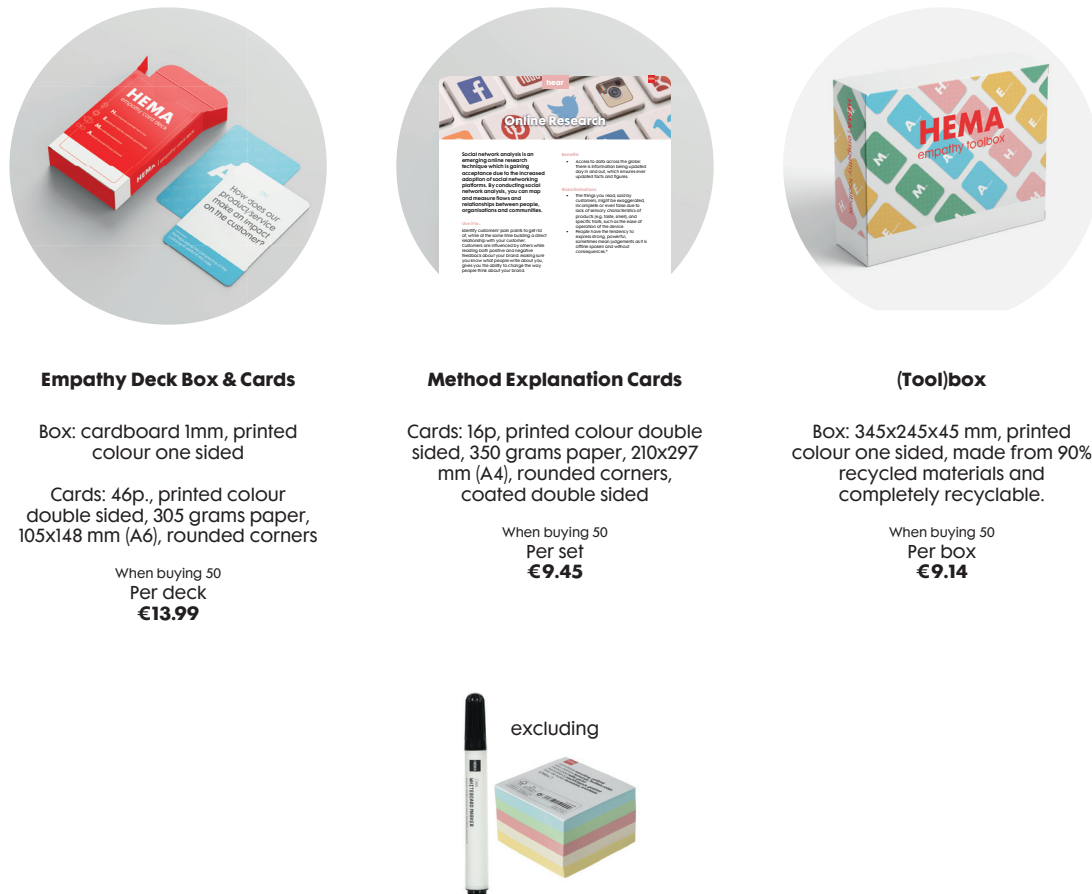


Figure 39: Production costs HEMA Empathy Toolbox

Production of the Box

The total cost per toolbox, when producing fifty pieces, is €32.58 (figure 39). This is excluding the production costs of a HEMA whiteboard marker and a cube of HEMA post-its, as well as the labour costs to put everything in the box (figure 40). Digidecks.nl offers the indication for the cards and card deck, and they can start printing right away. The method cards can be printed by printandbind.nl, where they can coat both sides of the card. Moreover, producing the toolbox at packhelp.com offers a sustainable way to organise the kits, as ninety per cent of their materials are recycled or recyclable.



Figure 40: HEMA Empathy Toolbox

6 | Implementation at HEMA

To enable all employees to start working with the customer in mind and to stimulate the framework to be used in the right way, with the right tools and desired mindset, an implementation strategy is created. In this chapter, one will read how the toolbox can come alive and be integrated into the company for everyone to use.

6.1 | Strategic Roadmap

Several innovations will be implemented within this strategy, amongst others, the Empathy Toolbox, Empathy-driven Innovators and a Customer Involvement Panel. Since these will not be built in a day, a strategical roadmap was created to guide in the process of transitioning to becoming more customer-centric and with that more innovative.

The roadmap (figure 41) is divided into three horizons to reach this project's vision. It starts with the plans for this year (2020), which are already happening at the moment. Empathic sessions will be given for employees to taste the qualitative research methods for customer research. Furthermore, webinars, including workshops, are hosted to teach employees further in the importance of customer-centricity. Also, this thesis report provides information regarding the company's current way of operating and how involving customers can improve it. This first horizon is to emphasise that the customer needs to be put first.

In the second horizon, the emphasis is on winning together. The Empathy Toolbox is produced and ready by then to use within teams to stimulate thinking from the customer point of view. The Empathy-driven Innovators are by this time fully operating after being taught by the Digital Innovation Lab. They will be the Product Owner of this strategy and will further execute this plan. In this horizon, there are first signs of the creation of the customer involvement panel, which is the goal of this roadmap. With this panel, employees can get in contact with their customer to interact with them and gather knowledge about their circumstances.

The last horizon ends in 2022 and is crucial for the finalising and offering of the customer involvement panel. This last year is focussed on acting as an entrepreneur, which is stimulated by innovative design through customer interaction. In this horizon, the HEMA Empathy Toolbox can be used without facilitator as all employees have learned how to be Empathy-driven Innovators.

Further explanations about all innovative implementations can be read on the following pages.

Empathy-driven

Create Awareness

Horizon 1

2020

Build comfort

Horizon 2

2021

COMPANY VALUES



Customer First

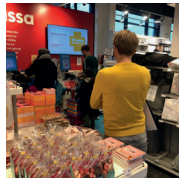
By teaching customer-centric mindsets through several implementations, employees are stimulated not only to acknowledge customer centrality; but to also act upon it.



Win Together

By working together with the Empathy-driven Innovators, teams get challenged to engage in the new way off working and win together.

INNOVATION IMPLEMENTATION



Empathy session for employees to teach innovative, customer-centric mindset.

Empathic Sessions



The HEMA Empathy Toolbox supports employees to think from the perspective of the customer to engage in this desired mindset.

HEMA Empathy Toolbox



With the publication of this thesis, many company insights will come to light. Employees can read the document to learn further about the importance of innovation and customer-centric mindsets.

Thesis: HEMA Case Study



Hosting a webinar and workshop to further apply a customer-centric mindset and introduce HEMA Empathy Toolbox.

Webinar & Workshop (re-watch)



The innovation lab will be the PO of the Empathy Toolbox, as well as the home base from which the new work approach will be taught by empathy-driven innovators, who will independently facilitate teams in approaching this desired mindset. They are the new scrum-masters.

Empathy-driven Innovators

TECHNOLOGY & RESOURCES

Empathy Toolbox

Acts as information

Acts as a guide

Empathy champs

DIL selects and teaches empathy-driven innovators

Empathy-driven innovators in full duty

Customer Involvement Panel

Stimulating customer panel (employees as customer)

Establishing customer panel

TARGET AUDIENCE

Early adopters; youngHEMA

Teams together with empathiser (facilitator)

Figure 41: Strategical Roadmap Empathy-driven Innovation at HEMA

Innovation at HEMA

Exploit customer involvement

Horizon 3

2022



Act as Entrepreneur

By applying the customer-centric mindset and using the handed tools, employees are supported to create innovative ideas, while thinking on behalf of the customer and acting as an entrepreneur.



Customer Involvement Panel

Enabling employees to **set up meetings with customers themselves** through the customer involvement panel.

After using the HEMA Empathy Toolbox amongst colleagues and formulating assumptions about their customers, one could **validate these through experimenting with thoughtfully chosen customers** that are invited through the customer involvement panel.

Acts as a tool

Employees become empathy-driven innovators

Purposefully use customer panel

Individual minds as well as amongst teams

STRATEGICAL ROADMAP

Vision

HEMA
2022



"For teams who are handling consumer-driven processes, the HEMA **empathy-driven innovation framework** is an inspiring, a disruptive and focus-shifting framework that allows thinking from the **perspective of the consumer** to gain an in-depth understanding of their needs, wishes and desires, unlike the current decisionmaking which is based on assumptions and gut-feeling."

Pamela Asberg
May 2020



Figure 42: Potential screen for customers to opt-in for designing with HEMA

Customer Involvement Panel

To be able to integrate customers in projects, many customers are needed to be able to invite. However, up until right now, there was no option to opt-in for design sprints. Consequently, there is currently no insight in who likes to design with HEMA. Hence, a Customer Involvement Panel will be set up: a dashboard to which customers can register to visit HEMA and to design with the brand, share their personal experiences and give their opinions about NPD.

The Customer (Design) Involvement Panel can be integrated with the currently existing customer panel handled by the department of Customer Insights. On there are 6000 people that are sent questions through surveys about their experiences with the company. However, they are not invited over at the HQ yet. Inviting customers for qualitative research will be something new to HEMA.

Moreover, the current participants in the panel have not opted-in to have direct interaction with HEMA. The panel members need to be asked for their involvement in the processes, as well as introducing and asking new panel participants to join HEMA's design process. This inviting can be done through HEMA's website (figure 42), on which customers can voluntarily register for this creative process. According to the results of the guerrilla testing, participants do not have one shared vision on what to receive as an incentive. Therefore, it is recommended to offer the customers a selected range of choices they can choose from, e.g. receiving a discount, free items or a gift card. By offering this incentive, the customers are stimulated to show up after they are invited, but also to create a representative panel.

The employees of the customer insights department will be responsible for the manage the current panel, new customer requests and the actual invitation of customers to use the HEMA Empathy Deck. In combination with the data of meerHEMA, HEMA's customer loyalty program, people can be very explicitly picked (for example on where they live, their age and what they have bought before) to be invited to a project. This filtering and analysing of panel members are something new and should be integrated with the current roles of the team in order to prevent two separate databases from occurring. In an integrated panel, there is one team responsible for keeping the overview.

In the first two horizons of the roadmap, when there is not yet a panel available for employees to invite their customers from, employees could act as a customer themselves by stepping inside the shoes of their customers to simulate as if they would talk to customers to validate their assumptions.

Team of Empathy-driven Innovators

Now the customers can be invited for workshops with HEMA employees at the headquarters, in stores or at another location, the approach needs to be adapted inside the organisation. The implementation of the Empathy-driven Innovation approach, the customer-centric way of thinking, needs to be carried around the company and integrated into projects. Rather than only giving teams inside the company, a card deck to find out how to use it themselves, a team of Empathy-driven Innovators was created (figure 43). This team, while working from the Digital Innovation Lab, form the Product Owners of this disruptive way of working. They will have the ownership of the approach and the critical role of getting it into the teams to start creating creative, innovative solutions together with the customer. The role can be compared to a scrum-master, one that has an independent role within several project teams to show and guide a particular way of working.

The recommended Empathy-driven Innovators will be the Empathy-masters inside HEMA. Those will be the facilitators of the workshops that employees are going to have with customers, while also being an independent factor to be able to give full support to whatever is going on.



Figure 43: Envisioned Empathy-driven Innovators (facilitating)

Empathy session for employees

In order to get employees acquainted with the new customer-focused lens, an empathic session was given within an existing project of HEMA Digital's department. The project regarded the Self-Check-Out (SCO) cashiers in which customers could self-scan their items, pay and leave the store, without seeing any employee if they did not want to. The 1.5-hour session (figure 44) started with a short clip showing lousy design, or design flaws. Afterwards, the group was asked what went wrong. It turned out that assumptions had not been adequately tested.

By showing the importance of testing the assumptions, the empathic session was focused on experimenting and validation. A small presentation was given with the main insights of this research. They were shown a clip with design mistakes to emphasise it is crucial to know one's customer to be able to supply to their needs. As customers are key to success, companies need to identify customers' exact needs. In this empathic session, they were finding that out through testing with real clients.

For the involved employees, the goal of this empathic meeting was to create awareness for the method of Customer Journey Mapping and what that could mean to their projects. They were taught what the method entails, why it is used, and how it is executed to gain insights about customers. The experiment was conducted in the store underneath the SO. Employees were to write down their assumptions, observe customers what they were doing (wrong) and ask them questions, e.g. about what they thought of a specific screen. Afterwards, insights were plotted, and an intro to a Customer Journey map was created in group-effort. The main goal here was not to create the map. Instead, it was about teaching them the skills to perform this method, make them taste the customer perspective and getting a first introduction of the HEMA model. *"Ha! You managed to get HEMA's letters out of there. How cool!"* was the first response. After the meeting, another participant talked about the effectiveness of the method: *"What strikes me most is that out of the six people I observed, something went wrong with all six. That we have seen this indicates that many factors to improve can be found in a short time."* The session also had a more profound reason. During this session, the employees were observed to gather insights on how employees would behave in new situations, how adequate they would use new methods and tools and see how much they would adapt to 'newness' to stimulate innovation in their company. The participants in this meeting were very eager to learn the new method, and they grasped the opportunity with both hands.



Figure 44: Employees during the empathy session - employee observing - author presenting HEMA model

Webinar

The HEMA Empathy Card Deck was designed so employees could be supported in empathising with their customers. These customers would come out of a database which is being handled by the department of Customer Insights and besides, there will be Empathy-driven Innovators that will be responsible for the follow-up of this method amongst teams. Nevertheless, this new way of working is currently not used in the organisation, so it is desired to teach everybody this new empathic approach.

This thesis was written in the spring of 2020, which was profoundly impacted by the spread of the COVID-19 virus, also known as the Coronavirus. Since HEMA's Support Office had to close its doors and people are only allowed to leave their homes for the pure necessities, this research could not present the strategy to HEMA in real life. However, I found a way around this. I hosted a webinar.

The webinar was called "*5 Steps to Better Understand Your Customer*" and dove right into the importance of Customer-centricity and how people themselves could gain a better understanding of whom they are designing for. This way, HEMA employees could still be introduced with this new way of working, even though they could not be presented to in real life. This webinar taught the basics on the principle of Design Thinking, as well as some practical training through a workshop in breakout rooms while actively making use of the HEMA Empathy Toolbox.

The webinar was held using Zoom. Zoom is an online video conferencing service one can use to virtually meet with others while conducting live chats, all while it lets one record those sessions to view later. The attending employees were asked to turn their cameras on, so I could see whom I was speaking to, and also to investigate their facial expressions afterwards: did they have fun? Were they bored? Besides, they were asked to mute their microphones, allowing me to speak without background noise. While being in break out rooms, they could communicate with each other.

A Dry run

To make sure the webinar was running as effectively as possible, a dry run was organised. A dry run is a private try-out of the webinar, without anything being different from the official webinar, to find out how to improve the session. This dry run was conducted with four employees from several departments, and they were asked to provide feedback for this session to make it more engaging and informative for the next time. It was held one week before the official webinar, leaving enough time to iterate where needed.

The received feedback concerned multiple aspects. Firstly, about the amount of text on the sheets in the presentation. It was too much of an academic feeling, so the employees recommended to use more visuals to make it more interactive. Another way to make the talk more interactive was by adding a Kahoot quiz. People could log in onto their phones using a provided link, to see the questions. After about every five minutes, a question would appear for them to answer. This question-asking made it in the first place interactive but also stimulated more attention during the presentation. Nobody wants to be the losing player, right? Thirdly it was recommended to start with a little teaser, in the beginning, to pull the audience into the story. This teaser was taken into account by sketching the importance of empathy through the example of the creation of new razors (p. 27). With that, employees were expectedly getting excited to hear more about it. Lastly, too many research techniques were (too shortly) mentioned. This was accounted for by emphasising that only one method per

category was to be explained, but yet every method was explained on the Explanation Cards that come with the HEMA Empathy Toolkit.

The official webinar

All employees that were part of "*youngHEMA*", HEMA's inner circle of employees below the age of 35, received an email with information about the webinar and the link to the landing page (figure 45) where they could register. To give more importance and depth to this webinar, it was exclusively held for only 20 people, once. The registration-phase took only 24 hours before all seats to be taken.

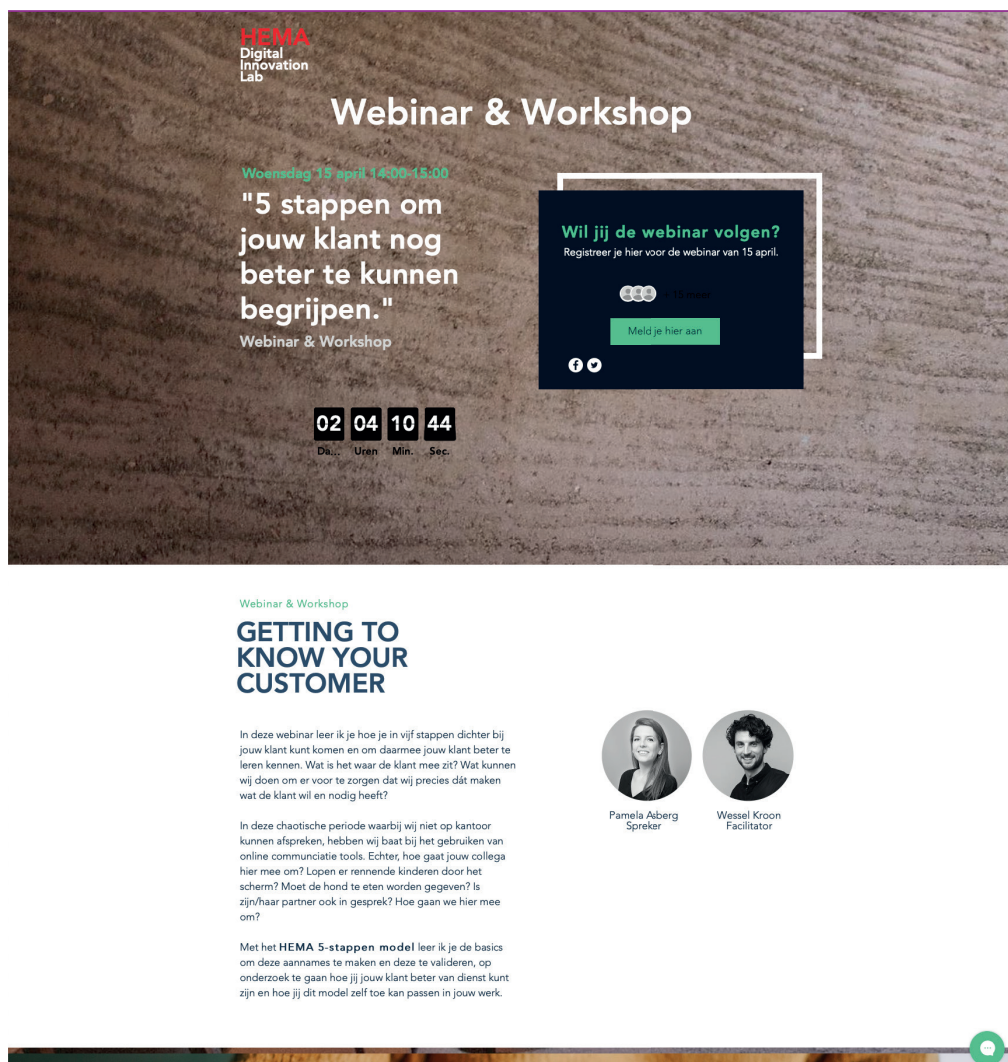


Figure 45: Landing page HEMA webinar registration

The webinar consisted of five parts. Firstly, an introduction was given, including a brief introduction of myself, the learnings to be addressed in the webinar and the explanation of the use of Kahoot. Kahoot (an online quiz everyone could log into) was used to test people's knowledge, stimulate them to pay attention and as a means to remember the theory better. Secondly, the importance of Customer-centricity was discussed. With the use of the razor-example used in a previous chapter (p. 27), the cruciality of customer understandings was sketched. Besides, with showing evidence from academic papers how the understanding of one's customer leads to, amongst others, more innovation and an increased perceived value of products for customers, the webinar was theoretically reasoned. Thirdly, the five steps, according to the HEMA Empathy model plus a step to set up a right meeting, were presented to enable participants of the webinar to use this empathy-driven approach themselves. Positive feedback was received upon, as well as on the card deck that was shown during the presentation. With this information, the participants were divided into Breakout Rooms (BOR) to get the first hold on the deck and start using it to get acquainted with this way of working.

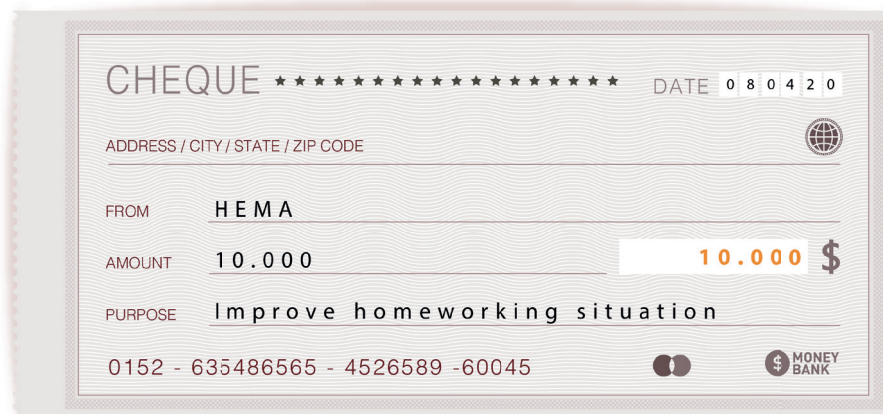


Figure 46: Cheque HEMA worth 10K

Within the BOR, they got an assignment. ***"You have received a cheque (figure 46) from HEMA to improve the current home-working situation between you and your colleague. How would you spend the money?"*** The solutions entailed, amongst others, noise-cancelling headphones, having one's feet in some warm sand and a cat shelter service. The importance was not inside the budget, nor in the solution they would provide. It was mostly to offer them a scope to start thinking from the customer perspective: to talk to each other, empathise with each other, and to gain an understanding of how they were working from home and how that affected their ability to work efficiently.

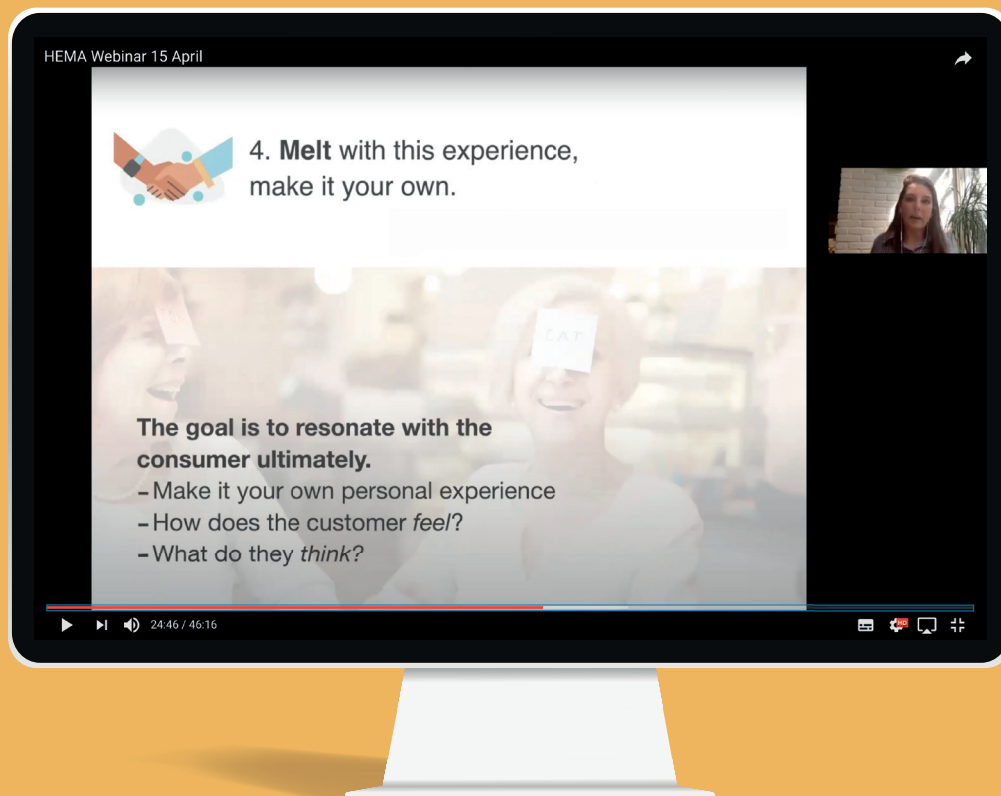
The last part of the webinar was a Q&A session, in which everyone could type their questions in a chat box. One specific question regarding this empathy-driven approach questioned if this approach was useful to identify new innovative ideas and if it was not only used for the improvement of already existing products. This question offered the opportunity to dive a bit deeper in the use of the tool and to explain that this approach would probably be most common in 'validating' a product idea or opinion at this time: having a dialogue with the customer to see if it matches the assumptions we have made. On the other hand, this guide offers the opportunity to talk to people before one has formed that idea or opinion, precisely to find out where the consumer is experiencing problems and needs help. ***"If I had asked people what they wanted, they would have said faster horses"*** is a widely used quote from Ford, but it perfectly describes what is meant here: finding a situation that people would like to see improved, in which the designer (employee) can be that solution. Customers can easily

describe a problem they have. In this case, they want to get somewhere faster. However, they do not know the best solution: have faster horses been the best solution? By finding out where HEMA can respond to customer problems and wishes, disruptive and innovative products can undoubtedly be reached. The key to success and good successful design: knowing one's audience.

Before the webinar started, the audience was asked to describe what they expected from the webinar. Opinions differed from expecting inspiring ways to get in contact with customers to expecting practical tools to use to find out what internal and external customers want; and why they do. With the content of the presentation, those expectations were hopefully met.

A survey was set up to ask for feedback about the session and what could be improved for a next session. In an email that was sent right after the webinar, the audience received the link to fill in the survey, as well as the presentation slides and digital HEMA Empathy Toolbox. The webinar received the highest scores for conveying the importance of customer-centricity (4.13/5, n=9) and having an exciting story (4.13/5, n=9). Received feedback showed that people would want to know more about it. To go a little deeper into the practicality by explaining, e.g. how they would set up a customer-involved meeting. People were also conscious of the fact that it was only one hour and that that is very minimal to cover lots of topics.

A more detailed version of how the webinar went, what went well, and what I would improve for another session is written in Appendix L ("**Evaluation Webinar**"). There the reader can also learn that the webinar is placed online for everyone to see who did not make it to the first twenty spots, so that with this, hopefully, more people can be inspired with my Empathy-driven Innovation story.



Are you interested in
watching the webinar?
Have a look!

Discussion

Innovation is essential for a company. Nonetheless, innovation is not the only key to success. According to research, the path to success is instead formed by developing products that deliver unique and superior benefits to the consumer. To emphasise, innovation is only beneficial if a company acknowledges a full focus to think on behalf of the consumer. By putting consumers first and empathising with them, one gains an understanding of the target group, and even though this is very important, it is often not sufficient for successful NPD (Sigala, 2012). Instead, consumers need to be present and cooperating in NPD stages to provide valuable feedback. With that said, it is the consumer who is key to success.

Through a Case Study, it is demonstrated that at HEMA, innovation is happening by acknowledging customer-centricity, performing market analysis, and working on, e.g. process and communication improvement. Nevertheless, factors related to Empathy-driven Innovation were found that needed improvement in order to become more innovative. Firstly, the company should act more upon that customer-centricity. There should be more contact points between employees working for HEMA and the customers buying from the company. With this, an in-depth understanding of the customers can be created in order to offer products that customers desire. Secondly, ownership of innovation should be with all employees as the company wishes to enhance the innovative mindsets with people. Innovation is not a one man's job; it is the whole organisation which is responsible for the change.

Then, while in a project, a clear scope and structure are needed to guide employees along with an innovative approach of working. The integration of design thinking is presented to validate assumptions quickly and therefore, the potential to designing the right things while designing the things right. Fourthly, as the aim is to innovate more, the company should focus on becoming an innovative frontrunner rather than a follower. It has been shown that this can be done through competitor research, in-depth customer analysis, and empathising with the customer. Factors that influence this current way of working are most of all the financial barriers. With HEMA having almost eight hundred million debt, employees feel it is hard for projects to get allocated the right budget, freedom and resources that they need. Besides, while working in silos, teams do not have the proper communication to know what everyone is working on, and with that, work is redone. As a result of the lack of specific knowledge, some employees acknowledged they make decisions on gut feeling rather than on grounded research.

In line with the first hypothesis, there is not enough empathy happening within HEMA. Interviews showed that there is no direct contact with consumers and that there are uncertainties about them. Next, according to the survey statistics, employees working on customer-centric issues only have customer contact a couple of times per year. This amount is too limited and should be enhanced. Remarkably, the departments working on design scored the lowest on contact with end-users. On top of that, at HEMA, there are not yet any co-creation possibilities.

Based on the insights, the second hypothesis was also accepted. It was hypothesised that the benefits of empathising with customers are underestimated. The interviewees acknowledged customer-centricity. They want to offer a good experience over the complete omnichannel. However, there is not much customer contact, and there has rarely been spoken about the benefits of customer involvement. The disadvantages and shortage-factors dominated. These insights show that the importance of empathising and its additional benefits are not well understood within the organisation.

Answering the research question

While combining gained knowledge from the literature review and exploratory Case Study, an approach is created to answer to this thesis' research question:

"How can the Digital Innovation Lab empower HEMA employees in enhancing an innovative mindset?"

In order to fill the knowledge gaps regarding innovation within the various departments of the company, the Digital Innovation Lab has the desire to transform people's mindsets into growth-mindsets to stimulate in "acting as an entrepreneur", which is one of HEMA's key-values. Through a Case Study, it was found that the involved employees had a negative perception of their colleagues undertaking activities to reach innovation. Besides, the company should engage in a fail-proof, experimenting culture to test assumptions and think out of the box. As innovation is one of the most pressing concerns of each organisation (Tohidi & Jabbari, 2012), HEMA aims to reach a higher level of innovation.

The potential for design-driven growth is enormous for companies in both product and service-based sectors (McKinsey, 2018). Design is more than creating a beautiful packaging, it has been placed on a strategic level to gain an in-depth and holistic understanding of the market, its customer and future. As the empathy-innovation profitability model (chapter 2, p. 32) has shown, innovation is mediated by products' quality/service, including the (genuinely) understanding of the customer. By integrating customers in the NPD process, the likelihood of developed products to succeed enhances, as well as the products' originality. However, there is currently only limited interaction with customers at HEMA, and according to performed research, this should be enhanced to reach a more innovative culture.

A disruptive framework was created to stimulate the organisation to get to know their customer and to empathise with them. The HEMA Empathy Toolbox supports teams to discuss their product or service from a customer point of view, enabling them to step into the customers' footsteps. The card deck provides questions teams can think of amongst only employees, by creating assumptions what the answer would be. However, if they want to find out the real situation, they could go ahead and perform an assignment to validate the question by experimenting and performing qualitative customer research through real customer interaction. Those customers are invited through the created Customer Involvement Panel, which is managed by the department of Customer Insights. The Empathy-driven Innovators are the assigned Product Owners of the new way of working, and they will carry along the project after this graduation research is finished.

Limitations of the study

This study has some limitations. Study limitations exist because of certain constraints in research design or methodology; these factors may have had an impact on the findings of this study.

The generalizability of the results is limited by the involvement of specific departments and teams in this study. The 14 interviewed employees work for a total of 6 departments. Nevertheless, not all of HEMA's departments were involved in this research. Therefore, the outcome of the interviews could not be fully generalised to the entire organisation. However, it offers a good indication and overview of what those employees experience in the current way of working. Another limitation experienced in this research was the amount of difficulty to gather participants into a generative session. For the initial meeting, six people were invited. However, since the empathic session had to be rescheduled twice as a result of participants cancelling their participation, eventually only two people engaged in the session. It is yet uncertain whether this happened due to their busy schedules or a lack of priority to change.

In addition, due to the strict rule of maximum spending of a hundred days on this project, this research had to be scoped down to what was feasible in that amount of time. If the project would have had more time, more departments could be integrated into the research to reach a more accurate and significant finding. Moreover, if there was extra time, the strategical roadmap could have been more extensively thought through over a more extended period: e.g. with more stakeholders involved.

Another constraint in this research that has been spoken about earlier in this thesis, is the effect of the Coronavirus. Due to the closing of the SO, the envisioned empathic sessions and presentations could not be held in-person. Nevertheless, a webinar was hosted to create a way around this. However, this type of presentation asks for only limited participation. With the use of a Breakout Room, employees were stimulated to experience the act of customer research, but still, this was not the way it was envisioned to be. If the concept had been presented in-person, more validation sessions could have been performed to create more awareness of the Empathy-driven Innovation framework.

Recommendations

It is beyond the scope of this study to research the impact the designed framework creates on a long term inside the company. Further research should be conducted to find out if, in the end, more customer contact will take place, and more innovative products have been made. After this research, the Digital Innovation Lab will become Product Owner of the HEMA Empathy Toolbox, and it is up to them to further carry this project around. Fortunately, the lab was closely involved in this research and has helped with (the preparations of) the webinar. This already provided them with the knowledge they should have about the tool and why Empathy-driven Innovation is critical.

Secondly, it is recommended for HEMA to start implementing this roadmap as soon as possible, as customer insights can be of high value. Nevertheless, due to the Corona outbreak, this transition will probably not be a top priority. Notwithstanding, I would highly suggest starting the first phase of the strategical roadmap by teaching the Empathy-driven Innovators for them to be able to facilitate customer-centric meetings across the organisation.

Furthermore, during the time at HEMA, it was found that sustainability is not yet on the priority list. There is no separation of waste happening: all food, plastic and paper waste goes into the same bin. In addition, for every coffee people get, they take a new paper cup which they throw away afterwards. Another type of research could map the company's sustainability and how to stimulate sustainable mindsets innovatively.

Evaluation

To learn from this graduation research and use these insights in a next assessment, I have evaluated the process. Factors to improve, stop doing and keep doing are listed as a personal evaluation of the project. These, I will take with me in my life after studying.

What to improve

Adjust my expectations from people. It got more and more apparent that everyone has their busy personal job and that my project, to them, is just a side task. When asking someone to fill in surveys, you will probably not get not as many responses as you would hope to get, as well as when you set up a meeting with multiple people not to have everyone present.

Cope with the complexity of company politics. These made my project more challenging. With the setting up of the empathic sessions, for example, I had invited four people. At the very last moment, I received an email that there was a reorganisation happening and that the meeting could not continue. After rescheduling, for the second meeting, only two people showed up.

On top of that, when scheduling the webinar, the employees within youngHEMA were invited through an email. However, this invite had to be checked and approved by the 'youngHEMA board', and that took several days. Why they needed to pass an invite for their colleagues to learn more about innovation is to me unclear.

Nevertheless, the invite was sent out too late, and therefore the webinar needed to be postponed. You can imagine that this was a bummer, and definitively a de-motivator. Sometimes I felt as if the importance of the project was not understood. First, I was a bit sad about it, but then I figured it was just a learning point that the innovation priorities are not yet in the first space within this organisation. It also offered me the insight that, even though you want to have an impact on a company, there will always be some setbacks for it to succeed.

Have more personal contacts within the company. I have been at the HEMA office once or twice a week but did not talk to many people outside the Portfolio & Innovation team. In a next project, I will spend more time to get to know other people. Also, because now when I talked to someone outside the team, it was most of the time because I needed something from them, and of course you do not want people to think they are only relevant if it suits me. On the other side, it is probably also coming from the fact that this was purely an individual research assignment, and therefore I was not part of a bigger team to brainstorm with. Some people knew a bit about what I was doing, but no one was as deep in the project as I was. I think, by having more informal conversations, I would have felt more comfortable being at the SO.

In-person graduation presentation. Of course, I wished to be able to do my graduation presentation in real-life, but due to the Coronavirus, it is just not possible. It is something I, nor anyone else, cannot change anything about, and that makes it a bit frustrating. It is literally out of everyone's hands. I must say, that is one of my pitfalls: the eagerness to be in control of everything. If I do not have the control or if some things change, I sometimes cannot cope with that very well.

Have a personal workplace at HEMA. It would have been nice to have an owned work spot where I could have left some documents and where I did not have to sit at the other side of the floor if I arrived by 09:30. That was the time when everyone else was already in the office to pick the flex-spaces amongst team members, which were too limited for everyone to sit together. Unfortunately, since HEMA is located in Amsterdam North,

I had to travel for one hour and 45 minutes to arrive. So even though I left home at 07:45, I sometimes did not have a seat with the team. Some days that was a downside, since I am travelling all the way there to show my progress to team members but ended up sitting alone.

Better planning. For a next project, I should plan out more extensively what I want to do and achieve over the whole width of the project. And not only plan it in a better way but also to stick it to that plan. For now, I often worked on ad-hoc tasks that I figured would be good to work on for that specific day. Even though this ended up with me delivering everything in time, I think it would offer more guidance and support along the way.

What to stop doing

No more last-minute changes in meetings. I should schedule meetings way in time, even when the content for that meeting is not finished yet. Probably in the time that will pass the material can be completed.

No more travelling. I would rather not be travelling for so long anymore to a future project. I felt this was a 'waste' of time, as I could not work as efficiently in the train as I could be doing in the office or at the faculty. If I were unlucky and missed my transfer, I would be travelling for 4 hours a day, and that was just way too much. Next time I would find a job or assignment closer to home or consider sub renting.

What to keep doing

Sending weekly and monthly updates to the supervisory team. These updates offered the team insights into what I was doing, while it being a challenge for me to send an overview of the essential material. For that, having to think of the key-insights and summarising everything that was done. Even if it sometimes looked like I did not make much progress when making the monthly update I was reminded that I actually had done quite some things.

Managing stakeholders. The stakeholder management amongst the TU Delft, HEMA and the company I was working at once a day as a trainee (while performing the graduation on a four day per week basis) went pretty okay. I had to cope with three companies that would want me to brief to them, but I think I managed that well. I could recommend the four-day base for graduating, as it offered me some brain space to work on something else for a day. This part-time graduating got me out of potential tunnel visions, but also stimulated my creativity and inspiration.

Work visually. I believe photos, images and illustrations say more than 1.000 words. Having reliable, well thought through models or mock-ups of, e.g. the framework offered me the opportunity to get everyone on the same thought of the solution.

Have team lunches and drinks. It is a passé, but I think team building is super important. I felt genuinely welcomed in the team, and they kept being supportive throughout the project.

Interview many people. This skill of interviewing enabled me to gain a broad perspective of what people inside the company were thinking. Besides, it offered me support and handles to tackle various problems within the design thinking principle.

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Appendix

Appendix A - "Trend Analysis"	108
Appendix B - "Transcripts Interviews, important quotes & filled-in interview templates"	109
Appendix C - "SPSS codes"	139
Appendix D - "Scoping insights clustered"	141
Appendix E - "Interviews main insights clustered"	143
Appendix F - "Evaluation Brainstorm"	151
Appendix G - "Brainstorm how-might-we results"	154
Appendix H - "Brainstorm insights clustered"	158
Appendix I - "Filled in Concept Cards"	162
Appendix J - "Full-size Explanation Cards"	168
Appendix K - "Design iterations Card deck"	200
Appendix L - "Evaluation Webinar"	202

For the Appendix, I would like to refer you to the digital version.

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an exploratory case study at HEMA**

Master thesis by Pamela Asberg