

Podcast Episode

Season 1, Episode 7: Franz de Waal, Co-Founder at Freiraum

From the ULI's New Real Estate Vanguard

Date: July 08, 2021

00:00:02 --> 00:00:04: Hello and welcome. My name is Andrea Carpent.

00:00:04 --> 00:00:06: I'm the director of women talk real estate and I'm

00:00:06 --> 00:00:09: delighted to be hosting this new podcast series from the

00:00:09 --> 00:00:11: Urban Land Institute.

00:00:11 --> 00:00:14: Your lie brings together real estate and land use experts

00:00:14 --> 00:00:17: from around the world with a mission to shape the

00:00:17 --> 00:00:20: future of the built environment and to make transformative

00:00:20 --> 00:00:23: impact

00:00:20 --> 00:00:23: in communities. And this podcast will focus on that future

00:00:23 --> 00:00:25: and that transformative impact you realize.

00:00:25 --> 00:00:29: European Young Leaders Group recently selected 10

00:00:29 --> 00:00:29: outstanding contributors to

00:00:29 --> 00:00:29: the industry,

00:00:29 --> 00:00:32: hailing them as the new real estate vanguard.

00:00:32 --> 00:00:35: These are people in the early years of their career

00:00:35 --> 00:00:38: have already demonstrated entrepreneurial flair or shaken

00:00:38 --> 00:00:41: up.

00:00:38 --> 00:00:41: The corporate world will use these podcasts are here.

00:00:41 --> 00:00:43: From each of them about their story,

00:00:43 --> 00:00:46: what brought them to real estate and how they are

00:00:46 --> 00:00:47: disrupting our industry today?

00:00:47 --> 00:00:49: I'm delighted to welcome France.

00:00:49 --> 00:00:52: Duvall, co-founder Fryer am, a retail as a service provider

00:00:52 --> 00:00:55: based in Berlin that focuses on marketing the latest retail

00:00:55 --> 00:00:59: brands with Friar Room sitting somewhere between online

00:00:59 --> 00:01:02: and offline.

00:00:59 --> 00:01:02: France is navigating the ever challenging and changing world

00:01:02 --> 00:01:03: of

00:01:02 --> 00:01:03: retail real estate.

00:01:03 --> 00:01:06: So France welcome, thank you very much for joining us
00:01:06 --> 00:01:07: today.
00:01:07 --> 00:01:07: Yeah, thank
00:01:07 --> 00:01:10: you very much Andrea. It's a pleasure to be here.
00:01:11 --> 00:01:14: So France tell us a bit about the concept of
00:01:14 --> 00:01:17: fry RAM and how it intersects physical and digital retail.
00:01:17 --> 00:01:18: Yeah,
00:01:18 --> 00:01:21: sure, so we are with filing but we are retail
00:01:21 --> 00:01:25: as a service provider and we enable digital native brands
00:01:25 --> 00:01:28: and mostly online direct to consumer brands.
00:01:28 --> 00:01:32: Really to seamlessly access physical retail while also
ensuring that
00:01:32 --> 00:01:34: they can sell direct to their customers.
00:01:34 --> 00:01:37: And in doing so it's very important for us that
00:01:37 --> 00:01:41: that offline piece is not competing with with online but
00:01:41 --> 00:01:45: rather complementing it so that the brands or customers can
00:01:45 --> 00:01:48: offer their customers a fully integrated.
00:01:48 --> 00:01:48: Popping Johnny.
00:01:50 --> 00:01:53: OK, and so if I'm a brand I come to
00:01:53 --> 00:01:53: you,
00:01:53 --> 00:01:56: I'm online. I want to find a way to complement
00:01:56 --> 00:01:59: that with a physical presence via you.
00:02:00 --> 00:02:03: Exactly OK. So basically we we rent and we we
00:02:03 --> 00:02:06: started off with a pilot here in Berlin where we
00:02:06 --> 00:02:09: had 350 square meters and in that space we we
00:02:09 --> 00:02:11: had a modular furniture design.
00:02:11 --> 00:02:13: We had the POS with the sales staff.
00:02:13 --> 00:02:16: So basically the full service package for the brands to
00:02:16 --> 00:02:19: just send us their products and we'd create the experience
00:02:20 --> 00:02:23: around that and integrate that with their online stores as
00:02:23 --> 00:02:25: well. That's really interesting and I'm kind
00:02:25 --> 00:02:28: of the opposite of what's happening in life at the
00:02:28 --> 00:02:28: moment.
00:02:28 --> 00:02:30: Most of the physical stores.
00:02:30 --> 00:02:32: Want to be online? You're bringing those online ones to
00:02:33 --> 00:02:33: the physical.
00:02:33 --> 00:02:35: What do you think they were missing by not having
00:02:35 --> 00:02:36: that physical presence?
00:02:36 --> 00:02:38: What did you want to offer them in terms of
00:02:38 --> 00:02:40: that seamless opportunity?
00:02:41 --> 00:02:44: Yeah, I think in general general or belief is that
00:02:44 --> 00:02:48: you know the focus is obviously more shifting and growing

00:02:48 --> 00:02:52: to the aspect of fulfilling the personalized needs of each
00:02:52 --> 00:02:55: customer's right. And with that new focus,
00:02:55 --> 00:03:00: we believe that the boundary between offline and online
commerce
00:03:00 --> 00:03:04: will ultimately disappear and our mission is to build a
00:03:04 --> 00:03:07: one stop shop if you want for brands to integrate
00:03:07 --> 00:03:11: that offline distribution channel to those brands online online
setup
00:03:11 --> 00:03:11: and.
00:03:11 --> 00:03:14: You know, if we take a step back,
00:03:14 --> 00:03:17: perhaps and just look at the current situation to put
00:03:18 --> 00:03:19: what we're doing into context,
00:03:19 --> 00:03:23: I know that the current retail situation or maybe rather
00:03:23 --> 00:03:24: retard dilemma.
00:03:24 --> 00:03:26: We can see that with the pandemic you know it's
00:03:26 --> 00:03:29: traditional retailers is really broken,
00:03:29 --> 00:03:31: right? But at the same time,
00:03:31 --> 00:03:34: I think the the benefits of stores are still unquestionable,
00:03:34 --> 00:03:38: right? So what can the store actually bring as a
00:03:38 --> 00:03:40: benefit to the customer is 1.
00:03:40 --> 00:03:42: It's a point of experience.
00:03:42 --> 00:03:45: So it's a physical touch point for for customers they
00:03:45 --> 00:03:45: can,
00:03:45 --> 00:03:49: you know, touch, feel, taste and try on products in
00:03:49 --> 00:03:52: in this store and at the other side of the
00:03:52 --> 00:03:53: spectrum.
00:03:53 --> 00:03:55: It's a point of convenience as well,
00:03:55 --> 00:03:58: and that convenience side is is related to logistics.
00:03:58 --> 00:04:01: It's an access point for for customers to collect,
00:04:01 --> 00:04:03: click and collect perhaps the products,
00:04:03 --> 00:04:06: but also to get them quicker through a ship from
00:04:07 --> 00:04:08: store sort of alternatives.
00:04:08 --> 00:04:12: So there's clear benefits that come from offline stores.
00:04:12 --> 00:04:14: But obviously you know they're not.
00:04:14 --> 00:04:16: They can't survive at any cost,
00:04:16 --> 00:04:19: and if we look at what's happening at the moment
00:04:19 --> 00:04:20: with the online explosion,
00:04:20 --> 00:04:24: that imbalance really knocked out the current physical retail
model.
00:04:24 --> 00:04:27: If you want because. We think you know there's two
00:04:27 --> 00:04:29: main reasons involved in that,
00:04:29 --> 00:04:33: and that's one is pricing asymmetry and the other one
00:04:33 --> 00:04:35: is the lack of in store product rotation.

00:04:35 --> 00:04:39: And both of these are ultimately related to the procurement
00:04:39 --> 00:04:39: model,
00:04:39 --> 00:04:42: which is wholesale that we're seeing at the moment.
00:04:42 --> 00:04:44: Yes, so it buys into
00:04:44 --> 00:04:47: that kind of more bespoke and actually smaller approach to
00:04:47 --> 00:04:49: things rather than being wholesale,
00:04:49 --> 00:04:51: I think by the sounds of it now,
00:04:51 --> 00:04:55: if I think about. Obviously this idea was pre pandemic.
00:04:55 --> 00:04:57: It was a very tough.
00:04:57 --> 00:04:59: For retail, even then, you know one of the most
00:04:59 --> 00:05:00: challenged real estate sectors.
00:05:00 --> 00:05:03: So where does the seed of an idea like that
00:05:03 --> 00:05:03: come from?
00:05:03 --> 00:05:06: You know that makes you want to look at one
00:05:06 --> 00:05:07: of the worst sectors and say,
00:05:07 --> 00:05:09: actually, I see an opportunity.
00:05:10 --> 00:05:13: Yeah, so I spent close to six years at Tishman
00:05:13 --> 00:05:16: Speyer and basically worked in different disciplines.
00:05:16 --> 00:05:20: I'm at Tishman Speyer. I worked in development and
acquisition,
00:05:20 --> 00:05:24: but also an asset management and during my time and
00:05:24 --> 00:05:27: asset management I I managed a few properties here in
00:05:28 --> 00:05:29: Berlin now as well.
00:05:29 --> 00:05:32: And obviously I was confronted like any any other asset
00:05:33 --> 00:05:36: manager with growing vacancies in our buildings and at the
00:05:36 --> 00:05:37: same time,
00:05:37 --> 00:05:41: though we had. Lots of pop up brands,
00:05:41 --> 00:05:44: basically asking requesting spaces, but then again it was.
00:05:44 --> 00:05:47: It was tough to go for these requests because it
00:05:47 --> 00:05:50: meant you know they would stay for maybe one or
00:05:50 --> 00:05:54: three months or but in you know short short period
00:05:54 --> 00:05:58: of time and wouldn't really bring cash flow stability but
00:05:58 --> 00:06:01: would mean a lot of admin work for us right?
00:06:01 --> 00:06:04: So for us at Tishman it wasn't wasn't really a
00:06:04 --> 00:06:05: sustainable concept,
00:06:05 --> 00:06:09: but I thought about it in more detail then obviously
00:06:09 --> 00:06:10: and.
00:06:10 --> 00:06:13: Yeah, and and came up with with firearm basically to
00:06:13 --> 00:06:15: bridge those to bridge those needs right?
00:06:15 --> 00:06:18: Yeah, the need of landlord and the need of of
00:06:19 --> 00:06:21: those pop up as you say packaging up
00:06:21 --> 00:06:24: retail as a service in that way so to enable

00:06:24 --> 00:06:27: almost be that middleman in that sense and and your
00:06:27 --> 00:06:31: six years at Tishman Speyer where they were they good
00:06:31 --> 00:06:33: important grounding for you to do that?
00:06:33 --> 00:06:35: Do you think you could?
00:06:35 --> 00:06:39: Do you think there was always an entrepreneur inside of
00:06:39 --> 00:06:40: you or were you?
00:06:40 --> 00:06:42: Was this just an opportunity that came along?
00:06:43 --> 00:06:46: No, I think I mean Tuchman spy might.
00:06:46 --> 00:06:48: My experience was absolutely invaluable,
00:06:48 --> 00:06:51: right? And it's it's just fascinating to work with so
00:06:51 --> 00:06:54: many smart people and you know it inspires you and
00:06:55 --> 00:06:57: pushes you to just constantly improve,
00:06:57 --> 00:07:00: right? But after six years I,
00:07:00 --> 00:07:03: I thought, you know, let's let's try something else and
00:07:03 --> 00:07:06: fly home was an opportunity that obviously emerged.
00:07:06 --> 00:07:07: So I jumped onto that.
00:07:07 --> 00:07:10: But I'm coming back to your point.
00:07:10 --> 00:07:13: Whether it was an entrepreneur trapped in that company,
00:07:13 --> 00:07:16: I wouldn't really agree. 'cause if you if you look
00:07:16 --> 00:07:17: at real estate,
00:07:17 --> 00:07:19: especially the way Tishman Speyer is,
00:07:19 --> 00:07:22: is dealing with it, it's a very local business,
00:07:22 --> 00:07:25: right? So the success of the company depends on the
00:07:25 --> 00:07:26: entrepreneurial spirit of,
00:07:26 --> 00:07:28: you know, the people on the ground,
00:07:28 --> 00:07:32: and I think Tishman Speyer's doing a really good job.
00:07:32 --> 00:07:34: At promoting that entrepreneurial spirit on the ground,
00:07:34 --> 00:07:39: and so I think. It was a precondition really or
00:07:39 --> 00:07:41: prerequisite for.
00:07:41 --> 00:07:44: For the you know us as a team attachments by
00:07:44 --> 00:07:46: it to be entrepreneurial.
00:07:46 --> 00:07:50: But then again, obviously you know in a big organization
00:07:50 --> 00:07:54: like them there's certain standards that you need to adhere
00:07:54 --> 00:07:57: to that that limit you and sometimes that you know
00:07:57 --> 00:08:00: that that yeah, I guess limit you in terms of
00:08:00 --> 00:08:04: breaking out and and and trying something new,
00:08:04 --> 00:08:05: one obviously being very lengthy,
00:08:05 --> 00:08:09: sort of reporting standards. But no,
00:08:09 --> 00:08:11: I think my time at Tishman Speyer was was definitely
00:08:11 --> 00:08:12: great grounding.
00:08:12 --> 00:08:15: And you know, they showed me the the landlord side
00:08:15 --> 00:08:17: and perspective on things as to how they would deal

00:08:17 --> 00:08:20: with the retail component and what they would really need,
00:08:20 --> 00:08:23: right? And was there a particular catalyst that made
00:08:23 --> 00:08:25: you think? Yes, I'm going to go for it.
00:08:25 --> 00:08:28: I'm going to leave and I'm going to set this
00:08:28 --> 00:08:29: business up.
00:08:30 --> 00:08:32: So my I I actually I,
00:08:32 --> 00:08:35: I quit Tishman Speyer in 2018 with the with the
00:08:36 --> 00:08:39: idea and I actually did that as well of doing
00:08:39 --> 00:08:41: a winemaking cores in Bordeaux,
00:08:41 --> 00:08:44: so quite something different, and I guess my my way
00:08:44 --> 00:08:46: of doing an MBA if you want,
00:08:46 --> 00:08:50: but I obviously had the idea of Phylum phylum in
00:08:50 --> 00:08:50: mind,
00:08:50 --> 00:08:54: right and I developed that alongside my time in in
00:08:54 --> 00:08:57: Bordeaux with a friend who was at the time at
00:08:57 --> 00:08:58: rocket Internet.
00:08:58 --> 00:09:00: Here in Berlin and yeah,
00:09:00 --> 00:09:03: so I you know continuously thought about the idea and
00:09:03 --> 00:09:04: being in Bordeaux,
00:09:04 --> 00:09:07: seeing that vacancies weren't any any different.
00:09:07 --> 00:09:10: You know it became pretty apparent to me that this
00:09:10 --> 00:09:12: is not just a Berlin phenomenon,
00:09:12 --> 00:09:14: but it was actually global,
00:09:14 --> 00:09:17: right? And and not that Bordeaux and Berlin are the
00:09:17 --> 00:09:19: only places in the in the world,
00:09:19 --> 00:09:22: but you know it was just another hint as to
00:09:22 --> 00:09:24: you know what was happening.
00:09:24 --> 00:09:28: So yeah, and I think that that reinforced my my
00:09:28 --> 00:09:30: my ideas to us to.
00:09:30 --> 00:09:34: Conceptualising 5 on even further and as I came back
00:09:34 --> 00:09:38: from Bordeaux I I got together with my colleague and
00:09:38 --> 00:09:42: Co founder manual and we started developing it further and
00:09:42 --> 00:09:46: partnered up with Tishman Speyer to set out on this
00:09:46 --> 00:09:47: mission.
00:09:47 --> 00:09:51: And yeah, that was in in 2019 then and it
00:09:51 --> 00:09:56: opened up for US pilot store and yes you said
00:09:56 --> 00:09:57: you have your
00:09:57 --> 00:10:00: pilot store do you see the modelers?
00:10:00 --> 00:10:02: Gay label was that always something you wanted to
00:10:04 --> 00:10:07: achieve?
00:10:04 --> 00:10:07: Yeah, I think it's you know as you look at
00:10:07 --> 00:10:07: it,

00:10:07 --> 00:10:09: it doesn't seem that scalable,
00:10:09 --> 00:10:12: but what we're doing at the moment.
00:10:12 --> 00:10:14: Because ultimately I knew. I mean,
00:10:14 --> 00:10:18: we we didn't do realist retail and before we started
00:10:18 --> 00:10:21: this right and then you you very quickly realize that
00:10:21 --> 00:10:24: running a store is is a lot of work.
00:10:24 --> 00:10:27: Yeah and yeah, retail is detail I guess.
00:10:27 --> 00:10:29: And so it came evident to us that this the
00:10:29 --> 00:10:33: way we're doing it now is probably not going to
00:10:33 --> 00:10:35: be the scalable approach to doing things.
00:10:35 --> 00:10:37: So you know, we focus.
00:10:37 --> 00:10:40: And I think this was a part of the pandemic
00:10:40 --> 00:10:41: as well.
00:10:41 --> 00:10:44: We we focus on building more platform.
00:10:44 --> 00:10:49: Alright, so building a marketplace and offering that
marketplace not
00:10:49 --> 00:10:52: just to brands but also offering it to third party
00:10:52 --> 00:10:53: retailers.
00:10:53 --> 00:10:58: So having yeah third party retailers offer their services and
00:10:58 --> 00:11:02: their spaces on a sort of sub letting structure to
00:11:02 --> 00:11:07: the brands that we work with right and ask basically
00:11:07 --> 00:11:10: providing all of the inventory management systems,
00:11:10 --> 00:11:13: the pose and so on for the two to work
00:11:14 --> 00:11:15: seamlessly together.
00:11:15 --> 00:11:18: And this is pretty much where we're at.
00:11:18 --> 00:11:20: OK, so you're now work with retailers to maybe let
00:11:20 --> 00:11:23: some of their space using your systems in that way
00:11:23 --> 00:11:25: and buying into your services.
00:11:25 --> 00:11:27: So doesn't sound like you're in real estate anymore.
00:11:27 --> 00:11:30: Sounds like you're in the retail business is what?
00:11:30 --> 00:11:32: How do you? How do you?
00:11:32 --> 00:11:34: How do you describe yourself and the business you're in?
00:11:35 --> 00:11:37: You know, I think real estate.
00:11:37 --> 00:11:39: If you look at it.
00:11:39 --> 00:11:43: I mean, I've I've always been fascinated by by real
00:11:43 --> 00:11:46: estate because it's if you want an integral part to
00:11:46 --> 00:11:49: building social interaction right?
00:11:49 --> 00:11:52: And for me, it's it's much more than just break
00:11:52 --> 00:11:57: walls because real estate conveys atmosphere and that's
something that
00:11:57 --> 00:11:59: can only be sensed in reality,
00:11:59 --> 00:12:03: right? So that real aspect of the estate.

00:12:03 --> 00:12:06: For me it is super instrumental in driving creativity productivity

00:12:07 --> 00:12:09: but also ultimately happiness right?

00:12:09 --> 00:12:13: And so the question really is what makes the real?

00:12:13 --> 00:12:17: And in my opinion it's not merely this space,

00:12:17 --> 00:12:21: but really what is offered within and.

00:12:21 --> 00:12:24: Yeah, a big part of this within is obviously the

00:12:24 --> 00:12:28: service and the amenities aspect of of buildings.

00:12:28 --> 00:12:31: And that's yes, which is becoming much more important,

00:12:31 --> 00:12:35: exactly right? And this is the way we look at

00:12:35 --> 00:12:35: real estate,

00:12:35 --> 00:12:39: and I think there's there's something as you say,

00:12:39 --> 00:12:42: which other people are also seeing us becoming much more

00:12:42 --> 00:12:42: important,

00:12:42 --> 00:12:44: and it's in holistic approach.

00:12:44 --> 00:12:48: And looking at the needs of the people that work,

00:12:48 --> 00:12:50: lift and shop in those buildings.

00:12:50 --> 00:12:53: And you know, trying to build the services and amenities

00:12:53 --> 00:12:55: that these people actually want.

00:12:55 --> 00:12:58: So providing area simply is not not enough anymore,

00:12:58 --> 00:13:01: especially when you know working remotely and.

00:13:01 --> 00:13:03: Basically everything can be done remotely today,

00:13:03 --> 00:13:07: right? So this purpose and immunities aspect is something that

00:13:07 --> 00:13:09: always you know needs to be considered much,

00:13:09 --> 00:13:12: much more, and that needs to be developed alongside that

00:13:12 --> 00:13:13: space aspect.

00:13:13 --> 00:13:16: Now, yeah, I mean, I do see a parallel there

00:13:16 --> 00:13:18: with obviously offices as a service.

00:13:18 --> 00:13:22: You know, the influence that companies like we work have

00:13:22 --> 00:13:25: had on the general general kind of letting of offices

00:13:25 --> 00:13:26: and things like that.

00:13:26 --> 00:13:29: Do you think that your model could have that same

00:13:29 --> 00:13:33: influence on traditional retailers and how they might look at

00:13:33 --> 00:13:33: user?

00:13:33 --> 00:13:36: Combining that physical and digital offering.

00:13:37 --> 00:13:41: Yeah, no, absolutely. And I think that's that's the route

00:13:41 --> 00:13:43: we're going down now with Iran it's.

00:13:43 --> 00:13:45: It's basically the shared economy.

00:13:45 --> 00:13:49: If you want right, and we've we've seen that trend

00:13:50 --> 00:13:50: and.

00:13:50 --> 00:13:52: Yeah, and the office space with coworking,

00:13:52 --> 00:13:56: we've seen it in the residential space with Cole living

00:13:56 --> 00:13:59: and now retail is another sector that is is going
00:13:59 --> 00:14:02: down that that route and it doesn't make sense for
00:14:02 --> 00:14:05: a brand that doesn't know how effective one place or
00:14:05 --> 00:14:08: one store will actually be for them to rent that
00:14:09 --> 00:14:09: space for long,
00:14:09 --> 00:14:13: long period, right? And to have that as a liability
00:14:13 --> 00:14:14: on the balance sheets,
00:14:14 --> 00:14:18: but it makes much more sense for that brand to
00:14:18 --> 00:14:20: try out and be flexible on.
00:14:20 --> 00:14:23: On that store, and in order to get it to
00:14:23 --> 00:14:24: that flexibility,
00:14:24 --> 00:14:26: I think the only way is is a sharing sharing
00:14:27 --> 00:14:30: sort of approach to retail and this is what we're
00:14:30 --> 00:14:33: in for at the moment with five minutes shopping,
00:14:33 --> 00:14:36: ShopRite. And while we can be the operators and running
00:14:36 --> 00:14:36: these shots,
00:14:36 --> 00:14:40: I think it also makes sense for third party retailers
00:14:40 --> 00:14:42: to be running those shops for other brands.
00:14:42 --> 00:14:45: And this is a connection that we're building at the
00:14:45 --> 00:14:45: moment.
00:14:45 --> 00:14:46: Thanks, it
00:14:46 --> 00:14:49: sounds interesting is that taking off although is that ongoing
00:14:49 --> 00:14:51: discussions at the moment.
00:14:51 --> 00:14:53: You have any examples of where that's happened as yet?
00:14:54 --> 00:14:57: Yeah no, absolutely so. We're in a in a discount
00:14:57 --> 00:14:59: or more than a discussion.
00:14:59 --> 00:15:03: We actually agreed a contract with very big German retail
00:15:03 --> 00:15:03: chain.
00:15:03 --> 00:15:06: They have 170 stores in Germany and we will be
00:15:06 --> 00:15:10: working with them on their big flagship store that they're
00:15:10 --> 00:15:12: opening an inducer Dauphin in September.
00:15:12 --> 00:15:15: And yeah, we will bring all brands and they will
00:15:15 --> 00:15:19: be the ones providing this space and the services and
00:15:19 --> 00:15:21: that's that's the first pilot.
00:15:21 --> 00:15:24: As to you know, opening or platform to 1/3.
00:15:24 --> 00:15:25: Party retailer and
00:15:25 --> 00:15:30: now there are their international ambitions after that.
00:15:30 --> 00:15:32: Yeah, but it's I think
00:15:32 --> 00:15:35: it makes sense to focus and get it right.
00:15:35 --> 00:15:39: And and in smaller and and you know singular locations
00:15:39 --> 00:15:40: before expanding.
00:15:40 --> 00:15:44: I think I'm I'm big fan of getting things right

00:15:44 --> 00:15:48: before you you grow too quickly because I think at
00:15:48 --> 00:15:52: this time of our company it's very dangerous to to
00:15:52 --> 00:15:56: accelerate too quickly and I don't have too many
00:15:56 --> 00:15:59: other competitors doing it quite in this way.
00:15:59 --> 00:16:02: There are companies that are Max trying to maximize those
00:16:02 --> 00:16:03: vacant spaces at the moment,
00:16:03 --> 00:16:06: but I wonder if you feel like you're one of
00:16:06 --> 00:16:09: only a few that might be offering that full package.
00:16:09 --> 00:16:11: That service that link would be online.
00:16:11 --> 00:16:14: Yeah, I think we are actually in in Germany.
00:16:14 --> 00:16:17: At least we we are the only provider doing it
00:16:17 --> 00:16:18: in in this particular way.
00:16:18 --> 00:16:21: I mean there there's three other retailers and service
00:16:21 --> 00:16:22: providers
00:16:22 --> 00:16:25: in Germany,
00:16:25 --> 00:16:26: but they are not actually linking linking the offline dimension
00:16:26 --> 00:16:28: with the online dimension,
00:16:28 --> 00:16:31: and I think that's that's very important.
00:16:31 --> 00:16:32: That's experience we we we obviously made in our store
00:16:32 --> 00:16:35: that you know you don't.
00:16:35 --> 00:16:39: You don't want to lose a customer leaving your story,
00:16:39 --> 00:16:41: but you want to actually be able to retarget them
00:16:41 --> 00:16:42: and that you can only do if you have an
00:16:42 --> 00:16:44: online.
00:16:44 --> 00:16:47: Dimension to your business and this is what we're doing.
00:16:47 --> 00:16:48: And that if you want is what has been coined
00:16:48 --> 00:16:50: as omnichannel right.
00:16:50 --> 00:16:52: And yeah, this is what we're building
00:16:52 --> 00:16:55: up and and how have you evolved as a leader.
00:16:55 --> 00:16:57: Now by running your own business.
00:16:57 --> 00:17:01: Yeah,
00:17:01 --> 00:17:04: I mean as a as a as a as a leader it's
00:17:04 --> 00:17:07: so I think that first of all the number one
00:17:07 --> 00:17:08: challenge and building a business I think,
00:17:08 --> 00:17:10: is finding finding the best talent to complement your own
00:17:10 --> 00:17:14: shortcomings,
00:17:14 --> 00:17:16: right? And that's that's the number one rule.
00:17:16 --> 00:17:19: And then obviously creating a culture in your company that
00:17:19 --> 00:17:22: allows that talent to really unfold,
00:17:22 --> 00:17:25: right? And I'm far from having mastered this challenge and
it's a lesson that I'm reminded of each day really,
and in fact I would probably do very well.

00:17:25 --> 00:17:28: I'm getting some more guidance on the doors and dollars,
00:17:28 --> 00:17:31: but yeah, that's that's that's a continuous learning and and
00:17:31 --> 00:17:31: what
00:17:31 --> 00:17:32: will you maybe not prepared for?
00:17:32 --> 00:17:35: It sounds like you know this retail is detail.
00:17:35 --> 00:17:37: You might not be prepared for all that detail.
00:17:38 --> 00:17:40: Yeah, no, and as you say,
00:17:40 --> 00:17:43: write it. Retail is also if you look at what
00:17:43 --> 00:17:44: we're doing,
00:17:44 --> 00:17:46: it's it's. It's pretty diverse.
00:17:46 --> 00:17:47: I mean we, you know,
00:17:47 --> 00:17:50: we're we're running an online business here,
00:17:50 --> 00:17:52: but at the same time where we have people to
00:17:52 --> 00:17:56: the sales shop in the store and managing that diversity
00:17:56 --> 00:17:59: of disciplines is actually quite quite a challenge.
00:17:59 --> 00:18:02: And where I think we're getting better every day.
00:18:02 --> 00:18:05: But it's something that obviously we we naively at the
00:18:05 --> 00:18:06: beginning threw ourselves into.
00:18:06 --> 00:18:08: And yeah, but it's it's it's.
00:18:08 --> 00:18:10: Fun, and it's quite something,
00:18:10 --> 00:18:11: and if that
00:18:11 --> 00:18:13: wasn't challenging enough, you've had the pandemic.
00:18:13 --> 00:18:16: We've had the last sort of 15 months or so
00:18:16 --> 00:18:17: handling that.
00:18:17 --> 00:18:19: What did that do to the business?
00:18:19 --> 00:18:20: How did you respond to that?
00:18:22 --> 00:18:26: Yeah, I think the the pandemic was obviously a very
00:18:26 --> 00:18:27: tough one for us.
00:18:27 --> 00:18:31: I mean, we started the store in December 19 and
00:18:31 --> 00:18:34: were open for three months before we had to close
00:18:34 --> 00:18:35: again,
00:18:35 --> 00:18:38: so that was clearly a bummer for for the business
00:18:38 --> 00:18:42: because we we started with the value proposition of running
00:18:42 --> 00:18:43: offline stores,
00:18:43 --> 00:18:46: but at the same time it also helped us kick
00:18:46 --> 00:18:49: off the online side of things.
00:18:49 --> 00:18:52: And yeah, we use the time to.
00:18:52 --> 00:18:56: To say, redefine ourselves, but you know to compliment that
00:18:56 --> 00:18:59: online PS2 or offline operation and we developed a complete
00:18:59 --> 00:19:03: online marketplace with now about 130 brands and over
10,000
00:19:03 --> 00:19:06: products on that marketplace and that really acts as a

00:19:06 --> 00:19:09: centerpiece to our offline operation as well.
00:19:09 --> 00:19:12: Because for us what is very important is that you
00:19:12 --> 00:19:13: know you.
00:19:13 --> 00:19:16: You create one single source of truth in terms of
00:19:16 --> 00:19:20: data management system and that needs to be sitting in
00:19:20 --> 00:19:23: the in the middle of offline and online.
00:19:23 --> 00:19:26: And this is what we've built during during the the
00:19:26 --> 00:19:27: lock down.
00:19:27 --> 00:19:30: And this is something obviously that will be powering or
00:19:30 --> 00:19:31: offline operation as well.
00:19:31 --> 00:19:35: So you know why the offline business obviously suffered a
00:19:35 --> 00:19:35: lot.
00:19:35 --> 00:19:38: I think we were lucky to be building that digital
00:19:38 --> 00:19:39: marketplace now,
00:19:39 --> 00:19:42: which is a backbone of everything we do,
00:19:42 --> 00:19:45: and that presents a scalable case to our business as
00:19:45 --> 00:19:45: well,
00:19:45 --> 00:19:49: because it basically the information that we run and that
00:19:49 --> 00:19:52: we manage and that centerpieces feeding into each of those
00:19:52 --> 00:19:53: channels.
00:19:53 --> 00:19:55: So it helped you main resilient really by having that
00:19:55 --> 00:19:58: online thing to focus off and the offline would come
00:19:58 --> 00:19:58: back.
00:19:58 --> 00:20:00: The physical would come back at some point.
00:20:00 --> 00:20:03: Yeah, and that's that's clearly an hypothesis,
00:20:03 --> 00:20:04: right? I mean, we went,
00:20:04 --> 00:20:07: who knows, right? Who knows whether people?
00:20:07 --> 00:20:10: I mean there's been a dramatic shift of people that
00:20:10 --> 00:20:13: formally or bored offline that now love to shop online,
00:20:13 --> 00:20:16: right? So who knows whether these people are actually going
00:20:17 --> 00:20:17: to come back?
00:20:17 --> 00:20:21: And, you know, all hypothesis still remains that the benefits
00:20:21 --> 00:20:22: of offline are there,
00:20:22 --> 00:20:24: and we believe in it.
00:20:24 --> 00:20:26: But it's something that only time will tell,
00:20:26 --> 00:20:28: I think. But we are.
00:20:28 --> 00:20:31: We're ready to accommodate people and to make an
00:20:31 --> 00:20:33: experience.
00:20:31 --> 00:20:33: For these shoppers offline as well,
00:20:33 --> 00:20:33: I
00:20:33 --> 00:20:35: mean we need that transition,
00:20:35 --> 00:20:37: don't we? We need to get to the right level

00:20:37 --> 00:20:39: of retail in this omnichannel world.

00:20:39 --> 00:20:42: Do you think there's? Do you think the pandemic has

00:20:42 --> 00:20:43: sort of accelerated that transition?

00:20:43 --> 00:20:46: You know? Unfortunately, some you know as meant the closure

00:20:46 --> 00:20:47: of some businesses,

00:20:47 --> 00:20:50: but it's allowed others to adapt and change as well.

00:20:51 --> 00:20:53: Yeah no, absolutely so there there wasn't.

00:20:53 --> 00:20:56: There was a point I was making earlier on the

00:20:56 --> 00:20:58: on the wholesome model.

00:20:58 --> 00:21:02: If maybe we can. We can just take a step

00:21:02 --> 00:21:03: back to that.

00:21:03 --> 00:21:06: I mean, the problem with the wholesale model is that

00:21:06 --> 00:21:09: it brings pricing asymmetry and you know a lack of

00:21:09 --> 00:21:11: installed product rotation,

00:21:11 --> 00:21:15: right? And the pricing asymmetry problem when you compare online

00:21:15 --> 00:21:17: to offline is a is a big is a big

00:21:17 --> 00:21:21: cost that offline stores are having because ultimately it means

00:21:21 --> 00:21:25: that. The customer that is shopping in the store is

00:21:25 --> 00:21:28: always going to get the the worst price because the

00:21:28 --> 00:21:32: prize bakes and obviously massive markups and those market markups

00:21:32 --> 00:21:35: need to be applied because the stores have big operation

00:21:35 --> 00:21:37: and and space costs right,

00:21:37 --> 00:21:41: but the what the stores are doing is they're handing

00:21:41 --> 00:21:42: it on to the customers.

00:21:42 --> 00:21:46: So in today's world the problem is that the offline

00:21:46 --> 00:21:49: prices will not be able to compete with online prices.

00:21:49 --> 00:21:52: So what's happening is that.

00:21:52 --> 00:21:55: Customers are exploiting the benefits that they're getting offline by.

00:21:55 --> 00:21:58: You know, testing products and so on offline,

00:21:58 --> 00:22:02: but then ultimately turn to online to buy it.

00:22:02 --> 00:22:04: And that's obviously a dilemma that doesn't.

00:22:04 --> 00:22:08: That doesn't work right and.

00:22:08 --> 00:22:12: I think that's that's something that that obviously needs to

00:22:12 --> 00:22:13: be needs to be fixed,

00:22:13 --> 00:22:16: and that has become even more apparent now and evident

00:22:16 --> 00:22:18: during during the pandemic.

00:22:18 --> 00:22:21: And yeah, what we'll see is a consolidation in the

00:22:21 --> 00:22:22: market,

00:22:22 --> 00:22:26: and I think those players or retailers that will not
00:22:26 --> 00:22:28: be able to transition to a new model.
00:22:28 --> 00:22:32: Basically marketplace model that is similar to what we're
seeing
00:22:32 --> 00:22:32: online,
00:22:32 --> 00:22:36: and there will be stuck with their wholesale procurement
model.
00:22:36 --> 00:22:38: Will have a very tough time,
00:22:38 --> 00:22:41: you know. Providing the real value and the benefits that
00:22:41 --> 00:22:45: that customers are actually looking for when they go
shopping
00:22:45 --> 00:22:45: offline,
00:22:45 --> 00:22:47: right? Yeah, and it
00:22:47 --> 00:22:50: sounds like obviously it's the retail landscape has been
dominated
00:22:50 --> 00:22:51: by big chains,
00:22:51 --> 00:22:54: but the type of work that you will do would
00:22:54 --> 00:22:58: also help smaller and medium sized retailers adapt and make
00:22:58 --> 00:22:59: sure that they can.
00:22:59 --> 00:23:02: You know they can survive when people do want
differentiation.
00:23:02 --> 00:23:06: Do want kind of specialist products.
00:23:06 --> 00:23:06: Yeah,
00:23:06 --> 00:23:09: no, absolutely. I think that's that's the key,
00:23:09 --> 00:23:12: right? And that also plays on the point of product
00:23:12 --> 00:23:12: rotation.
00:23:12 --> 00:23:15: I think a big part of the offline storage discovery
00:23:15 --> 00:23:15: right?
00:23:15 --> 00:23:18: And the experience factor, but you can only get that
00:23:18 --> 00:23:21: experience and the discovery factor if there's a product
00:23:21 --> 00:23:22: rotation,
00:23:22 --> 00:23:24: and I think that a group and with Zara,
00:23:24 --> 00:23:27: Massimo duty and so on have done a really good
00:23:27 --> 00:23:28: job in doing that.
00:23:28 --> 00:23:30: But obviously that's fast fashion,
00:23:30 --> 00:23:33: right? And they they changed their their products on a
00:23:33 --> 00:23:34: 2 weekly spaces I think,
00:23:34 --> 00:23:36: but it meant that people always.
00:23:36 --> 00:23:40: Came back to the stores because there was always
something
00:23:40 --> 00:23:43: new to discover and I think this is what we're
00:23:43 --> 00:23:44: in for,
00:23:44 --> 00:23:47: only that we're doing that product rotation through having
different

00:23:47 --> 00:23:49: brands curate that space right?
00:23:49 --> 00:23:52: But that can only be that can only be done
00:23:52 --> 00:23:56: if you're not going through the traditional route of wholesaling,
00:23:56 --> 00:24:00: but if you're going through route of creating that offline
00:24:00 --> 00:24:03: space as a marketplace and integrating that into what we're
00:24:04 --> 00:24:07: seeing and what we've been seeing over the last.
00:24:07 --> 00:24:08: 5 to 10 years online
00:24:08 --> 00:24:11: already. And when you think about where you're going to
00:24:11 --> 00:24:13: take your career going forward,
00:24:13 --> 00:24:15: is this something that you're really passionate about?
00:24:15 --> 00:24:18: Your stay with this for a long time,
00:24:18 --> 00:24:21: or are there other entrepreneurial ideas that you have up
00:24:21 --> 00:24:22: your sleeve as well?
00:24:24 --> 00:24:27: Yeah, I think. I mean we we we we?
00:24:27 --> 00:24:31: We've only started two years ago and we've obviously had
00:24:31 --> 00:24:33: the pandemic in in in the way,
00:24:33 --> 00:24:36: which meant we. I wouldn't say we lost the year
00:24:36 --> 00:24:40: because we were obviously able to develop the digital part
00:24:40 --> 00:24:41: of it.
00:24:41 --> 00:24:42: But you know it it.
00:24:42 --> 00:24:45: I think it takes another at least one to two
00:24:45 --> 00:24:49: years to really validate your hypothesis as to whether the
00:24:49 --> 00:24:53: offline piece is going to retain its attractiveness to customers,
00:24:53 --> 00:24:56: right? And I'm definitely definitely going to.
00:24:56 --> 00:24:59: Keep on keep on trying that and and and and
00:24:59 --> 00:25:02: and monitoring that and being part of dialogue in that
00:25:02 --> 00:25:05: time to see you know what words had it.
00:25:05 --> 00:25:08: Because obviously as you you know if you spend two
00:25:08 --> 00:25:11: or three or four years working on a vision that
00:25:11 --> 00:25:14: was conceptualized in your in your in your mind,
00:25:14 --> 00:25:16: in your head, you get very.
00:25:16 --> 00:25:20: You get very. Passionate about it,
00:25:20 --> 00:25:23: and yeah I'm I'm passionate about my role here and
00:25:23 --> 00:25:26: I'm passionate about Salem and I think there's lots of
00:25:26 --> 00:25:30: lots of ways to develop it further because as well
00:25:30 --> 00:25:33: as we've said before, I think that the problem is
00:25:33 --> 00:25:36: so massive and I'm a big believer that where where
00:25:36 --> 00:25:38: there's a problem.
00:25:38 --> 00:25:40: There's always a solution. And yeah,
00:25:40 --> 00:25:43: we're we're working towards making the retail world a better
00:25:43 --> 00:25:45: one in the 21st century.

00:25:45 --> 00:25:46: And for
00:25:46 --> 00:25:48: those sort of coming into real estate,
00:25:48 --> 00:25:50: now what? Vice, would you give them?
00:25:50 --> 00:25:52: Would you tell them to go and do a good
00:25:52 --> 00:25:55: stint at somewhere like Tishman Speyer and then use that
00:25:55 --> 00:25:57: as a platform for other ideas?
00:25:59 --> 00:26:02: So first of all, I would obviously say to come
00:26:02 --> 00:26:04: work with us where you said you
00:26:04 --> 00:26:06: were looking for the right talent.
00:26:06 --> 00:26:06: Yes, yeah,
00:26:06 --> 00:26:10: exactly so. This is a nice platform to actually advertise
00:26:10 --> 00:26:10: that.
00:26:10 --> 00:26:13: Now with with you know always be looking or we
00:26:13 --> 00:26:16: are always looking for good people to join us.
00:26:16 --> 00:26:19: But as a general advisor would probably say as the
00:26:19 --> 00:26:21: real estate world is so big and there's so many
00:26:21 --> 00:26:24: disciplines and various categories you can you can.
00:26:24 --> 00:26:27: You can work and I think it's it really makes
00:26:27 --> 00:26:28: sense to work.
00:26:28 --> 00:26:32: You know across roles and try out different things right?
00:26:32 --> 00:26:35: And there's definitely always going to be something that that
00:26:35 --> 00:26:38: is going to be a fit for for anyone,
00:26:38 --> 00:26:40: right? And that that person can thrive.
00:26:40 --> 00:26:43: And so I think it's really about trying out different
00:26:43 --> 00:26:45: things and finding what what,
00:26:45 --> 00:26:46: what is right for you,
00:26:46 --> 00:26:48: I think and finally, can
00:26:48 --> 00:26:51: you. Can you recommend a book but business book,
00:26:51 --> 00:26:54: or a podcast or something that sort of has inspired
00:26:54 --> 00:26:55: you in your professional life?
00:26:56 --> 00:27:01: What I've actually recently read is AI superpowers by Kai
00:27:01 --> 00:27:01: Fuli,
00:27:01 --> 00:27:05: and I'm not sure whether that that that the term
00:27:05 --> 00:27:08: inspired it's right sensation here.
00:27:08 --> 00:27:12: I think it's probably more it astonished me right because
00:27:12 --> 00:27:13: it's just incredible.
00:27:13 --> 00:27:18: In this book, he's talking about the transition of basically
00:27:18 --> 00:27:18: yeah,
00:27:18 --> 00:27:20: as the title says AI,
00:27:20 --> 00:27:23: and you know what this leads into,
00:27:23 --> 00:27:27: and it's just incredible to see how.
00:27:27 --> 00:27:30: With what pays and how quickly that that trend is

00:27:30 --> 00:27:32: actually being dropped onto our planet.
00:27:32 --> 00:27:35: And you know who are the players behind it?
00:27:35 --> 00:27:38: I'm driving that change and what ultimately what sort of
00:27:38 --> 00:27:40: shifts it brings to our everyday lives?
00:27:40 --> 00:27:43: And I think there's there's going to be A at
00:27:43 --> 00:27:47: least as impression I'm getting from from reading this book.
00:27:47 --> 00:27:50: There's going to be a lot of lot of change
00:27:50 --> 00:27:52: for each one of us,
00:27:52 --> 00:27:55: and that change is probably not going to be that
00:27:55 --> 00:27:56: far away.
00:27:56 --> 00:27:58: I think it's going to happen.
00:27:58 --> 00:28:00: Over the next 5 to 10 years,
00:28:00 --> 00:28:01: so it's it's exciting times.
00:28:01 --> 00:28:03: Also a little bit scary I guess,
00:28:03 --> 00:28:05: but now that's definitely a book I can
00:28:05 --> 00:28:07: I can recommend. Yes, a great recommendation.
00:28:07 --> 00:28:10: I think real estate is going to be touched by
00:28:10 --> 00:28:11: AI as well.
00:28:11 --> 00:28:12: Most definitely, so I'm France.
00:28:12 --> 00:28:15: Thank you so much. It's been a real pleasure to
00:28:15 --> 00:28:15: speak with
00:28:15 --> 00:28:18: you today. Thank you so much for joining us.
00:28:18 --> 00:28:19: Thank you, Andrea, thank
00:28:19 --> 00:28:22: you. We hope you've enjoyed this podcast to find out
00:28:22 --> 00:28:24: more about the other episodes of this series,
00:28:24 --> 00:28:27: go to the young leaders page on the ULI Europe
00:28:27 --> 00:28:27: website.

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