

MARKETING

Luxury execs identify top priorities for 2018

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AI can free up sales associates' time to better serve consumers. Image credit: Printemps

By STAFF REPORTS

NEW YORK – During the sixth annual Luxury FirstLook 2018: Exclusivity Redefined conference Jan. 17, Luxury Institute's CEO provided attendees with year-ahead outlooks for several luxury categories, along with insights into consumer shopping preferences.

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During a fireside chat with *Luxury Daily's* editor in chief Mickey Alam Khan, Luxury Institute's Milton Pedraza asked attendees to identify the one thing they must do in terms of personnel and operations in 2018. The resulting list of top priorities reflects the focus of most luxury brand executives on integrating a consistent company culture and customer experience across all selling channels.

Harmony between online and in-store presence

"The good news is that leaders of luxury firms are asking the right kinds of questions about creating a consistent culture across their organizations while using technology to help front-line personnel serve customers better," **Luxury Institute's** Mr. Pedraza said.

"The big challenge ahead is whether companies will make the necessary investments in technology and people along with needed changes in organizational structure to create an optimal high-performance environment," he said.



Milton Pedraza is CEO of the Luxury Institute

Here are luxury executives' top priorities for 2018:

Remove operational obstacles to sharing relevant data in a timely manner.

There is an urgent need not only to collect high-quality data, but to analyze it and turn it into actionable information throughout the organization. Companies are pulling in vast amounts of data from internal and external sources.

The information is a tremendous resource to leverage, but it tends to exist within silos at big companies. Retail stores are rarely able to access important real-time data they need to make critical decisions on promotions, inventory, staffing, and budgeting. Making information available to people when they need it is a huge priority.

Create closer alignment between ecommerce and bricks-and-mortar sales.

Luxury brands need to orchestrate a symbiotic harmony between online and in-store channels to create a true omnichannel customer experience.

Online sales represent a growing portion of total revenue across industries, but a vast majority of sales in most categories still happen in stores. From online sales, to chatbots, to self-service kiosks in stores, customers are demanding the intelligent application of technology to make their lives more convenient, without compromising the benefits of the human touch.

Make it my business to be a problem-solver throughout the company.

Executives need to act like internal consultants and constantly question the way things are done, with a keen eye for process improvement in all areas of the business.

Sales associates also need to behave more like internal consultants in order to solve big problems. Success comes when the executive ranks support the sales people, and the sales people are then better able to serve clients.

As chief executive, I will visit each of our retail stores and get directly involved with employees and customers. Many CEOs lack empathy for employees and have a very poor understanding of what's really happening within their distribution channels.

Without knowing about the on-the-ground situation at the store level, executives cannot make good decisions about where to allocate resources. They need to engage in stores, and, where possible, sending handwritten notes to key customers to thank them for their business.

Establish a culture driven by the company's purpose.

Par for the course in luxury is to deliver superior quality and superior service.

What's also required to thrive is superior culture, something that creates an honest and emotional connection between the brand and the consumer. Every brand needs to have a "why" and a "how", something that speaks to a driving principle and the humanity of how it delivers value for employees and customers.

Provide salespeople with augmented access to technology that gives them new ways of responding to client needs. Technology maintenance and upgrades are among the biggest costs of doing business these days, so it pays to take a fresh look at how that money is being spent.

Most salespeople will tell you that they are not really supported in their jobs by technology. IT budgets are too often eaten up by rollouts and upgrades that fail to improve business function, while sacrificing relatively simple solutions like providing associates with tablets for transactions and accessing customer data.

Find out what they need to make them perform better, and give it to them.

Mythbusters

During Luxury FirstLook 2018: Exclusivity Redefined, Mr. Pedraza also took the benefit of the opportunity to survey the room full of in-the-know attendees about the reality of what they see in their own business, asking them to identify one current belief that is actually a myth and to identify the corresponding reality.

From considering the concept of exclusivity, to the challenges of optimizing investments in online and traditional retail channels, the Luxury FirstLook 2018 group provided rare insights into the on-the-ground reality, and in the process busted eight big myths swirling around the luxury sector ([see story](#)).

Produced by Luxury Daily, [Luxury FirstLook 2018: Exclusivity Redefined](#) was a forum for luxury business issues organized by Luxury Daily, and attended by executives from dozens of firms that operate in luxury goods and service categories.

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