

RETAIL

Luxury's lack of communication with store staff is hurting business

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In-store technology is a key concern of sales associates. Image credit: Hugo Boss

By SARAH JONES

Luxury companies are missing out on substantial retail revenues by not fostering collaboration with their store sales associates, according to the Luxury Institute.

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The firm's survey of top-performing frontline staff found a number of opportunities for improvement in areas such as clienteling and merchandising. As these on-the-ground employees interact directly with customers, opening up lines of communication can help brands boost their retention of both staff and shoppers.

"Generally people have good intentions, the executives in headquarters and the people in the front line, but there is a lack of communication and they're moving so quickly," said Milton Pedraza, CEO of the [Luxury Institute](#), New York.

"The executives are in such a rush because they have so many things coming at them all the time that they often have to make quick, on the spot decisions with far less information," he said. "And I think they have to slow down a bit, work together in teams with the frontline people when they execute new activities, new actions, new programs."

Luxury Institute interviewed sales associates with an average of more than 12 years working in the industry. These top performers represent 20 percent of employees but bring in 80 percent of sales.

Listening in

One of the commonly noted issues by sales associates is the ineffectiveness of training programs. Instead of learning from managers or company guidance, most say that their status as a top performer came with trial and error and time, leaving them frustrated at how long it took to achieve success.

Top performers want brands to teach relationship-building skills to all employees. This is especially imperative for the younger generations that grew up with social media, who may struggle more with interpersonal interactions.

Along with skill development, these sales associates crave flexibility in scheduling. For instance, one top performer would prefer to work for a base salary with commission, affording her the opportunity to work remotely on clienteling or make visits to customers' homes if requested without having to worry about hourly worker regulations.



Top performing sales associates want to be able to work more flexibly. Image credit: Westfield

In addition to their own professional needs, store staff note that companies potentially miss out on sales or loyal customers through their customer-facing actions.

Many note that client feedback is not recorded or shared. This includes valuable information such as items visitors are looking for in-store.

For instance, many customers rely on classic pieces from a brand season after season, but in a quest to gain newness, these styles may not be available reliably. Brands can also use customer suggestions to help better determine where limited-edition merchandise will go, making it less likely that interested parties will leave empty handed because their store did not carry it.

Luxury brands are also losing money with pricing inconsistencies. If clients see that a particular product is discounted in another channel, they may avoid buying at full price or demand a refund if they have already made the purchase.

Promotional pricing also puts sales associates in an awkward position. In an effort to help their clients, they may discourage them from buying at full price or hold items until they are marked down, losing themselves and their stores money.



Discounting in wholesale can pose challenges to store staff. Image credit: Nordstrom

One solution retail staff suggest is providing classics that never go on sale or pushing exclusive items to brand boutiques, promoting full-price sales.

"There are a lot of little details that kill sales and kill client relationships and client loyalty, and even create a lot of high turnover," Mr. Pedraza said. "Doing a few things brilliantly will give you very high impact. Separating the real signal from the noise of all the things that are coming at you, focusing your attention deeply and concentrating on those skills and those actions that really make a difference.

"If you stop being super hyper creative and responding to competition as a brand, and identify what products are really timeless, classic, heritage products and make sure those are in stock, that could be a huge difference," he said. "We've seen a few companies that change their styles every year and then they bring them back five years later.

"Well often those styles didn't go away for a large portion of their customers, but the fact that the company keeps changing them means that you're out of stock on the classics."

Technology tips

Other store associate concerns revolve around technology and digital marketing.

At a corporate level, brands send out many impersonal emails to enrolled customers, which can be a turn off. Many associates are protective of their client relationships, preferring to keep details in a black book for fear of data being used to spam customers.

One alternative is hiring a CRM specialist who oversees up to a handful of stores, allowing for more human, personalized communications.

Meanwhile, sales associates wish that some of brands' marketing budgets could be allocated toward local efforts. The wealthiest individuals are less apt to be on social media, making efforts such as client events more effective at reaching big spenders.



Affluent clients are less likely to be on social media. Image credit: Neiman Marcus

Lastly, in-store technology should focus on the basics rather than the flashy. Creating POS systems, inventory management systems and in-store WiFi that work is more important to these workers and the customer experience than a digital mirror.

Physical retailers differentiate themselves from online counterparts through lower price points, a wider assortment of goods and unique experiences, but as ecommerce is priced to match and product selections expand, bricks-and-mortar sellers are defined only by experience.

Engaging with customers on the shop floor is one of the best ways of improving that experience and mobile technology can help sales associates accomplish that goal more effectively. But a report from NewStore found that only 51 percent of brands empower their associates with smartphones or other mobile devices to help customers ([see story](#)).

While digital tools may be appealing, a report from the Luxury Institute shows that many consumers value the personalized touch of a human sales associate to guide them through the shopping process.

Half of all affluent consumers surveyed by the Luxury Institute said that sales associates give a relationship-driven experience that is inimitable by online tools and ecommerce. While luxury brands should certainly not neglect the benefits that technology can bring, it is just as important to remember to keep the human element in-store ([see story](#)).

"If your top clients are not on social media or they're infrequent users of social media, then you really have to put resources to create a relationship with them more at the store and an individual level," Luxury Institute's Mr. Pedraza said. "If you have aspirationalists who are the next up-and-coming generation and they're in their 30s and they are more active on social media, then you also have to put the resources there to really nurture them. So it's a very surgical approach as to each client segment, and to each individual client.

"Whatever you do, in my opinion, spam marketing doesn't work," he said. "It has a very low return on investment and it annoys the clients or it goes to the spam filter.

"So whatever age you are, if you receive a personalized message from a real human being, the open rates are high and the conversion rates are higher than spam mail. So it's really understanding quality versus quantity in terms of

marketing and in terms of sales associate outreach."

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