

LUXURY MEMO SPECIAL REPORTS

## Customer service – Luxury Memo special report

March 14, 2019



*Lincoln is one of many brands who provide exceptional customer service to its affluent customers such as personal drivers. Image courtesy of Lincoln*

By JOE MCCARTHY

Luxury brands attract consumers with rare and excellent products, but maintain loyalty and grow their client base through customer service.

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It sounds simple, but the very nature of customer service has changed in recent years, as consumers become more knowledgeable and discerning and personalized in-store experiences have become the expectation. Technology has altered how sales associates engage with customers, but meaningful relationships that boost brand loyalty are still formed through human interactions, which can be developed and mastered with proper training.

"It's widely understood today that providing an experience for customers is more important than ever, but fewer associates know how to create this experience," said Martin Shanker, CEO of [Shanker Inc.](#), New York. "The stakes are high for luxury retailers today to maximize in-store sales productivity.

"This means creating a unique and memorable experience for their customers," he said. "Unless associates are taught the new behaviors and skills to create relevance and relationship, sales will unnecessarily be lost.

"Thanks to the explosion of technology, customers today are too confident and independent to accept anything less."

### Top 5 trends in luxury customer service

- Hospitality

Good hospitality is at the core of cultivating loyalty. To make sure that customers return, brands need to create a culture that goes above and beyond the bare minimum of formal greetings and rote attentiveness.

- Convenience

Convenience means different things to different industries. When it comes to companies such as Amazon, convenience hinges on efficiency, making sure a package arrives in the next few hours after a single button is pressed. But when it comes to luxury brands, convenience often means effectively attending to customer inquiries and preferences over months and years at a time.

- Special events

Brand loyalists expect a level of reciprocity from brands. After dedicating their time to a brand, customers want to feel like they are valued by receiving access to exclusive events and opportunities.

- Online

As customers spend more time online researching and comparing products, services and experiences, brands need to develop responsive digital infrastructure.

- Technology

Technological innovations are allowing sales associates to home in on a customer's preferences and more effectively provide customer service.

## Hospitality

Building relationships is critical for any luxury brand.

High-net-worth consumers are constantly in the market for new goods and services, and brands that make it their mission to establish meaningful relationships with customers are more likely cultivate loyalty, which can lead to repeat sales and word-of-mouth advertising ([see story](#)).



*Hospitality is a key aspect of customer service. Image courtesy of Waldorf Astoria*

But in an era when customers are more informed than ever and more inclined to shop around with new brands ([see story](#)), customer service has to go beyond past benchmarks.

Oftentimes, efforts to improve the in-store experience are treated as one-off campaigns that fail to transform how customers are treated ([see story](#)). According to market experts, overhauling customer service begins with putting the customer at the center of all brand decisions ([see story](#)).

“A branded shopping experience is what is sorely lacking in a bricks-and-mortar store, especially luxury,” Mr. Shanker said. “Handing someone water or offering coffee when they enter might have been new in 1980, but it hardly passes as anything remarkable.”

“Like a movie script, there has to be an order and purpose beginning with the words spoken as the greeting, the attitude, on to the rapport building and adding-on,” he added. “This idea of leaving shoppers alone to shop isn’t customer focused – it’s just lazy.”

An often overlooked aspect of customer service involves meeting customers where they are.

Knowing that most of their clients are traveling through airports, hotel chain Four Seasons offers guests a five-star lounge and private suites at Los Angeles' LAX airport ([see story](#)). The brand also offers customers road trip opportunities that include dedicated concierge assistance ([see story](#)).



*Four Seasons Private Suite at LAX. Image credit: Four Seasons.*

Since hospitality companies are widely known for their exceptional customer service, brands in other sectors often partner with hotels to improve relationships with customers. Many fashion brands are even entering the hospitality market as a way to distinguish their unique take on customer service ([see story](#)).

When it comes to retail environments, brands have to consistently train sales associates to anticipate the ever-evolving preferences of customers.

“Training has to be a culture,” said Bob Phibbs, CEO of [The Retail Doctor](#), a New York-based retail sales consultancy. “There are less bodies walking in the door and they are looking to be wowed.

“The stakes are high because the customer experience – great or disappointing – has wider repercussions than ever before,” he said. “As soon as I walk out of your store, I can rave or rant about you. And nobody raves about average.”



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

What sets high performing sales associates above the rest, according to Mr. Shanker, is an active rather than passive perspective. In fact, luxury sales associates should be brand influencers on their own terms, showcasing products on social media pages that have large followings ([see story](#)).

Sales associates also need to be excellent conversation-starters to help customers feel at ease and open up, according to Mr. Shanker. This often means staying up-to-date on the latest cultural events that can act as a conversational bridge between an employee and customer.

A strong culture of customer service does not go unnoticed, either. Half of all affluent consumers surveyed by the Luxury Institute said that effective sales associates are irreplaceable by online and technology ([see story](#)).

The quality of sales associates is ultimately up to the company itself, which should be regularly investing in training seminars and activities, according to Mr. Phibbs.

“Customers are loyal to people, not stuff, if you do it right,” Mr. Phibbs said. “If not, they are loyal to price, which is deadly. That takes a ruthless compulsion with training associates how to engage the shopper.

“Most retailers think training is something you did already,” he added. “Or it is product training, but that’s not it. It is the soft skills of hospitality, courtesy and building rapport that must be drilled and role-played to keep from becoming jaded.”

Convenience

Affluent consumers have different expectations of convenience for different brands. They do not expect luxury brands to deliver goods at the same price and pace as Amazon, but they expect higher quality and personalized customer service.



*Chef Chan Yan Tak of the Four Seasons Hotel Hong Kong's Lung King Heen restaurant, the world's first Chinese restaurant to be granted a Michelin three-star rating.*

In fact, convenience in the sense of getting a product as cheaply and quickly as possible is almost antithetical to the whole idea of luxury (see story). More than 40 percent of luxury consumers said brand loyalty trumps convenience (see story).

Convenience in the luxury business means making sure customer service avenues are as seamless as possible. Whether a customer is calling a hotline, visiting a store, or reaching out on social media, luxury brands have to provide personalized service (see story).



*Customers can get personalized engravings, including quotes from comedy films such as this one from Anchorman. Image credit: Moët Hennessy*

"New skills and behaviors are now required to respond to new preferences of today's high-net-worth client," Mr. Shanker said.

For example, if a customer visits a car dealership, then sales associates should know what models they're interested in and create a welcoming environment that caters to their preferences.

Similarly, a customer visiting a favorite fashion store should be greeted by a sales associate who has prior knowledge of the person and can build the interaction off past experiences.

"Customers are no longer comparing you to their direct competition, they're comparing you to the best service they've ever received anywhere," Shep Hyken, customer service expert and author of the "[Convenience Revolution](#)," St. Louis. "People are willing to pay for convenience.

"When you make the value strong for them, make it easy and reduce friction," he said. "People will be willing to pay for that."

Special events

Whether it is a talk, a live demonstration or a cocktail party, luxury brands regularly host special events to cultivate customer loyalty.

Among luxury executives surveyed by Wealth-X, 72 percent said that events have the best return on investment out of all marketing ventures ([see story](#)). The scale and cost of events vary significantly, and sometimes luxury brands make major investments in experiences for their top customers.

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A post shared by Bergdorf Goodman (@bergdorfs) on Feb 8,...

*Instagram post from Bergdorf Goodman*

Rolls-Royce recently invited valued customers to a remote location in Wyoming to experience new models and drink cognac ([see story](#)), while the Four Seasons recently staged four pop-up experiences to highlight guest moments ([see story](#)).



*Rolls-Royce's fleet of models, showing strong sales in H1 2018. Image credit: Rolls-Royce*

Fashion brands often invite customers to watch artisans work on products.

For example, Hermés regularly invites customers to workshops featuring artisans working on silk scarves, handbags, ties, watches and jewelry. These events help to demonstrate the brand’s rich history and the craftsmanship that gets passed down through generations ([see story](#)).

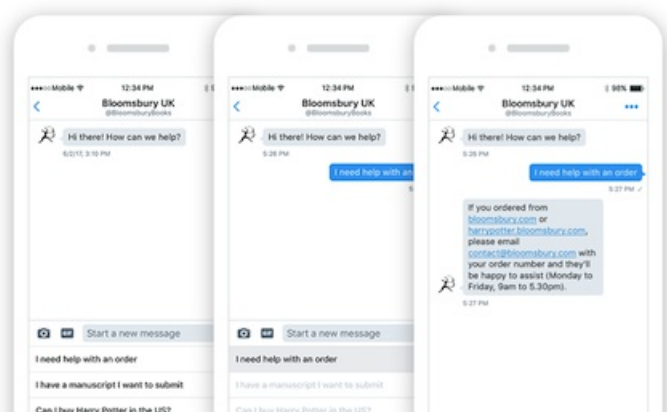
Sometimes brands collaborate to create unique, one-time opportunities to spark intrigue across different audiences. For instance, department store chain Barneys has teamed up with the magazine Highsnobiety for drops of capsule collections mixed with in-store activations ([see story](#)).

Many brands also host events to show they share their customers’ values. Last year, Diane von Furstenberg hosted a four-day seminar on women’s empowerment to explore the ways in which women are making progress in different spheres of life ([see story](#)).

All of these events are prime opportunities to showcase customer service and build relationships, especially because they feature captive audiences. Brands should train staff beforehand with relevant talking points and information on attendees ([see story](#)).

## Online

Most customers rely on social media and Web sites to browse products, read reviews and get a sense of what they are looking for before they make a purchase ([see story](#)).



*Chatbots and live video have all driven engagement in Twitter ads. Image credit: Twitter*

“A lot of times when a customer is walking into the store, they’ve already done their online research,” Mr. Hyken said. “They may have done their research through the brand’s Web site, or they’ve been bouncing around doing research on a bunch of Web sites, but they’re going to a place to either purchase, get more information from a person so they can ask more questions, or they want to experience and play with what they’re thinking about buying.”

Although consumers are fairly self-sufficient when researching products and don’t want to be bombarded with branded suggestions and messages, they also want immediate and helpful feedback when they have a question.

As a result, online customer service has to be seamless.

“Chatbots are best used at this point and time for a service that’s very basic,” Mr. Hyken said. “Can you tell me where my product is? What’s my balance?”

“Good chatbots are doing two things,” he added. “They’re getting better and better at understanding at how people write, the different mistakes that they make and can tell what the customer really means, and when a customer has a problem the best systems allow the customer to move to a human.

“The moment there’s friction, the moment customers feel like their questions aren’t being answered, there needs to be a seamless transition [to a human].”

A well-trained and informed live agent can increase the potential of a sale, provide relevant follow-up information, and reassure customers that their interests are prioritized. Surveys have found that customers prefer speaking to live agents over bots ([see story](#)).



*Jaeger LeCoultre's Web site in China*

Brands with omnichannel capabilities can also store online conversations and interactions on a customer's profile to help guide future interactions regardless of the channel.

Oftentimes, companies can contract online customer service specialists to provide live agent support, but brands have to be careful that these agencies understand their core values. Customers often seek help from chatbots or live agents only when they hit a wall and have exhausted other options, which can lead to impatience and a higher likelihood for dissatisfaction ([see story](#)).

"You have to be very careful when you try to implement a digital experience," Mr. Hyken said.

Brands have to tread lightly when managing customer experiences online, because social media can swiftly amplify a single negative interaction, which can overshadow a brand's reputation ([see story](#)).

Social media has also become a preferred channel for customers to ask questions and get more information. In recent years, deputizing dedicated social media customer service agents has become the norm across the luxury industry ([see story](#)).

"Having an always-on consumer has made customer service a 24/7 imperative," Mr. Shanker said. "More people complain on Twitter – and get results – than call on the phone. That means you have to constantly be monitoring social channels."

Regarding online customer service as an integral part of the customer experience, rather than an add-on, helps to improve the overall customer relationship. In fact, customers who abandon online portals in favor of customer service over the phone or in-person often arrive with a negative impression of the brand ([see story](#)).

This is clear from the fact that 80 percent of consumers go to a brand's Web site before calling a hotline ([see story](#)).

## Technology

Although warm and humane interactions are at the heart of customer service ([see story](#)), brands are increasingly turning to technological innovations to streamline and enhance customer experiences.



*Artificial intelligence will open new doors and opportunities for luxury. Image courtesy of Amazon*

Artificial intelligence is already being incorporated into brand experiences in a number of ways ([see story](#)).

First, many companies are experimenting with actual customer service robots that, in their current state, depend on

novelty and cuteness ([see story](#)).

In the years ahead, customer service robots will likely become highly sophisticated, providing customers with responsive information. As these knowledge-based robots become more common, human sales associates will be able to focus more on activities that require emotional intelligence, building relationships with customers as the robots provide targeted information ([see story](#)).

Embedded Video: <https://www.youtube.com/embed/-45fSFR7Xk8>

*Mandarin Oriental is using a bot in Las Vegas*

AI is also influencing how customer data is stored and processed. For example, ecommerce lifestyle retailer Yoox employs AI algorithms to better organize the online experience and deliver relevant content to customers ([see story](#)).

Simple customer service apps that allow employees to collaborate on in-store interactions have become standard across the luxury industry. For example, the Hotel Ritz Paris allows employees to quickly log customer complaints into an app that relays information to relevant team members who can resolve the issue ([see story](#)).

As customers walk into stores, apps and beacons allow sales associates and concierge teams to identify customers and tailor experiences around their past preferences. In the future, facial recognition software could streamline this process ([see story](#)), although companies have to carefully consider the ethical implications of storing biological information ([see story](#)).

Experts including Mr. Phibbs advise brands to stay away from the latest technological advances until they are proven to be effective ([see story](#)). Too often, he argues, new technologies are gimmicky and have a short shelf life.

"There is a certain allure to the next shiny object of technology to make the in-store experience the same as online," Mr. Phibbs said. "That's a big mistake. Online is cold, efficient and lifeless."

"A bricks-and-mortar store can do something no online competitor can and that is provide a feeling, a feeling someone matters," he said.

Best-practice tips for luxury customer service

- Martin Shanker, CEO of Shanker Inc, New York
  - "A bare minimum standard for customer experience today for luxury brands will potentially damage the brand.
  - "In this digital era, customers no longer think they need associates as they have in the past. Associates must regain their relevance.
  - "Clients have evolved with technology. Old behaviors don't have the same impact.
  - "Many retailers think they are doing better if they are only observing associates with existing clients where relationship may be longstanding.
  - "If yesterday's currency for associates was information and product, then today's currency must be relationship.
  - "Entertain clients in-store for private showings."