

MARKETING

Why poor service will destroy your luxury brand

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Many luxury brands have struggled to fill their stores due to poor service. But this issue isn't just unprofitable; it also destroys brand equity. Image credit: SSENSE, Haitong Zheng

By [Daniel Langer](#)

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Whether it is a store, art gallery, fine dining restaurant or luxury car dealership, brand managers have been describing physical experiences as the heart of the luxury market for decades.

Luxury, for many, is expressed through human-to-human contact.

Maybe because the idea of personal interaction as the ultimate luxury experience is so ubiquitous, most brands fail to deliver on this count. They open a store location, invest a lot of money in its decoration, and declare what they have built to be a luxury experience.

But later, when this strategy inevitably fails, managers have no idea what went wrong.

When we audit luxury brand spaces, their managers often brag about expensive architecture, fine leather fixtures, complimentary drinks from high-end espresso machines and private rooms. They swoon over these "ultimate" features even after we have reviewed their statistics and shown them that their flagship stores produce numbers deep in the red.

I have repeatedly seen some of the most iconic luxury brands struggle to fill their stores and, now, **COVID-19** has dramatically accelerated this trend.

To add insult to injury, many stores are not just unprofitable they also destroy the brand's equity. That may be surprising at first. After all, is this not the type of personal touch what makes luxury brands flourish?

A visit to a store is a huge customer investment in that brand. Including driving and parking time, a visit to a luxury brand store can easily exceed two hours. Brands must add value to peoples' lives, not destroy it.

Above all, luxury is about **extreme value creation**, and service delivery is a big part of that.

If brand service is not creating significant customer value, then that customer interaction will decrease a brand's equity.

Design and a luxurious ambiance do not make the luxury experience they are simply expected in a luxury setting. They cannot substitute for crucial aspects such as brand storytelling. Those are much deeper issues.

In many of our service audits, the store staff does not convey the brand story at all. They often assume a customer entering their store is familiar with the brand. When this happens, they miss an opportunity to give customers a reason to buy.

Our research has shown that branding creates a significant portion of overall value perception. So when a store visit does not bring the brand story across, no value is created. Consequently, there will be no sale, and consumers will perceive their visit as a waste of time and they probably will not return.

Every aspect of every detail must emit brand storytelling. Nothing can be random.

When we design service experiences, we sometimes spend weeks strategizing about one-hour customer interactions and meticulously define how the **brand story** should be perceived. That needs to include the feelings a brand wants to evoke.

If the branded experience is not clearly defined and delivered by store staff, then there will not be an experience.

If there is no experience, there will not be a memory and, without a significant memory, no value is created only destroyed when we invite a customer to spend time with us and then waste their precious moments.

Aside from teaching **brand storytelling**, brands also need to train their staff in all aspects of luxury.

The store's personnel is often clueless about a luxury customer's expectations, how they evolve, and what moments are important to them.

Gen Zers and young **millennials**, for example, perceive themselves as brands and surround themselves with brands that share their values. How often do you train your staff in understanding emerging luxury trends?

Store and service staff are often left alone with broad, unspecific guidance. Then they are not able to deliver on expectations because they do not have a clear understanding of what the brand represents.

In a recent masterclass, a senior executive for a luxury hospitality brand shared that, despite their training, his staff often does not feel empowered. The reason? They fear if they go the extra mile to provide exceptional service and make on-the-spot decisions, their manager could reprimand them.

The truth is, internal culture often limits the ability of people to perform at their best.

Instead of being proactive, they become reactive, waiting for others to make decisions. These internal roadblocks often destroy a brand's equity without managers even realizing it, causing customers to break up with the brand.

There is a significant lack of training in the luxury industry, particularly with concepts that go beyond just knowing the brand's products and procedures.

Staff must be **enabled** to understand the constantly shifting needs of luxury customers, so they can provide a branded service experience that customers will remember.

Luxury brands are in the business of inspiring customers. They are not just in the business of selling pretty objects.

Brands must delight customers, create memories for them, and make their lives more beautiful. If they fail to do that, the customers will disappear.

Enabling a staff is critical, especially in a time of crisis and rapid change.

Too many brands play wait-and-see, but then are shocked to realize that they have become irrelevant.

Particularly during hard times, make sure you put your staff in a position where they can create branded memories through proper training.

Otherwise, your customer's physical experience will not only be meaningless it will also help destroy your brand.

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