

RETAIL

Relationships are the new currency in luxury sales

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Here is the truth: Transactional selling is a threat to client acquisition and retention.

Retail associates who are not skilled at developing client relationships or chose not to develop them are increasingly becoming a liability for luxury retailers.

Working with many premier global luxury brands I observe a population of sales associates who are underperforming and losing relevancy with clients.

Prior to the pandemic, associates were able to rely on fewer client relationships to meet sales goals. The current health crisis has dramatically reduced store visits of high net-worth clients.

This change in customer behavior is making it harder for sales associates who sell transactionally to achieve their sales goals.

Many sales associates now wish they had developed a bigger base of qualified clients with whom they established authentic relationships.

What is at stake?

Client preferences for how they want and need to be sold are going unnoticed by many luxury retailers and sales associates. The risk is not only sales it is also ensuring associates stay relevant in the digital era.

Luxury clients are evolving faster than many retailers and associates are responding. Customers no longer see associates as their #1 influencer. Instead, associates are #3, after friends and the Internet.

This sea-change in customer mindset threatens client retention. Luxury retailers need clients who return over and over again to the same associate.

What has changed?

In the digital era, customers no longer need associates in the same way.

In the past, associates could differentiate themselves with information and product. The competition is now greater. Brands are more aggressive with driving traffic to shop online. Clients are bombarded by competitive associates looking to capture their attention often from the same retailer. All this is making it harder for associates to establish client relationships.

How does this impact what is needed to thrive?

A database of clients is not enough. The best sales performance is coming from those associates who have the personality and skills to establish authentic relationships. Other associates need to be reskilled.

So what does it take to establish the new client relationship? The new currency for sales associates is relationship and relevancy. Below are symptoms of the problem. When addressed, they will predict success in 2021.

I hear from the top CEOs that the biggest challenge facing their sales teams is client acquisition and retention. Which of the four areas below do your sales associates need to improve?

1. Do your associates rely too much on traffic versus building a strong base of client relationships?

High-end sales can disguise the need for associates to have a sufficient number of clients.

My firsthand experience with training and coaching associates reveals many associates had too few clients with whom they regularly communicated going into the pandemic.

Associates who sell high-end merchandise can generate healthy sales with few clients. During the pandemic, many associates are faced with the unprecedented challenge of acquiring new clients and therefore finding it harder to achieve sales targets.

2. Are your associates missing sales with local clients?

Tourist sales can disguise the need to develop local clients.

Underdeveloped business with local clients is a global opportunity. Over the years, I have seen this challenge repeated with every downturn regardless of location (Asia, EMEA or the United States).

When business is good, it is often fueled by tourists who typically make decisions quicker, purchase more items and are less likely to return.

Associates must be motivated and managed to develop local clients not only during downturns in tourism.

Focusing on transforming transactional selling to relationships is low-hanging fruit. Deeper levels of relationship building are required to develop local business.

3. Do your associates develop too few genuine client relationships?

Often unnoticed by managers are retail associates who do not actually enjoy developing client relationships.

Although relationships are at the heart of developing ongoing business and even lifetime clients some associates prefer to do business transactionally.

Conversely, those associates who are the best at client acquisition and retention have a "desire to connect" with clients and build relationships.

What I am saying is to focus on hiring for personal characteristics and train for skills. Personal characteristics are hard for associates to change.

Solutions that will predict top-line growth this year

Success will depend on the associate's abilities to acquire and retain clients.

Here are my recommendations that have proven successful across luxury sectors:

- Clienteling culture: Interpersonal skills build relationships, not technology

Sophisticated clienteling apps do not help associates earn the clients' trust and relationship, diminishing results.

To build genuine relationships, associates need to first understand why today's clients choose one associate over another.

Secondly, they need to learn the interpersonal skills that build relationships.

The most successful relationships require managing. Unless sales associates apply a strategic process to manage relationships, efforts will be in vain.

- Re-skill to re-invent: Develop associates to keep them relevant

Hire and train for emotional quotient, empathy and the neurosciences of communication. These are the relationship skills for the 21st century. Selling skills are not enough.

- Social and cultural acumen: Build relationship

Although some associates quickly develop client relationships, many need to be shown "how."

Our research shows 25-30 percent of client outreach by the highest-performing associates needs to be non-commercial. This requires associates to earn their clients attention and trust on topics of mutual interest.

- Drive sales

Today's evolving customers require associates to eliminate old behaviors that turn off clients.

Here are some examples. First, downloading too much product information when clients show no interest. Next, telling clients what they already know. Finally, asking clients invasive questions before establishing relationship.

- Authentic personalization: Outreach

Teach outreach that inspires clients to respond positively versus generic outreach that damages client relationships and diminishes the brand. For example, *"This just arrived, you will love it"*. Always provide the "why."

- Talent assessment

Conduct talent assessments to find out which associates actually "desire to connect and build client relationships."

Hire for this personal characteristic as well as others and train for skills. Personal characteristics are hard for associates to adopt if it is not part of their personality.

- Reward for behavior, not only results

Sales are results-driven. The opportunity is to measure the behaviors that get results or, unintentionally, you will reward the old ineffective behavior.

IT IS NOT luck that is needed to develop deep client relationships success is predictable.

While relationships have always been important in luxury sales, only those associates who excel at the above seven competencies will develop an emotional connection with a wide number of clients that predict success.

If you are not reskilling your associates to keep them relevant, it is likely your competition is.

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