

RESEARCH

Bergdorf, Barneys deemed best relationship-builders: report

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By TRICIA CARR

Bergdorf Goodman and Barneys New York were lauded by high-net-worth consumers for being the most effective at maintaining salesperson-to-customer relationships in comparison to other high-end retailers, according to a new report by the Luxury Institute.

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The 2012 Luxury Customer Relationship Index survey of U.S. consumers found that while salesperson-to-customer relationships are neglected in the luxury sector overall, the categories that came out on top in terms of participants' perception of these relationships include watches, jewelry and men's ready-to-wear. Furthermore, 70 percent of those surveyed who interact with a specific salesperson said that this relationship causes them to spend more both in-store and online.

"The customer conversion and customer retention rates are very low right now in the luxury sector, so there is a huge opportunity to not only convert but retain customers, especially now with the slow global economy," said Milton Pedraza, CEO of the [Luxury Institute](#), New York. "There is a huge opportunity to cultivate relationships even through the hard times."

The latest Luxury Customer Relationship Index surveyed consumers with at least \$5 million in assets and \$200,000 in annual income.

How may I help you?

The survey honed in on major luxury retailers. New York-based department store Bergdorf Goodman has a 51 percent rate of maintaining relationships with high-net-worth consumers.

Department store chain Barneys New York has a 49 percent rate.



Barneys store front

As a standalone store, Bergdorf developed a culture of creating long-term relationships, as did Barneys, per Mr. Pedraza.

"Both retailers have the opportunity to improve with conversion rates, but they are the best right now," Mr. Pedraza said. "I think it is a culture of building relationships and retaining employees longer that cultivate those relationships."

Additionally, Neiman Marcus and Saks Fifth Avenue each earned a rate of 32 percent and 26 percent, respectively.

Bloomingdale's and Nordstrom earned low rates of maintaining relationships with affluent consumers.

Retail relations

Respondents also shared details about their relationships with salespeople in six categories: watches, jewelry, men's ready-to-wear, luxury retailers, handbag brands and women's ready-to-wear.

The luxury watch category holds the highest number of salesperson-to-customer relationships with 49 percent of those surveyed reporting that they maintain a personal relationship with a salesperson.



Breguet Geneva store

Forty percent of respondents have a relationship with a salesperson in the jewelry category while 38 percent have personal relationships in the men's ready-to-wear category.

The luxury retail, handbags and women's ready-to-wear categories have 30 percent, 27 percent and 21 percent of respondents, respectively, that have a personal relationship with a salesperson.

Though two high price-point categories have the highest rates of customers who have a relationship with a salesperson, there is opportunity in each category to build on this, per Mr. Pedraza.

The report also found that a personal relationship with a salesperson has the largest impact on sales, especially in the retail, men's and women's categories.

"Handbags and women's ready-to-wear had the lowest rates of customer-salesperson relationships, but those are items that you buy every few months," Mr. Pedraza said. "Jewelry and watches, paradoxically, are purchased further apart.

"There is no reason why luxury brands that offer merchandise in so many different categories do not have personal relationships with customers," he said.

Luxury brands and retailers looking to increase salesperson-to-customer relationships must keep three key points in mind, Mr. Pedraza said.

First, luxury brands should hire salespeople with a personality to serve others.

Second, each retail location should properly train employees and give them the right tools, including brand education and technology.

Lastly, salespeople should be measured in a positive and inspirational setting.

The best relationships stem from human-to-human contact, per Mr. Pedraza.

"Luxury brands need to realize that even if they have a good in-store experience, they need to create that relationship-building culture in a nonintrusive, trustworthy way," Mr. Pedraza

said. “Follow up with customers, and do not just rely on email.

“Consumers say that they want salespeople to be experts in what they do and earn their trust.”

Final Take

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