

RETAIL

## 7 critical areas for store-channel improvement

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The Luxury Institute recently held its second round of intimate and confidential individual interviews with top-performing in-store sales associates across the spectrum of top-tier luxury and premium brands. It also crosschecked the findings with store managers and retail heads to confirm the results.

These top performing associates average more than 12 years of experience, and most perform supervisory roles. They are among the 20 percent of associates who deliver 80 percent of the dollars to top brands, comprising all genders and ethnicities. These individuals represent the present and future of luxury.

In serving more than 1,000 luxury brands and working with tens of thousands of front-line associates, many in luxury and premium retail over the last 15 years, we have documented a performance-numbing lack of communication between top-tier luxury brand headquarters and their front-line associates.

The consequences of this poor communication continue to be a significant loss of sales, high employee turnover, poor morale and, most importantly, severed or damaged client relationships.

At a time when many of the business models of luxury and retail are being disrupted, brands can ill-afford to ignore the voices of their top sales associates.

Below are the top seven critical areas for store channel improvement directly from the mouths of the top performers, as shared with us. Ignore them at your own peril.

1. I became a top performer despite, not due to, the training programs

Top performers are unanimous on this point. They learned how to build client relationships from parents and exemplary mentors who inspired in them a passion for living their life purposefully on a daily basis and helping others at work beyond the training tools provided by the brand. They see product and operational training as table stakes.

According to these top performers, the current sales training is still coercive and dehumanizing.

One associate described it as a positive-thinking version of the 1950s car salesman manual.

The best associates tell us that they have honed their skills mostly through trial and error in learning to listen without judgment, ask relevant questions, earn trust and find creative ways to make individual clients feel cared for and special.

The associates acknowledge that it took far too long for them to achieve top performance. They wish the brands would finally get serious and accelerate the mastery of relationship-building skills for everyone, especially for young associates.

These young team members have grown up on social media and the veterans observe that many cannot make eye contact, lack empathy and are unable to apologize without stating, "I am so sorry you feel that way," when they make a mistake.

Some top sellers have hired personal coaches, at their own expense, because the brand trainers and managers lack the time or the critical emotional intelligence skills to help make a top achiever even better.

## 2. Stop ignoring critical client feedback

Clients provide constant feedback to the sales associates about products, policies and trends.

According to top sales associates, this critical intelligence is rarely collected systematically, or acted upon.

One example, cited frequently, is the constant tweaking, or discontinuance, of classic styles that top clients want to buy year after year, exactly because they are timeless staple items and they want to rely on having multiples, or replace them occasionally.

Fashion items need to come frequently, as frequently as VIP clients visit the store.

Another impediment is consistently allocating the wrong product to the wrong stores.

VIP clients are often left wanting due to mismanagement of inventory. These destroy customer lifetime value and relationships as clients walk out disappointed. Many clients feel betrayed and do not return.

Top associates say the brand must listen continuously to the voice of the customer because some customer attitudes, desires and behavior change often, while some remain the same. Brands need to know the difference.

The associates recommend that this be done either through periodic market research, or by aggregating customer feedback through the voice of the associate.

Either way, brands must become customer-centric, or get left behind.

Having feedback directly from top associates about what they need for their top clients before product is allocated will dramatically increase sell-throughs every time.

## 3. Do not spam clients

Top sales associates earn trust with top clients by committing to them that they will not be spammed by corporate emails or contacted excessively.

In their effort to prove that they are executing campaigns, the well-intentioned marketing, customer relationship marketing and agency teams are constantly sending waves of irrelevant, impersonal emails and other communications to the clients. This happens at every brand.

That costly and ineffective behavior significantly deters clients from providing their valuable information, and it deters associates from inputting client data into the database.

Associates say they prefer to keep their frayed, outdated black books, and protect their relationships, rather than enter the information into the database and lose a great client. The result is a massive loss of a critical asset in the era of Big Data.

Even more damaging, when a client loses trust, the impact on sales is negative and too often permanent.

The best sales associates suggest that the brand create practical, ethical and effective rules for the entire commercial team that align with 21<sup>st</sup>-century client relationship building processes and stick to them.

Associates also recommend that the brands dedicate a CRM specialist within a larger store, or within a cluster of smaller stores, who understands that personal, measured, humanistic communication is required to build a trusted, long-lasting client relationship.

For top sales associates, there are no client segments or personas in the real world. There are only individual, unique human beings.

#### 4. Stop the constant, irrational product promotions and discounts

One of the greatest annoyances for both clients and sales associates are the consistent inconsistencies from headquarters on product pricing. Items go on sale too quickly, or are priced inconsistently in other channels and wholesale locations.

When clients see that products for which they paid full price go on sale anywhere, they revolt and demand make-goods. The wealthiest clients are particularly vocal, based on principle.

Brands lose in two major ways with pricing inconsistencies.

First, clients become hesitant to buy full price, and wait until the item goes on sale.

Second, sales associates, who want to stay in the client's good graces, encourage clients to wait until the products go on sale.

Sales associates will place lots of the full-price products on hold until they go on sale, thus hurting the opportunity for another client to buy on time, and at full price. Those, according to the top performers, are the games they are forced to play, which adversely affects their credibility and their earnings.

The sales associates suggest that brands exercise better pricing judgment, do not panic, make more exclusive products for their own channels, and offer classic, heritage and signature products that never ever go on sale.

Providing early access to very limited-edition exclusives is not only a more profitable way to engage VIP clients than early access to promotions. It is also a more meaningful way to connect.

Top associates are happy to let marketing communicate sales and promotions. They would prefer to have the inside scoop topics to talk about.

#### 5. Execute the store technology basics brilliantly

Top performers say it is a big positive that brands are finally very focused on in-store technology.

However, according to the best, headquarters staff is enamored with the wow factor of technology, such as fitting room and mirror tech, while ignoring the basics.

For example, top sales associates say that the inventory access systems are inaccurate, outdated and slow. Some inventory systems at top-tier brands are more than 10 years old.

Omnichannel access is still not a reality at most brands. Stores often deny transfer requests from other stores, even for VIPs, fearing that they will deplete their own inventory and get no replenishment.

Point-of-sale (POS) systems are even worse. Some call it "horrible" in how slow and cumbersome the user experience can be for associates and clients.

When equipped with mobile devices for researching, clienteling and checking clients out, the store Wi-Fi is so sluggish that it renders the tech ineffective. It is frustrating and embarrassing for the associates, especially at a luxury brand.

When sales teams report tech issues, they can go without being addressed for days, sometimes weeks, sometimes never. The result: frustrated clients, frustrated associates and lost sales.

It can be a deal breaker for VIP clients to choose to shop in a store for the experience, only to find it is faster to shop online.

Tech is a critical asset that must enhance, not deter, client relationship performance.

Top performers say brands would do well to heed that message in the channel where approximately 80 percent to 90 percent of the sales take place.

#### 6. Marketing's fascination with social media deprives store of local marketing initiatives

Top sales associates are active personally and professionally on social media. Many of them post to Instagram almost daily and appreciate that some of their clients stay in touch, albeit lightly, on Facebook and Twitter.

However, they report, and the research bears out, that the wealthiest and highest potential clients are less active on

social media than aspirational consumers and are becoming even less so as they become more fearful of the potential damage to their identity, reputation and privacy.

Wealthy clients have far more to lose in a social media environment where the evidence now shows that their data lacks any protection.

According to top associates, marketing has failed to get the message.

Associates are asking for more funds to be allocated to retail stores, where they can be used for customized gifting and rewarding special clients and creating personalized and exclusive client events that are brand appropriate.

These associates also desire more resources for local business development, especially with organizations that are favored by the top clients and whose members are "look-alikes" and peers of their best clients. They are happy to be held accountable for the return on investment required to fund those programs and invite marketing to be a part of the brainstorming, execution and measurement.

One key reason that stores make up the bulk of the sales of any brand is the massive local relationship-building effort of top sales associates.

Investing in testing and learning in disciplined business development at the local level for a top-performer is a no-brainer.

7. Top performers need to have flexible schedules to balance their professional and personal lives to thrive  
Retail schedules can be grueling and highly rigid.

Today, one size in scheduling and compensation is required to fit all a clear example of technology replacing a human skill, such as writing optimal, humanistic schedules, instead of enhancing it.

This dehumanizing approach is stuck in the Industrial Age. The method is in sharp contrast with the realities of today's pace of life, and even the needs of top clients.

Top sales associates tell us that high achievers always pay for themselves in multiples. Therefore, the company should be flexible in how it schedules and compensates them to maximize productivity.

For example, one top sales associate said that she can work better on a reasonable base salary, plus a smaller commission basis, so that neither she nor the brand ever need to worry about her hourly schedule or regulatory issues. She loves her clients, and her clients love her, and she wants to be able to come into the store, work from home on clienteling, or go to the client's homes, whenever her clients need her.

Another associate, who is a super-achiever, has a sick elderly mom, and kids in high school, so for the moment she needs to work less hours. She is happy to play a support role for another top achiever, or mentor and coach less experienced associates, or both.

Another top achiever is a passionate, young workaholic and wants as many hours as the brand can give him, six days a week, and wants almost all his compensation in commission.

In some stores, the part-timers, who are retirees or college students, are seen as fillers, but in reality, they are some of the most productive sales associates.

If luxury and premium brands want to thrive in client relationships, they must adapt to the needs of human beings.

Top sales associates look at other industries and see workplace innovations. They ask themselves: why is there such a lack of imagination in reinventing the work of stores so that humans can thrive, not just barely survive? They do not think it will be easy, just worthy of a top-tier luxury brand and its need to be a socially responsible and humanistic relationship builder.

The top sales associates whom Luxury Institute interviewed are experts in their craft. They estimate, conservatively, that when you add up the negative effects of all seven missed opportunities, luxury brands are losing about 20 percent to 30 percent in lost sales annually in stores alone.

The sales associates express deep gratitude for having the opportunity to earn a great living from their luxury or premium brand.

Because most come from humble beginnings, their emotional connections and affection for their brand, and the brand people who have helped them along the way, are deep and indelible. They want the brand leaders and headquarters needs to know that these comments express a desire to see the luxury industry and their own brands

headquarters peers to know and these comments express a desire to see the luxury industry and their own brands continue to thrive, despite all the empty storefronts they see on their way to work each morning.

In their minds, there may be fewer stores in the future. But the desire, even need, to shop luxury and premium products with an expert, deeply empathic, trusted and generous human being who gets her will always be relevant to the affluent client.

THE BEST SALES associates firmly believe that the best luxury brands will continue to reinvent themselves and their stores for deep relevance, as they have for decades, even centuries. They also believe that luxury brands will develop and support their associates in even better ways.

Those people, in turn, will deliver far better experiences, and develop far deeper and longer relationships with their clients to the benefit of all.

These top performers believe human beings, even millennials and the younger generations, are deeply social beings, and will always seek human connections from luxury. They believe that is the future of luxury.

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