

RETAIL

## The boss belongs on the shop floor: Lessons for luxury from Elon Musk

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By **Zornitza Stefanova**

**Elon Musk** recently had some blunt advice for leaders in ivory towers: "Is your product as awesome as it could be? Probably not." The world's richest man told them to stop staring at spreadsheets and PowerPoints and "get out on the floor and show you care!"

Mr. Musk could have been talking directly to some luxury executives who became so removed from their customers and store associates that in Europe, they inspired an expression that "managers only go into the boutiques to pick up their suits."

Such complacency is being purged by the COVID-19 upheaval.

Experience is back

The headline retail story of 2020 is that the pandemic forced stores to close, pushed consumers online and compelled brands to ratchet up their ecommerce operations.

"Zoom-in" further and the picture is one of boundaries crumbling between store and Web site sales. Consumers are forcing brands to innovate how they connect with them, both offline and online.

The new battleground, the new luxury product, is customer experience.

LVMH named its first "chief omnichannel officer", Michael David, in a sign that it is ready for this new era. He stepped into the newly-created role **this month**, at the start of a year that is expected to unleash a wave of M&A activity and lead to a further consolidation of power among the biggest luxury houses.

While no-one expects managers to be as evangelical as **Mr. Musk** known to sometimes work as many as **120 hours** a week, sleep on the factory floor and then spring into action to lead his team at Tesla ignoring what customers want poses a danger this year after the industry suffered a record revenue slump in 2020.

That is because customer expectations after a downturn are even **higher** than when a market is growing. Pre-pandemic, in-store foot traffic was already falling and four in five purchase decisions already began digitally.

What consumers showed in 2020 is that the future of luxury is digital, but with an important twist: the humanization of the customer experience. This means making technology invisible and our emotional needs met by humans.

Mind the gap

Gucci CEO Marco Bizzari who says he is inspired by Mr. Musk and, in particular, his mission to Mars has said that the role of technology is to free up customers and let them focus on the parts of their experience with the Gucci brand that they can see, touch and **feel**.

It is not just in retail where customers are craving an intimate relationship with brands. Three of the hottest products of 2020 compress the distance between customers and brands.

Cameo connects fans to celebrities, cutting out agents, managers and publicists. Substack connects journalists via their personal newsletters directly to their readers, disintermediating media companies. Patreon connects musicians to audiences.

What is new and exciting about these platforms is that they satisfy an emotional desire to connect as individuals in contrast with the transactional service we have come to expect from platforms such as Amazon.

The founders of heritage brands instinctively understood what their customers wanted: authenticity. Think Louis Vuitton with his handwritten notes.

The essence of great customer service became less important as the industry focused on growth. Now consumers want it back: both in the physical and digital worlds.

The best-in-class companies are already taking action.

L'Oreal chief digital officer **Lubomira Rochet** said the brand saw a 40 percent increase in "conversations" between consumers and the brand during COVID-19, prompting the company to remove siloes and "completely reinvent our consumer care services, community management, to be able to satisfy this appetite for consumers to directly connect to us, to our brands, to our experts."

MANY LUXURY BRANDS have already re-skilled their sales associates the most undervalued asset in the chain of touchpoints to help them adapt: For our customers, sales associates working remotely now drive as much as 85 percent of sales for some boutiques as they engage one-to-one with customers beyond the physical walls of the store via video, WhatsApp, WeChat, text or Web site.

In troubled times, fortune favors the bold. The same day Mr. Musk fired his warning shot, he also fired a rocket into space.

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