

Luxury Institute: How To Build An Elite Client Relationship Team Post Pandemic

(NEW YORK) July 1, 2020 – The 2020 *State of the Luxury Industry* survey, which has been updating the luxury industry on rapidly emerging global trends for 17 years, indicates that affluent consumers in the top 10% of household incomes in Asia, Europe, and especially the USA, are becoming strongly averse to interacting with luxury sales associates. As referenced in a [March 2020 press release](#) by Luxury Institute, only China, at 51%, registered a majority of affluent consumers who strongly agree, or agree, that they would like to interact with a sales associate. In the USA, only 22% of affluent consumers want to interact with sales associates, while 54% want to be left alone. This tipping point of interaction aversity has been building over time. It may exacerbate after the COVID-19 pandemic. The proliferation of digital access during the pandemic has created a world where consumers are able to interact and transact without engaging directly with humans, and many may prefer it. Digital access with no human contact has clear advantages, especially for purchasing low-value commodity goods. However, affluent consumers will still have the basic need to interact with trusted expert advisors who serve their best interests when they make high-value, high-investment, high-risk, and highly emotional luxury purchases and decisions, virtually and face-to-face. In wealth management, real estate, private aviation, yachting, travel, health and wellness, and other highly considered purchases and decisions, a trusted expert is usually required, and preferred. Unfortunately, luxury brands often alienate their clients and associates with transactional techniques. Today, many luxury brands are failing to serve their clients' and associates' best interests, and ultimately their own.

During several recent speaking engagements of 1,000, 500, 200, 40 and 20 luxury executives, Milton Pedraza, Luxury Institute CEO, asked, "How many of you trust your bank, or financial services company, to do a transaction?" All hands went up. Then he asked, "Now, how many of you also trust them to serve your best interests?" Not one hand went up in any of the engagements. Instead, the audiences roared with sarcastic laughter as they saw the results. Then Pedraza asked the attendees if they would be willing to ask their own clients the same two questions in public. The room went silent. Pedraza's observation is that the same lack of brand trust expressed by the luxury professionals with their financial services brands also exists in the luxury goods and services industry. Over the last ten years, Pedraza has worked to influence luxury brand leaders to reinvent the traditional sales professional role into humanistic client relationship building. However, Pedraza has observed that a large number of luxury leaders continue to tout customer-centricity, while executing the ineffective sales tactics of the pre-pandemic era. The luxury industry is rampant with expired experience that perpetuates the "do more of the same harder" selling techniques that continue to alienate the affluent consumer and the humanistic associate. Some brands will unfortunately double down on ineffective techniques, especially in moments of panic and desperation.

Here are five powerful steps brands can take now to transform their “sales force” into a humanistic, high-performance “relationship building team” post pandemic:

1. Build the optimal team

Selecting the right team members is the first step in client relationship building, as The Ritz-Carlton, Four Seasons and Nordstrom have done over the past few decades. It’s an imperfect, difficult process. However, without achieving this step all the following steps have a lower probability of success. The critical rule is: hire givers, not takers. During interviews, if an individual’s sentences contain “I” and “me”, they may be a taker. If an individual is asked to express their purpose and their response is to “achieve and succeed” with no mention of helping others, they may be a taker. If when asked what their greatest achievements are and the concept of helping others, or creating value for others, remains unmentioned, end the interview gracefully and with kindness. This is especially true for leadership positions. Giving and taking are both contagious. Ensure that a large number of team members interview candidates thoroughly, and get a hiring consensus, so that each candidate is given a fair chance to succeed. While digital human resources experts will state otherwise, beware of the algorithms. Today, algorithms are still biased, racist, and based on incomplete, or expired data. Often, people who lack emotional intelligence build the hiring algorithms with biased data, in their own image, and perpetuate bias against qualified women and minorities.

2. Make emotional intelligence the foundation for all education to improve relationship building skills

The term “emotional intelligence” is bandied about by many who have never studied it, mastered it, or proven that it works. It definitely works, but only if the brand can take all the academic and scientific jargon out. Brands must translate it, and distill it, into learnable and actionable concepts for the front-line team and use it as the foundation for all education. Over the last ten years, Luxury Institute has tested and distilled the research of the world’s top neuroscientists and worked with psychologists to create a proprietary and effective system, Luxcelerate. The Institute has conducted many quantitative and qualitative studies on the successful mindsets and behaviors of top luxury associates. The most recent study was conducted in Q4 2019 in the luxury travel industry. Four elements, or pillars, always emerge as the critical drivers of a high-performing luxury expert. The four copyrighted elements are: expertise, deep empathy, trustworthiness and generosity. Focusing on improving these emotional intelligence skills will help an associate learn to deliberately, and creatively, inject them consistently into every peer and client interaction. Human relationships will build exponentially. Rapid sales growth is never the intent, but it is an outcome of brilliant, in-the-moment execution in serving the client’s best interests. Dozens of client engagements have documented the results.

3. Establish an education system that transforms your team into top experts

Associates deserve real education, not training, in order to improve critical skills that drive relationship building at the highest levels. Education is about continuous learning, adaptation, and reinforcement that helps team members acquire new skills and develop professionally, socially, personally, and economically. First, as in any professional setting, each associate must be an expert in their chosen profession. Basic processes, best practices, product knowledge, and knowledge of the competition are absolutely essential. Associates must also be experts in people, including their leaders, peers, and clients, as well as themselves. Without self-knowledge and awareness, they can never truly improve their skills in deep empathy, trustworthiness and generosity. Second, brands must break down the three emotional pillars into actionable and behavioral elements. For example, deep empathy is not just stepping into someone else's shoes. Deep empathy is about asking questions and listening intently in order to learn the needs, wants, desires, and even the unstated feelings of another in order to provide real value. Educate the associates on the best questions to ask in specific scenarios and empower them to create their own potential solutions and/or responses that can benefit the whole team. Trustworthiness is about actively proving to another that their best interests are most important. It's about learning how to actively, verbally and non-verbally, earn trust, prove trust, maintain trust, or even regain trust. Generosity is simply the act of being kind, in grand and minute ways. It's not about loyalty points or discounts, but the act of going out of the way to make another human being feel special. Educating associates in this way helps them to understand just how important and valuable they are to the team and to the brand. They are not just another sales associate; they are a skilled, humanistic relationship builder. The start of education might be a two-day workshop, but it does not end there, after a week, or even three months. Education is continuous. Unlike training, it is not, and cannot be, a one-time workshop or online seminar. In order to truly embed and maintain an education system, a detailed reinforcement process is required.

4. Install a daily, weekly and monthly reinforcement process

Top performing brands learn from professional sports and medical schools that teaching skills without effective daily reinforcement is ineffective. Practice does not make perfect. Perfect and consistent practice makes perfect. Without a reinforcement process, there is no education system; it's simply training. Luxury Institute's Luxcelerate system installs a reinforcement process built to develop individual self-mastery. Self-mastery is the ability to self-measure, self-assess, self-coach, and self-correct with humility and objectivity; to be intimately self-aware, fear-free, and open to feedback. Associates who achieve personal self-mastery have the ability to improve faster because they are deeply aware of their performance and understand what it takes to improve. These individuals tend to be those who have a strong ability to anticipate, not just solve for, immediate client needs.

Through the Luxcelerate reinforcement process, associates learn to utilize daily, weekly and monthly tools that ingrain self-mastery, which dramatically improves team and individual performance. The process empowers associates to be educators, coaches, and learners; a principle that has been proven in neuroscience.

5. Eliminate transactional incentives and pay for “client best interests” behaviors that build relationships

Too often, sales associates are compensated for outputs such as dollar sales, conversion rates, and average transaction value. There is no perfect incentive compensation system when dealing with complex human behavior. However, measuring dollars and other outputs ignores the “why, what and how” of serving the client’s best interests. Instead, it inspires and coerces associates into inefficient and ineffective short-term oriented, and often toxic, “selling” behaviors. In order for the education system to be truly effective, associate incentives need to be based on relationship-building metrics and behaviors. For example, measure and reward when clients are contacted personally by an associate, when appointments are made, and when referrals are achieved. Measure the quality of outreach by tracking the approach, the language used, and most importantly, the relevance of the questions and messages. Find creative ways to have associates measure their own emotional intelligence behaviors, and for clients to measure the emotional intelligence of the associates. For example, be bold and ask the client whether “the associate is serving their best interests, and why, or why not.” Ask clients the one way their associate creates value, and the one way they wish their associate would create value. Rather than a long, mechanical, exhausting survey, ask a few powerful questions that get to the heart of a trusted client relationship.

The only way forward in overcoming the growing aversity that affluent and wealthy clients have toward luxury goods and services sales associates is to transform and elevate the role. This is even more critical post pandemic. Luxury brands must go beyond the “customer-centric” rhetoric and focus on identifying and serving the client’s absolute best interests. To do that, they must begin by identifying and serving the associates’ best interests. Select people with common purpose and values. Help them to elevate and master the life skills that build emotional and financial success outcomes through building and nurturing human relationship inputs. Luxury, especially after the COVID-19 crisis, will have fewer brick and mortar locations. These fewer locations must be staffed with the best, most expert and emotionally intelligent professionals who can transcend channels. Serving the best interests of the human beings who serve loyal clients creates a virtuous cycle. It is the only way that brands will serve their own best interests and create memorable experiences that make the associate and the client feel special. The outcomes are exponentially higher sales and profits.

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the expertise of emotionally intelligent luxury

About Luxury Institute and the Global Luxury Expert Network (GLEN)

Luxury Institute is the world's most trusted research, training, and elite business solutions partner for luxury and premium goods and services brands. With the largest global network of luxury executives and experts, Luxury Institute has the ability to provide its clients with high-performance, leading-edge solutions developed by the best, most successful minds in the industry.

Over the last 17 years, Luxury Institute has served over 1,100 luxury and premium goods and services brands. Luxury Institute has conducted more quantitative and qualitative research with affluent, wealthy and uber-wealthy consumers than any other entity. This knowledge has led to the development of its scientifically proven high-performance, emotional intelligence-based education system, Luxcelerate, that dramatically improves brand culture and financial performance.

To learn more about Luxury Institute, the Global Luxury Expert Network (GLEN), or to become an expert member, please visit [Luxury Institute](#).