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PETER ARISTODEMOU

The Art of Luxury Selling

*How to Engage Sales Teams to Establish a Culture of
Superior Service Excellence*



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Preface

The "Art of Luxury Selling" is the result of proactively and professionally performed retail core competencies at the point of sale (POS). This book describes a holistic consulting and training approach, with a 360° view on all aspects of luxury retail sales and service at the POS.

Presenting and selling luxury creations is an honourable, magnificent, and versatile profession. It requires the perfect blend of brand expertise, product value knowledge, customer empathy, selling skills, presentation savoir-faire, style consultation, and service excellence.

A brand exists in the mind of the customer. It is the intangible sum of thoughts and feelings about a particular company, service, or product. Marketing and brand communication can steer how a brand is perceived, but they can never have full control. In the eyes of the customer, the sales consultant at the POS incarnates the brand itself. A blend of skills, knowledge, attitude, and pride is what is needed to exceed the demanding expectations of the luxury customer over and over again.

Whenever customers enter a luxury store, they expect the service to be on a par with the brand message disseminated through various marketing channels and tools. Therefore, it is the responsibility of the brand to support and qualify their sales teams in the best possible way.

May this book provide all its readers with new ideas and insights, helping establish a culture of superior service excellence!

Peter Aristodemou
Founder and CEO, AristoDeLuxe

Chapter I: Initial Food for Thought

Is Buying Luxury Creations Sinful Self-Indulgence?

YES, it somehow is! Why do luxury customers buy products they do not really need, but probably cannot live without? Why do some people buy high-end luxury watches when their smartphones keep perfect time?

**The primary buying motive is not in the product;
it is in the customer.**

For one thing, when it comes to luxury, hedonism takes priority over functionality. Buying luxury creations is one way to have access to pleasure, delight, and enchantment.

Luxury customers long for the promised comfort and convenience of a luxury product or service. They want to feel the pride and social esteem that comes with the ownership of a luxury item, or they may just buy it to satisfy their need for love and ego. They simply want to express themselves and be different.

The pursuit of differentiation from others is closely linked with the need for enhancing one's personal identity, which is purportedly achieved through the purchase of luxury creations.

**"If luxury buying is sinful self-indulgence,
then luxury selling
should be seen as virtuous and spiritual healing."**

With luxury, it is not just about having – it is also about dreaming and desiring. The wait, the thrill, the pleasant anticipation – it is all part of the luxury buying experience.

And it is this "psychological kick" that luxury connoisseurs and collectors of limited editions need before they make the purchase.

Crafting a unique and personal buying experience that allows luxury customers to see and feel that they are acknowledged, professionally consulted, and treated in a memorable way helps them make choices with confidence – which, in turn, increases their appreciation of both the luxury products they have chosen and the brand.

Therefore, the key to a successful luxury sales talk is creating an emotional bond between the presented luxury creations and the customer.

**Luxury customers are buying a dream.
Luxury sales consultants help this dream come true.**

Luxury selling is about anticipating the notation of ownership by creating a positive picture in the customer's mind: "Think of the pleasure you will have wearing this extravagant necklace during the vernissage. You will be the cynosure of all eyes that evening. Your friends will be jealous and the guests will admire you!"

Luxury business is love business!

Ask the Ultimate Customer Experience Question

Start with the end in mind and ask the ultimate customer experience question to describe how you would like your customers to perceive your brand. Step into the shoes of your customers and ask this question to yourself first.

"What would your customers think (cognitive) and how would they feel (emotive) if your brand ceased to exist tomorrow?"

"If your customers have nothing or only meaningless things to say, then your brand is NOT creating superior customer value propositions and hence differentiation!"

Address this question to marketing managers, retail managers, area managers, and store managers during sales events.

Moreover, raise this question during store meetings and discuss what your customers should say and how they should feel upon visiting your store.

Open dialogue is a prerequisite for thinking together and initiating change. It creates a communication culture involving inspiring ideas, perspectives, and frames of meaning.

Once you have defined the "big picture", ask the same question to real-life customers. Find out what they say and how they react to the idea of your brand not existing anymore from tomorrow onwards. Customers' judgements and feelings are more significant than ever in determining luxury brand perceptions. It is important to first understand what those opinions really are—what do customers really think about your brand, products, and services?

What comes to your customers' minds first counts. While CEOs, marketing and communication managers may believe they have a strong understanding of what their brand is, it may not be congruent with the customers' view or perception.

Customer perception is reality, so whatever people think and say about the brand, is how the brand remains in the customer's perception.

Once you've figured out what the perception is and what you'd like the perception to be, it's time to act on your findings. It's time to re-evaluate how you shape your branding.

Always start with the end in mind! Be creative, courageous, and a bit provocative. Find out new ways to achieve the big picture.

Define and implement corresponding sales and service standards for sales consultants!

Clearly defined standards of performance excellence tie in with the behavioural values that determine the brand's perception. Service standards help in guaranteeing that customers receive what they expect and have been promised; they help to retain present customers and attract new ones.

It will help sales teams to speak the same retail language, see from the customer's point of view, and connect individual actions at the POS to the success of the brand.

The Sales Consultant Incarnates the Brand at the POS

A brand exists in the mind of the customer. It is the intangible sum of thoughts and feelings about a particular company, service, or product. Marketing and brand communication can steer manipulate how a brand is perceived, but they can never have full control.

Whenever customers enter a luxury store, they expect the service to be on a par with the brand message disseminated through various marketing channels and tools.

Luxury companies invest a lot of time and money in product development, product design, selection of precious materials, master craftsmanship, product launch events, marketing, and last but not least in packaging, quality control, global distribution and more. Superior product quality is almost always a given for luxury customers. People sell to people. People buy from people. Luxury customers are interested in who they are buying from:

Luxury customers prefer to buy from sales consultants they know and feel that they can trust.

Their service expectations are extraordinarily high.

**From the viewpoint of the customer,
the sales consultant represents the brand at the POS!**

A negative sales experience puts the entire brand reputation at stake. Providing excellence in sales performance is vital for achieving sustainable growth. In this context, the sales consultant becomes the main actor in a continuous learning environment.

Chapter II: The Luxury Sales Value Circle

The following sections describe the Luxury Sales Value Circle from a sales process-oriented point of view. It involves a series of actions that enable luxury retail businesses to achieve the highest standards of service excellence on the sales floor of a luxury store in order to exceed customer expectations and consequently increase the key performance indicators (KPIs).

Each arc in the value circle benefits the entire sales process and is to a certain extent interlinked with all other processes.



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The Luxury Sales Value Circle is a continuous improvement process having the ultimate goal to create a unique, personal, and memorable buying experience for each and every luxury customer.

Arc 1: Establishing High Performance Standards

The "Gold Standards" offered by Ritz-Carlton encompass the philosophy and values based on which they serve and treat their customers. Ritz-Carlton pledges to provide the finest personal service and facilities for their guests, who always enjoy a warm, relaxed, and yet refined ambience.

The similarities between the luxury hotel sector and the luxury retail business are versatile. Guest loyalty, satisfaction, and retention can be enhanced with every personal interaction. Customer service and sales are synonymous at the Ritz-Carlton Hotel Group. All sales and reservation positions require the same training and customer service skills as any other hotel position.

Clearly defined standards of performance excellence tie in with the behavioural values that determine brand perception.

Why are service and sales standards so vital for excellence in retail performance?

- ✓ Sales and service standards help to guarantee that customers receive what they have been promised; they help to retain present customers and attract new ones.
- ✓ Standards of performance excellence are means to win over managers and salespeople by helping them to grow personally.
- ✓ Creating action plans for developing a high-performance sales floor gets every sales consultant perform at a higher level, thereby ensuring continuous improvement.
- ✓ Sales consultants can be held accountable for putting sales and service standards into action.

How to set high standards of performance excellence:

- ✓ Differentiate yourself from the competition.
- ✓ Work within the DNA of your brand.
- ✓ Set measurable, observable, and realistic standards.
- ✓ State non-negotiables at the outset.
- ✓ Incorporate clear definitions and examples of how staff performance will be monitored.
- ✓ Include a system to identify strengths and areas of improvement requiring enforcement, improvement, and additional training.
- ✓ Build performance standards specific to your sales plan to encourage ongoing sales growth and retention strategies.
- ✓ Motivate and reward teams.
- ✓ Service standards should become part of recruiting profiles, job descriptions, hiring decisions, and employee induction training programmes.

Customers who have experienced excellent service often act as ambassadors by circulating positive comments about the store and the sales consultants.

A second driver to consistently achieve excellent results at the POS is the KPIs. The two variables (standards and KPIs) go hand in hand. Within this context, KPIs are seen as business metrics used to evaluate sales achievements that are crucial to the success of the store.

**If you do not measure, you cannot control, you cannot coach,
and you cannot improve!**

Some common examples of KPIs are as follows:

- Sales compared to budget
- Sales compared to last year (like-for-like sales)
- Average value per ticket (VPT) = PPT x PPP
- Pieces per ticket (PPT)
- Price per piece (PPP)
- Number of tickets
- Conversion rate
- Sell-through percentage (e.g. for wholesale activities)
- Customer satisfaction

Your KPIs must have the ability to provide recommendation(s) for action, which can hugely impact the business bottom line.

Conversion Rate

Retailers continually search for ways to increase their sales, and yet each day they lose opportunities to convert a substantial part of their in-store clientele into buying and becoming loyal customers.

Here are some typical samples of lost conversion opportunities at one store:

At 10:30 AM, a customer left the store after a while because her presence was not acknowledged in a timely manner by the sales consultants.

At 10:45 AM, a customer walked out because there was not a sales associate around to present the item that she wanted to try on.

At 11:00 AM, a customer left because she could not find her size in the messy, cluttered rack.

At 11:30 AM, one of the store's most loyal customers put down the items she was holding and walked out because the queue/waiting time was too long at the cash register.

At 2:30 PM, a customer with a marketing leaflet in hand left the store frustrated because she could not find the item in the ad that she wanted to purchase.

While retailers lose sales opportunities every day, it gets even worse when customers' immediate needs drive them to competitors. Some of these lost sales also lead to permanently lost customers. However, if you don't track traffic or the measure conversion rate in your store today, you can still improve it.

The conversion rate is measured in percentage. If you are not measuring your conversion rate, you can use the number of tickets

as a substitute. If you increase the number of tickets in your store, you also increase your conversion rate as a natural consequence (even without knowing the exact percentage rate).

The retailers who are focused on driving the conversion rate have a significant advantage over those who do not.

Set conversion targets by store. Having goals and targets is important if you want to improve results. If you don't have a conversion target for your store, you need to set one. It's important to remember that every store is unique and conversion targets should be set accordingly. One store may be doing well with a 15 per cent conversion rate, while another may still be underperforming even though it has a 30 per cent conversion rate. The trick is to move your conversion rate up in relation to your store's performance.

You could introduce the topic of conversion rate and engage sales consultants during one of your morning briefings or weekly meetings in the following manner:

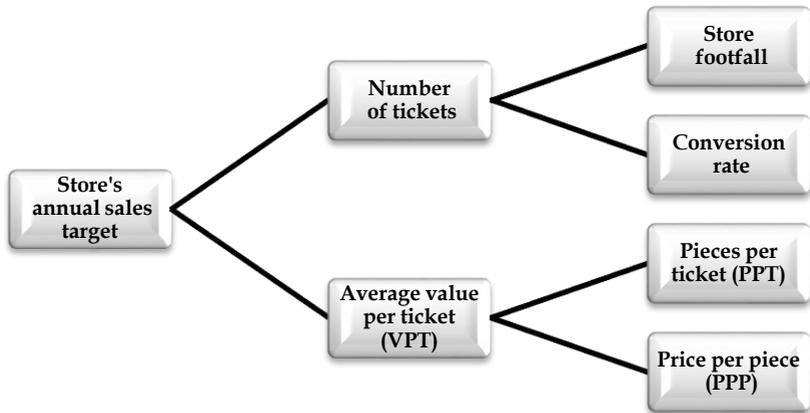
- Let us imagine five customers enter our store in one hour. Four of them have a little look around and leave. One person buys something. Our conversion rate is 1 out of 5, or 20 per cent in percentage terms.
- Now let us discuss some improvements. What can we do to convert browsing customers into buyers (we ask more open-ended questions, product approach, we build rapport, and demonstrate products)?
- Let us hypothesise that the combination of all our activities resulted in one more person making a purchase. Hence, our conversion rate leaps from 1 out of 5 to 2 out 5, or from 20 per cent to 40 per cent.

- Conclusion: We have doubled our sales just by focusing more on our browsing customers, without making any costly investment in customer acquisition or marketing campaigns. The goal is achieved just by engaging with our customers who are already in the store.

It is all relative. Every retailer has opportunities to improve conversion by enhancing the customer's buying experience.

Irrespective of the KPIs you choose in order to monitor the performance of the store, you need to focus on the interplay of all KPIs (holistic view).

The following graphic illustrates the interplay of KPIs:



For example, a company has decided to launch more products at an entry-level price. At the same time, they have set a higher KPI target for pieces per ticket (PPT). The fatal consequence can be that store managers will now focus too much on increasing their sold

PPT and lose sight of the price per piece (PPP) target, thus leading to a total decrease in the value per ticket (VPT).

Here's another example. A company launches new products that are consultation-intensive, which means the sales consultants have now to spend more time with customers. At the end of the fiscal year, the VPT might increase, but simultaneously the number of tickets can dramatically decrease too. This can result in a complete reduction of the store's annual sales target.

INSIGHTFUL QUESTIONS:

1. What are you, your organisation, or your team currently doing to create momentum so that your sales teams can focus on new selling strategies, actions, and behaviours?
2. How committed do you think your sales teams are? How much does this commitment affect their level of engagement?
3. What could you do better to clearly outline your sales and service performance expectations at the POS?
4. To what extent are your standard specifications and expectations integrated into your hiring and induction programmes?
5. How do you reward your sales teams for performance excellence?
6. What specific actions are taken to measure and improve performance at the POS?