

## **Luxury Institute: The Power of Expertise And Human Connection In The Luxury Industry And Beyond**

**(NEW YORK) March 26, 2019** – Recently, the Luxury Institute conducted one-on-one interviews with its Global Luxury Expert Network (GLEN) members including senior global luxury luminaries, entrepreneurs, and start-up founders to explore one critical topic: in this digitally connected, algorithmic world, what is the future role of the human front-line associate across luxury channels? The candid and passionate discussion yielded several hypotheses on the role of humans in delivering expertise and emotional connection in the multi-trillion-dollar luxury goods and services industry, and beyond. Here, Luxury Institute outlines their key findings and recommendations.

### **The Store Will Always Be Relevant In Building Relationships, But...**

Elite GLEN experts agree that the store's purpose and mission must be reinvented. In the luxury industry, where the purchase is usually of high-value and deep personal significance (think high-value homes, jets, yachts, travel, automobiles, furniture, technology, jewelry, watches, and high-end apparel and accessories), the expertise, honest advice, and emotional bonding with a trusted human being will *always* be welcomed, and sought out by most affluent, wealthy, and ultra-wealthy clients.

The problem is that many luxury brands are wholly unprepared to deliver the most coveted and joyous of all desires that must accompany a luxury purchase: a deep human connection. Our experts observed that today's luxury leaders are experts in the 20th century skills of business management yet need to bolster their skills in 21st century emotional intelligence. These new skills include impeccable product and people expertise and real-time execution of deep empathy, trustworthiness and generosity. Senior managers must begin by treating all employees, especially front-line associates, as deeply valued lives, not human resources. As part of their business model reinvention, leaders need to provide their associates with the life skills, including training, coaching and practice, that help them transform themselves into elite experts in the products they sell, as well as into top experts in deeply nurturing peer and client, even personal, relationships. Front-line teams must urgently evolve into the most exemplary and ethical relationship builders who build large client followings based on their passion and effectiveness in helping others through consistent outreach, appointments and consignment business. High volume organic store traffic is a relic of the past. Self-imposed channel barriers, and false channel conflicts must be eliminated immediately. Store associates must be free to use their individual creativity, omni-personal skills, data, analytics and technology to nurture holistic client relationships. The luxury industry must courageously lead all other industries in *rehumanizing* work.

GLEN experts insist that the mercenary culture of employee fear and aggressive selling

in the luxury industry must be eliminated. It must be replaced with the missionary culture of delivering associate and client value via long-term relationships. The luxury industry should become a coveted place to work for people who love to help and care for people. Otherwise, luxury spaces will lose their reason for being. Finally, experts insist that without high employee retention, high client retention is a futile business objective.

## **The e-Commerce Channel Must Emerge From The Impersonal, Overwhelming Mess It Is Today, And...**

GLEN experts insist that e-commerce channels, where the luxury client is left to navigate hundreds of websites and items on their own, in a soulless virtual world, with no expert advice, or human connection, is a huge missed opportunity. Most brands are trying to automate any human touch out of the online equation as quickly as possible. For high value purchases, however, experts insist that is a short sighted and critical mistake.

For Amazon, which sells lots of commodities such as toilet paper, detergent, and paper clips, and given its corresponding economics, that might be a survival strategy. Walmart is testing a text-based concierge service for affluent NY families. Unfortunately, the service is unprofitable. Sadly, Walmart's stated purpose is to use humans to teach the algorithms how to serve the clients, and then eliminate the humans as much, and as soon, as possible.

In sharp contrast, several companies in the luxury fashion industry are innovating the use of the expert personal stylist to support online sales. For top-tier luxury brands such as Moda Operandi, the personal stylist is a must. The human connection is one critical success factor in their business model. Start-up Wishi.me, an innovative online platform that provides premium on-demand independent personal stylists to clients, as well as to brands, believes it can help clients to navigate within, and across, the myriad of fashion websites to find what they love with a trusted, compatible stylist; all while increasing the income of their passionate stylists by 70%. While the average fashion e-commerce site has a scant 1% conversion rate, Wishi's conversion rate is a whopping 80% thanks to the personal relationship and the skill set of the stylist. Luxury has always been a game of high quality over quantity. Doing well by doing good is the business requirement of the 21st century. While other industries may have forgotten these principles, the luxury industry should not.

In a world where clients have to Google their way through a minefield of noise to find the right signal, experts expect more luxury goods and services brands to humanize the online channel to increase client conversion, transaction value, retention and referrals. While unicorns such as Amazon and Walmart stand for automation and dehumanization, the luxury industry must take a strong stand for deep humanization. Luxury is the industry most suited to teach other industries the value of human bonds and connection. "The luxury goods and services industry should be the ethical, benevolent beacon of

humanistic purpose and values for its clients and associates, and a thriving example of the value of human connection for all other industries” said Milton Pedraza, Luxury Institute CEO. “It should be the university of life skills, and the source of good wages for its associates and their families. While Silicon Valley unicorns live by the mantra that ‘software is eating the world,’ and are devaluing human connection as fast as they can code, the luxury goods and services industry should do exactly the opposite.”

A line from a classic song by Bob Dylan sums up the luxury industry’s opportunity to lead in a fake, disrupted, mercenary world where depression, loneliness and isolation compete with addiction and obesity for the top spot among the three most devastating diseases: “Try imagining a place where it’s always safe and warm. Come in, she said, I’ll give you, shelter from the storm.”

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

Today, we are the world's most trusted luxury and premium research, training, and elite business solutions firm with the largest global network of luxury experts. Uniquely, Luxury Institute’s network of hundreds of elite experts includes current luxury brand C-Level, VP and Director executives, former executives, and independent experts. We have conducted more quantitative and qualitative research on affluent consumers than any other entity. This knowledge has led to the development of our scientifically proven high-performance, emotional intelligence-based education system that dramatically improves brand culture and financial performance. Over the last 16 years, we have served over 1,000 luxury and premium goods and services brands.

The [Global Luxury Expert Network \(GLEN\)](#) is comprised of hundreds of global luxury experts. Luxury Institute’s elite experts have a minimum of 12-years of operating experience with top-tier brands, most with over 20-years of experience, and are current and/or former C-level, VP or Director executives with proven track records of high-performance. The Global Luxury Expert Network offers members the ability to participate in remote or live on-demand, short-term, high-value projects and earn supplemental income, be the requesting client and have other GLEN members participate in their project or refer projects to the network. All members receive supplemental income for the projects in which they participate or refer. To become a member or learn more about the Global Luxury Expert Network (GLEN), please visit [Luxury Institute](#).