

RESEARCH

Typecasts about wealthy should be demystified: report

June 12, 2014



Ultra-high-net-worthy consumers are debunked

By NANCY BUCKLEY

Super wealthy consumers are generally boxed by marketers to fit certain personas, often to the detriment of brands, according to a report by Wealth-X.

[Sign up now](#)

[Luxury Daily](#)

The ultra-high-net-worth category is an elite collection of individuals that have a net worth of at least \$30 million. These wealthy consumers often bear stereotypes that Wealth-X aims to debunk in its "8 Myths about the Super Rich" report.

"The majority of the ultra-high-net-worth population has made their wealth themselves and are entrepreneurs and how a person made their money will drive how they spend it, donate it and invest it," said David Friedman, president of wealth intelligence firm [Wealth-X](#), New York.

"If you assume the money has been inherited, that is the wrong approach," he said. "You need to approach these individuals in a way that reflects or echoes their value system."

The research for [8 Myths about the Super Rich](#) was compiled from Wealth-X's proprietary global wealth intelligence database.

Myth busting

Prior to Wealth-X's report the research about the ultra-high-net-worth population was very limited. Now, with a greater understanding for the population that holds almost 38 percent of the world's GDP, companies can better market their luxury products.

The eight myths are: the world's wealthiest inherit their money, the majority of the population are investment bankers, those with wealth from technology are very young and college dropouts, only Ivy League graduates can achieve high levels of wealth, the wealthy are immune to the economy, Chinese wealth is growing faster than that of everyone else, the wealthy don't give back and all ultra-high-net-worth individuals own a private jet or superyacht.

Wealth-X discredits all of these stereotypes through its research.



Wealth-X report graph of ultra-high-net-worth global population

The report addresses each myth by providing statistics and facts that break down the stereotype.

For example, technopreneurs are not college dropouts in their 20s. The average age of the ultra-high-net-worth population from technology industries is 54 and many are very educated.

| Country | 2013 UHNW Population | 2013 Total Wealth US\$ billion | 2012 UHNW Population | 2012 Total Wealth US\$ billion | Population Change % | Total Wealth Change % |
|----------------------|----------------------|--------------------------------|----------------------|--------------------------------|---------------------|-----------------------|
| Pakistan | 415 | 50 | 310 | 40 | 33.9% | 25.0% |
| Nigeria | 600 | 80 | 455 | 60 | 31.9% | 33.3% |
| Sri Lanka | 75 | 10 | 60 | 9 | 25.0% | 11.1% |
| Kenya | 155 | 18 | 125 | 16 | 24.0% | 12.5% |
| United Arab Emirates | 1,050 | 190 | 870 | 150 | 20.7% | 26.7% |

Wealth-X chart with the faster growing ultra-high-net-worth populations

Another key demystification is that the ultra-high-net-worth population does not inherit their wealth. In fact, 65 percent of the population is self-made and 16 percent partially inherited its wealth prior to making its own fortunes. Entrepreneurs may have a different

perspective on spending their money than a person who inherited a fortune.

The research was completed to present firms, brands and non-profit organizations with valuable information about a population of consumers that is often specifically targeted in luxury marketing campaigns.

Research for research

Wealth-X frequently conducts research about the ultra-high-net-worth populations in terms of marketing.

The firm's research led to finding that 68 percent of luxury industry insiders believe digital marketing was not an effective method to reach ultra-high-net-worth individuals.

While social media accounts and content rich Web sites can bolster brand awareness, they do not lead directly to sales or client acquisition for the wealthiest clients. To reach these important clients, providing unique experiences to the right people is still the best approach ([see story](#)).

Wealth-X's most recent report will be able to offer marketers information about who these individuals are to better reach an expanding clientele base.

The number of ultra-high-net-worth individuals continued to grow with 2,170 global billionaires holding a combined \$6.5 trillion net worth in 2013, according to a census report by Wealth-X and UBS.

Although these billionaires account for only one percent of the ultra-high-net-worth global population, their combined net worth reflects one quarter of all ultra-wealthy individuals and constitutes a higher GDP than every country except the United States and China. Examining the net worth, lifestyles and interests of global billionaires will benefit brands that appeal to and target this demographic ([see story](#)).

The growth of the ultra-high-net-worth deepens the necessity for luxury brands to understand the population.

“There are a lot of interesting facets that come out of this study,” Mr. Friedman said.

“If you are a marketer you need to approach the idea that value will always be part of the equation,” he said. “Entrepreneurs have built their companies from the ground up and understand the value of a dollar.

“The public perception of who these individuals are as a group is actually a misconception and that has huge implications for how you market your product.”

Final Take

Nancy Buckley, editorial assistant on Luxury Daily, New York

Embedded Video: [//www.youtube.com/embed/wGqMAIU94HQ](https://www.youtube.com/embed/wGqMAIU94HQ)

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.