

COLUMNS

## Why most luxury media really are not what they claim

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By **Lorre White**

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There are few real luxury media. By that I mean there are very few sources that actually reach the ultra-high-net-worth (UHNW) market. It takes more than just pretty pictures to reach the wealthiest demographic. It takes bringing them information that is relevant to them by someone that they trust.

Several years back, a journalist who was being paid to write by one of the world's largest news sources contacted me for a travel article on wealthy travelers for her publication's luxury section. She called me and wanted to know why wealthy people liked the Caribbean island of St. Tropez so much.

First, I pointed out that St. Tropez was not in the Caribbean. Second, that it was not an island, but on the southern coast of mainland France. And, finally, that the UHNW already knew why they liked St. Tropez and so this article would be of more interest to someone much less well traveled and of a lower financial demographic than she was supposed to be targeting.

This is a perfect example of why the UHNW do not follow news sources, but instead

individuals that they trust.

### Middling work

Simply put, a travel article written by a middle-class employee is most likely not to be relevant to an UHNW consumer and his or her expectations of a property, product or event. This is part of the reason that the UHNW are harder to reach.

A few weeks later, another journalist contacted me for this world news group's luxury section. It wanted to do an article about how a properly trained butler was paid a six-figure income, and how people could go to school for this.

Again, I had to point out that the UHNW are not looking for jobs that pay only six digits, and that this topic would be of interest to a working-class group. I do not question that there are many people that this information would interest, and even benefit, but it is not the UHNW sector.

If the content includes articles about "What it is like to be a flight attendant on a private jet," or "What it is like to work on a super yacht" or "What it is like to be an assistant to a billionaire," you know that you are on a media source that targets the working classes who have never been on a private jet, yacht or worked being a billionaire.

If you are looking for billionaire readers, you need to talk about things of interest to them and their peers, not their staff. This mistake about covering the UHNW often gets misconstrued as reaching the UHNW.

There is also another category – luxury industry media – that is media that targets luxury industry professionals and shares luxury business news. Things like what type of marketing is working in different luxury industries, trends, statistics, white papers, reports and information about industry events.

Again, this is not media for the UHNW. It is media for people working in the luxury sector.

If you go to the Twitter hashtag #UHNW, it is filled with articles for those that feed off this group, such as estate planners, brokers and private bankers, but not really information for the UHNW.

The most expensive marketing reach is to the wealthiest demographic. It costs a lot more to land a whale than a minnow. It takes more skilled and specifically trained marketers, and advertising cost is much higher in media that successfully reaches this group.

A business cannot expect a customer to pay premium prices if it does not pay the premium cost to market correctly.

Often I find so-called luxury media publishing headlines such as "Look at the Ridiculous Shit the UK's Billionaires Spend Their Cash," or "Who is stupid enough to pay \$5,000 for a hamburger" and comments including "More Money than Sense" and are dumbfounded that insulting and belittling the wealthy does not secure them as avid followers.

This very middle-class thinking will attract other middle-class viewers and readers, but

not the UHNW.

When I point this fact out at meetings it is often met with the management feeling justified because to them it is outside their experience and comfort zone.

Well done

To be a good marketer for any group, be they teenage Hispanics girls, mercenaries for hire or the UHNW, you must divorce yourself from your personal perspectives and think like your target group.

A \$5,000 hamburger is a smaller percentage of their income than \$5 at a food chain is to most people.

What is "expensive" is relative. The takeaway from this is, divorce yourself from your personal perspectives and do not insult the audience that you are trying to attract.

However, if you want a mass-market reader or viewer, nothing attracts him faster than poking fun at the wealthy that they envy.

Luxury marketing is almost the antithesis of mass marketing that is taught in most universities.

There is actually a specific luxury MBA now offered by some of the top universities. The fastest way to bankruptcy for a business in the luxury sector is the use of inappropriate marketing. What I mean by inappropriate is "mass marketing."

I find a great deal of conflicting articles out on the luxury market. The reason is that most journalists are not specifically trained to understand the luxury market and unwittingly publish information that can be misleading.

Often times they do not know the industry definitions of different terms.

This accompanied by the fact that many readers also have the same limitation, means that there is a lot of confusion.

Just one example is the term "affluent." To the general populace, affluent would be interchangeable with the word "wealthy," but in luxury marketing it has a defined wealth range that it represents in data.

The entry point for affluent starts as low as \$75,000 annual household income. Thus articles on how "affluents" are reacting is not indicative of how the high-net-worth (HNW), or even more so, how the UHNW are behaving.

The readers' and the journalists' inexperience in reading and interpreting the luxury marketing data have them rolling all these very different responding groups into a mishmash that is not accurate.

Quote martial

In addition to not understanding luxury marketing industry terms, the journalists and their readers bring their middle-class perspective.

When they write about the luxury market, they tend focus on the low-price-point brands that they know such as Chanel, Michael Kors or BMW, but do not include most of the elite luxury brands that are not commonly recognized by the middle classes including Pagani, Blohm + Voss, Ferretti, Lürssen, Dassault and Bombardier.

When journalists call me for quotes, they most often ask questions as if all of luxury buying demographics act identically, and thus all the brands or products at all price points are identical in their marketing strategy.

I always have to get the journalists to define which group for which they want information.

Although both a \$300 million yacht and \$600 pair of Chanel sunglasses are both technically in the luxury sector, and both require luxury marketing, their strategy cannot be compared.

This makes it hard to give "simply short answers" to the questions posed about the luxury sector.

The lower-price-point luxuries such as fashion, food, perfumes, cosmetics, skin care and accessories rely on the aspirational consumer for 80 percent of their sales. The yacht company has zero aspirational consumers.

The middle classes can save up for a \$3,000 purse but will never be able to save enough for the \$300 million yacht or jet or real estate or private bank. So first you must make sure that you are comparing apples to apples, and not to oranges.

The end result is a lot of articles written about the luxury sector that are misleading, because they only represent the bottom portion of the luxury sector, which because of its reliance on the mainstream aspirational market – 80 percent – does not necessarily have any real correlation to the true luxury market in general.

In other words, it is possible to have a situation where designer clothing, accessories, perfumes, cosmetics and other low-price-point luxuries are down, but jets, yachts, thoroughbred racehorses and private banks are booming.

Billions deserved

The UHNW led the economy on the way out of the financial crisis.

The UHNW were not really as affected by it as the lower classes were. This is why many lower-price- point luxuries suffered more severely than companies with high-price-point products.

If you are worth a few billion and lose half your net worth, you are still UHNW.

These people tend to be more globally diversified in their investing, and often in downturned economies are actually able to grow their net worth.

In fact, the rich are wealthier now than before 2008.

There are about 200,000 UHNW people globally and they control over half of the world's

wealth.

Words are cheap

A lot of words are conjured in the mass marketing. "Bespoke" like the word "luxury" and "Haute Couture," just to name a few, often get misused in an attempt to fool consumers who are not accustomed to the terms into thinking that they are getting something much better.

The word bespoke is a 17th-century British term that means "spoken for" and is actually a series of established pattern processes in hand making a man's suit.

A real luxury marketing professional should know the real definitions of these words.

Despite the term being technically misused, what they are trying to convey is that the product and the surrounding service will be stupendous, and specifically created just for you, a one-of-a-kind piece to meet your individualized wants, or "custom made."

These words have been adapted to represent "the upmost in luxury." But obviously, just because the media uses the word bespoke, it does not make it so. Often you will see the word "luxury" misused in conjunction with premium brands, or top of the mass market.

Smell test

The middle classes value money over time. They will spend time clipping coupons, figuring out credit card incentive programs, fly on different days and, in general, spend whatever time saves them money.

The UHNW are the opposite. They would rather use their excessive amount of dollars to spare their most valued commodity: time.

When you see media use the words discount, coupons, sale, cost cutting, inexpensive, affordable, value or bargain, you can be assured that they are targeting an aspirational group.

When UHNW see this verbiage, they know that this media source is not aimed at them, and they steer away.

The use of celebrities is very successful in reaching the middle financial levels, but not in reaching the UHNW that could financially buy and sell most celebrities many times over. The celebrities aspire to be the UHNW, not the other way around.

So when you see so-called luxury media that focuses on celebrity gossip, you know that it does not have a wealthy following.

Do you think Warren Buffett aspires to smell like Michael Jordan or Sean John's cologne?

When the articles are about how to dress like a celebrity, or low-price-point luxuries such as the hand bag du jour or what shade of red is hot on the catwalk, you know you are looking at media targeting the aspirational.

If you want UHNW readers or viewers, do not waste their time with things in which they are not interested.

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I thought on “Why most luxury media really are not what they claim”

1. **Dev Rakshit** says:

**May 12, 2015 at 9:22 am**

Great article. I often wonder why journos cannot match content to target – seems obvious.

Generally the UHNW group needs micro or 1-on-1 marketing which as you point out is expensive.

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