

COLUMNS

HENRYs can help high-end marketers rethink definition of millennials and luxury itself

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By A LUXURY DAILY COLUMNIST

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Millennials, like other classified generations before them such as boomers and Gen-Xers, have begun breaking out of their defined box as they mature and start to gain wealth with the improving economy.

A growing sub-set is not only finally tackling their student debt and moving out on their own, but have disposable income and a propensity to spend on luxury items, services and experiences. This group even has an acronym: HENRYs, as in “High Earners, Not Rich Yet.”

The nickname goes back to a 2003 article in Fortune magazine that described families with incomes between \$250,000 and \$500,000 but who – because of their affluent lifestyles – were cash-poor.

Over the past couple of years, however, the definition has morphed with the moniker now

being applied to millennials in ways that should be especially interesting to luxury marketers. HENRYs are now typically defined as:

- Earning: HENRYs earn between \$100,000 and \$250,000 per year, which puts them ahead of 80 percent of all US households
- Growing: HENRY households increased by 11 percent between 2010 and 2013, versus just a 2.5 percent increase for all other household income groups, according to a 2015 Unity Marketing report
- Gaining: HENRYs represent not only a relatively untapped luxury consumer segment, but one that will soon move from the “affluent” to the “ultra-affluent” demographic as their incomes continues to rise

HENRYs are king

HENRYs approach luxury differently than traditional “wealthy” consumers.

As such, luxury marketers need to understand these nuances – or risk misfires when it comes to engaging them.

The key here is functional luxury. HENRYs have significant, sustained cash flow without true, accumulated wealth yet. They seek to use and experience luxury without needing to own luxury.

Consider that more than half of all luxury automobiles in the U.S. are leased rather than purchased, and one begins to grasp the enormity of the market at stake.

The good news: because of millennials’ acumen with mobile devices and social media, the hospitality and travel sectors have an especially good opportunity to connect with HENRYs.

Large and growing portions of all travel categories in the United States and Europe are already being reached through mobile in new and increasingly engaging ways.

A study that we recently commissioned with comScore showed that more than half of United Kingdom luxury travelers use a tablet to research destinations, shop for air or hotel and plan trip activities – and more than half use a tablet or smartphone during a trip.

The key is not just to be visible on the devices where audiences are, but to deliver cross-platform experiences that are visual, engaging and shareable.

Tips top

Strategies that luxury and any other brands can leverage to reach HENRYs should include:

- Integrate multiscreen, mobile-enabled marketing approaches to reach HENRYs at all stages of their journey – from dreaming, browsing, planning, shopping and even while traveling
- Create campaigns built on moments and experiences that speak to the aspirational themes of the HENRY demographic and are easy to share across their digital worlds

- Focus not on your brand name – which carries comparatively little weight with this generation – but on your story of quality, craftsmanship, authenticity and citizenship
- Put the audience at the center of the campaign and give them control of the experience, such as through interactive videos
- Make the most of visual ways to engage, with social media mechanisms such as Twitter’s “Flock-to-Unlock” where specific content or promotions are only revealed once brand followers cross certain “share” thresholds

RIGHT NOW, there is an incredible opportunity for luxury brands to connect with these high-earning millennials.

Indeed, this is the time for brands to initiate and nurture long-standing allegiance with consumers who will be in the affluent or ultra-affluent category for the rest of their lives. To do so, we just need to open our thinking on the new HENRY and how to engage on their terms.

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