

COMMERCE

High-net-worth individuals accrue 5.8 wealthier peers for branded connections

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Image courtesy of LVMH

By JEN KING

According to a social graph developed by Wealth-X, high-net-worth individuals worth at least \$1 million are connected, professionally or personally, to someone 36.9 times wealthier.

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In a sort of six degrees of separation exercise, Wealth-X has determined that the average wealthy individual is connected in some way to seven ultra-high-net-worth individuals, worth at least \$30 million, one of whom is a billionaire. By pinpointing the existing social circles of these wealthy individuals, marketers can craft a “future client strategy” that will appeal to this group that, on average, is worth a total of \$6.5 billion.

“At the end of the day, Wealth-X is based on a core ontological belief that there are really only two ways to engage this group: 1) through their passions, hobbies and interest including philanthropy or 2) through their existing relationships,” said David Friedman, president of **Wealth-X**, New York. “So as a best practice, great sales professionals already leverage referrals from their top clients, but what they typically don't do is create a

proactive strategy versus reactive referral.

“We have a best practice and approach we call a Future Client Map where we map the clubs, boards and relationships of an individual and then subsegment by net worth as well as passion, hobbies and interests,” he said. “The Future Client Map is done both in a ‘white glove’ version as a deliverable for our clients or through CRM integration of our data into a platform like Salesforce can be scaled across an entire organization and its sales professionals.”

Birds of a feather

Needless to say, affluent individuals move within a specific circle. Their social network is made up of professional peers such as business partners and colleagues and loved ones.

Ninety-one percent of those surveyed are married and through their spouse their social network grows to include a connection to an additional five ultra-high-net-worth individuals.

Not surprisingly, billionaires have the most connections per social graph with 11.1 compared to 4.5 of ultra-high-net-worths and 5.8 for high-net-worth individuals. But, interestingly, those considered high-net-worth individuals network with individuals worth much more, and collectively these connections are 214 times more valuable than their own net worth.

As for billionaires, they may be underachieving in their networking capabilities since the value of their social graph is only 4.6 times the value of their net worth. Also, the average net worth of a connection is only 0.4 times that of their own net worth.



Image courtesy of Rolls-Royce

Based on its data, Wealth-X suggests that this may be the result of a “byproduct of their proven success,” meaning that billionaires, on average, are connected to individuals representing smaller wealth-generating opportunities. But, the 11.1 connections made by billionaires offers \$16.18 billion in potential business opportunities, a rate not met by other wealthy demographics.

“I was surprised that for each high-net-worth they are on average connected to someone that is almost 40 times their net worth and that most ultra-high-net-worth individuals are connected to at least one billionaire,” he said. “One would assume ultra-high-net-worth individuals are connected to more of their kind but turns out that high-net-worth have more ultra-high-net-worth connections themselves.

“This could be do to the fact that high-net-worth individuals are more aggressive in their networking versus ultra-high-net-worth.”

Wealth-X's Social Graph of the Wealthy can be viewed [here](#).

Social club

Wealth-X has found that having an understanding of the social circles of wealthy consumers is an effective method to generate qualified referrals. In addition, as affluents increasingly become more receptive to experiential marketing, branded efforts that are injected into the social calendar, where UHNWs will likely be with family, friends and associates, will become more effective.

Luxury brands are delving into more bespoke options and marketing, according to Wealth-X's president at Luxury Retail Summit: Holiday Focus 2014 Sept. 9.

Mr. Friedman spoke about the necessity among brands to understand their consumer, who they are, what they do and who their friends and family are in order to gain a full understanding of these individuals in order to effectively market. Luxury brands can learn from Wealth-X's research on the ultra-high-net-worth individuals to create specific marketing strategy for the ultra-affluent ([see story](#)).



VIP events are one way for brands to engage with affluent consumers

“Most luxury brands are reactive in the way they approach acquiring new UHNW clients,” Mr. Friedman said. “If you really press and pierce the veil as to how they are acquiring new clients, they don't have a real answer other than brilliant stories about how they have provided incredible service to their existing key clients.

“But, there is a reason why most luxury brands find it difficult to provide an example; the

traditional forms of advertising and marketing don't work for this segment as they are largely immune to listening directly to brands talk about their own DNA,” he said.



Wealth-X suggests engaging consumers through existing relationships

For brands looking to delve into creating legitimate and personalized connections with the ultra-affluent, Wealth-X's Future Client Map works at the sales associate level to curate experiences for target consumers.

“The Future Client Map can be used for an individual sales person, at an institutional level across the global key clients of an organization or for events to ensure targeted invites are sent to the connections of existing key relationships exponentially increasing the probability of them actually attending the event,” Mr. Friedman said. “As part of these mapping exercise, affinity clustering will emerge among the individuals which will allow more targeted linking between marketing events and people that have a particular passion, hobby or interest versus trying to shoehorn everyone into the 5th Avenue store wine and cheese event.

“Taking this intelligence and having a data driven approach to marketing events forms the basis for what we call ‘bespoke marketing’ which is identifying a qualified prospect using this process and then forging a customized strategy to engage that individual person based on their life narrative.”

Final Take

Jen King, lead reporter on Luxury Daily, New York

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