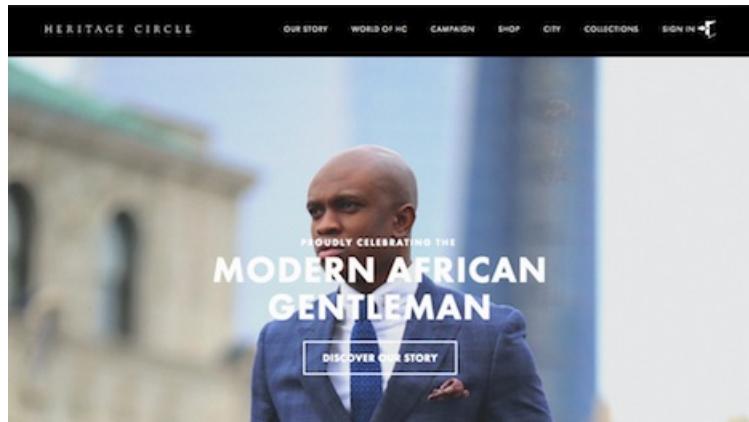


Q&A

Heritage Circle taps affluent Africans' growing demand for prestige brands

August 15, 2016



Heritage Circle's homepage

By JEN KING

Online retailer and members' community Heritage Circle is celebrating the sophistication and achievement of high-net-worth African men by positioning its retail experience as inspirational over transactional.

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Described as a modern lifestyle destination for African Gentlemen, Heritage Circle sells a number of curated luxury brands including Kilian fragrances, leather goods by Ghurka, fitness equipment from Hock, Luca Rubinacci, a Neapolitan tailor, and recently added Ozwald Boateng, the youngest and first black tailor on London's coveted Savile Row. In a physical retail environment that is still in its infancy within African nations, Heritage Circle's goal is to digitally connect affluent African men to brands that reflect their status, sentiment and preference for quality goods.

"The men who are drawn to Heritage Circle are drawn to our vision for African men. They are worldly, sophisticated and highly educated with remarkable accomplishments in their chosen fields and substantial contributions to their communities," said Ismoila Alli-Balogun, CEO of **Heritage Circle**, New York.

"More than 90 percent boast senior management and C-level experiences in diverse disciplines, such as technology and media, banking, oil and gas, metals and mining, entertainment and entrepreneurship. The majority are big earners and a few are very well-known people," he said. "More than 50 percent of them have yearly salaries of \$250,000. Of these, 20 percent earn more than \$1 million a year, while 5 percent are worth hundreds of millions of dollars."

"We wanted the Heritage Circle shopping experience to mimic their lifestyle and go past simply purchasing. We had to imagine a neighborly, luxury boutique experience that would appeal to successful African men who shop based on quality and prestige alone.

"The site itself is designed to be the coolest, most exciting lifestyle destination for them. When you develop something unique for these men, the experiences they enjoy tend to automatically attract similarly-minded men. We want to serve the creme de la creme of African men."

In this Q&A, Mr. Alli-Balogun discusses his brand's global yet community-based approach, the untapped potential for luxury in Africa, the affinities of the African Gentlemen and how brands, both well-vested and up-and-coming, can work with Heritage Circle to establish a presence in a diverse and maturing market.



Ismoila Alli-Balogun, CEO of Heritage Circle

Here is the dialogue:

Where did the idea for Heritage Circle come from?

The story of Africa's founding fathers of the 1950s and '60s is the inspiration behind Heritage Circle, but it is the aspirational spirit of today's African gentleman that we want to capture. We want to bring African men together on a global scale to ensure that they have a platform to project their desires, preferences and taste.

At its core, Heritage Circle is designed to be less transactional and more inspirational. Our integration of commerce, culture and content is designed to appeal to African men and embody their own expressions of achievement and success.

Us Africans are very aspirational by nature, but we also have a deep appreciation for hard work. This is precisely why most parts of Africa today have witnessed significant economic growth. The last few decades created a handful of first generation industrialists, entrepreneurs and businessmen.

Many today are millionaires and billionaires. They have a growing demand for prestigious global brands, as well as unique, upmarket niche labels with strong heritage and pedigree. Unfortunately, both at home and abroad, African men still remain significantly underserved. Our vision is to forever change the way they shop. We want to become the most trusted lifestyle destination dedicated to everything that surrounds them.

How has your own career prepared you to launch Heritage Circle?

I am American by birth, Nigerian by parentage. I spent most of my childhood and adult life in Africa. I began my career here in investment banking and it gave me an incredible opportunity to work with some of Africa's leading decision makers, high-level executives, politicians, successful entrepreneurs and some very wealthy businessmen.

What has had the biggest impact was that we spent the past two years developing the concept for Heritage Circle with direct feedback and input from most of these men. A lot of what Heritage Circle is today is attributed to the feedback they gave us.

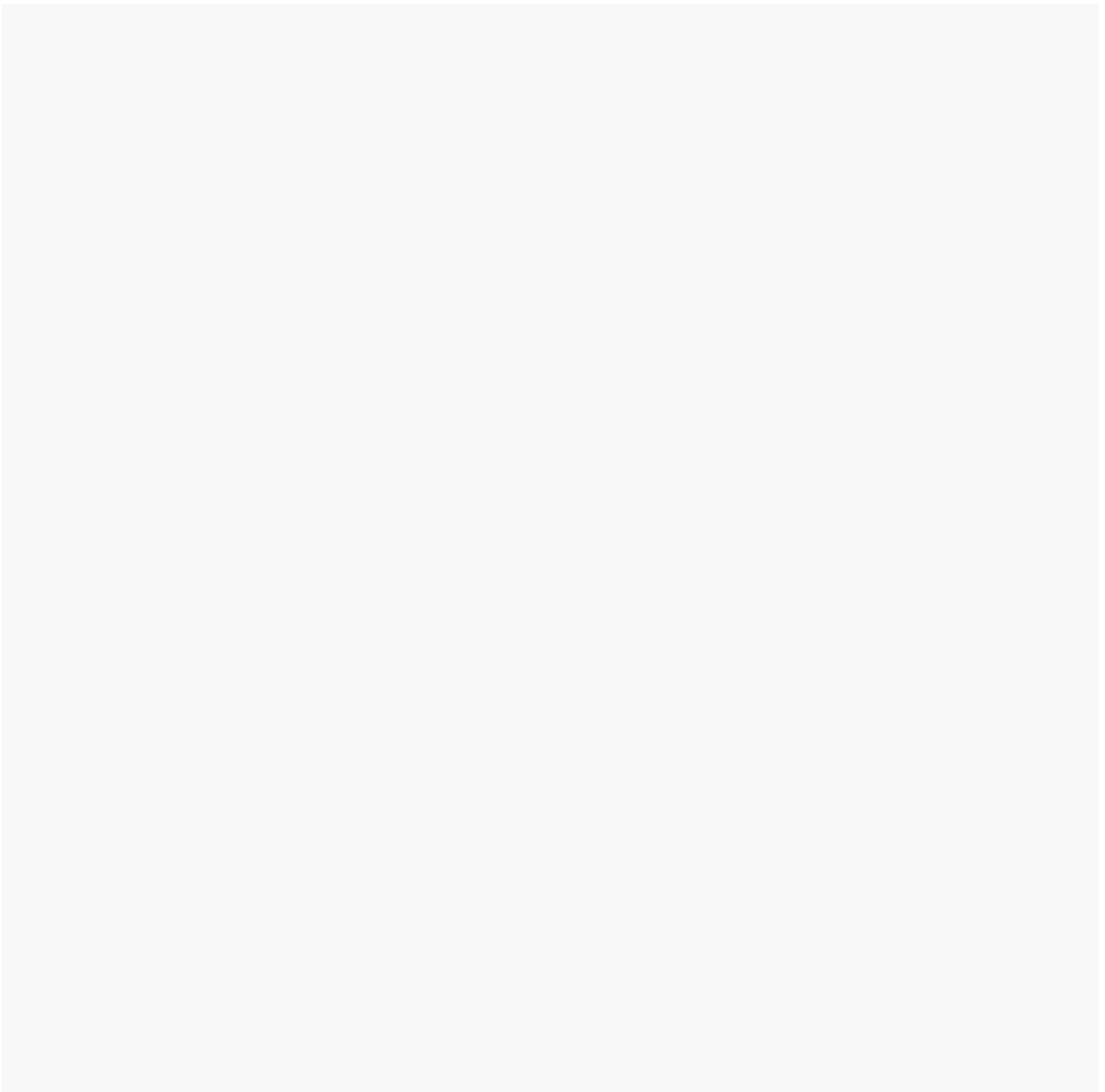
Many of them are suitably impressed with the likes of Gucci, Hugo Boss or Louis Vuitton, but struggle to find unique and authentic brands that speak to their new level of success. They have a deep appreciation for experiences that offer a permanent air of exclusivity, and they are always attracted to a solid product that takes 20 to 22 hours to make from start to finish, all done by the same master craftsman.

It's a statement of pride, personal status and cultural identity. Our strength at Heritage Circle is being able to listen to them and introduce them to brands that can deliver on these experiences.

How will Heritage Circle assist brands that only have a small or non-existent presence in Africa at this time?

We assist brands by providing them access to a qualified audience of Africa's rising, active and affluent male demographic: men who are willing to try new things, become brand ambassadors and, most importantly, share their experiences.

Many of our brands today include emerging upmarket labels, many of whom are making their debut in Africa. For instance, Kilian Hennessy, grandson of LVMH founder Mot Hennessy, who last year was voted winner of The Fragrance Foundation Award for Indie Fragrance of the Year, is featuring his perfume collections for the first time in Africa exclusively through Heritage Circle. In many ways, we are acting as the brand's innovation lab and digital flagship for user experience in Africa.



Rose Oud by Kilian Hennessy. A powerful cocktail of memories and emotions. #ManofAfrica #SonofAfrica #luxury
#lifestyle #rewards #achievement #bykilian #hennessy

A photo posted by Heritage Circle (@heritagecircle) on Jul 26, 2016 at 11:47am PDT

For premium brands such as this that are new to Africa, Heritage Circle is a brilliant environment to attract African customers through exclusive collections, product launches and private sales. We have a cultural relevance and a social significance that amplifies member loyalty. And that gives us, as a lifestyle company, power to convert members into customers, and to introduce those customers to prestigious brands seeking deep penetration in Africa.

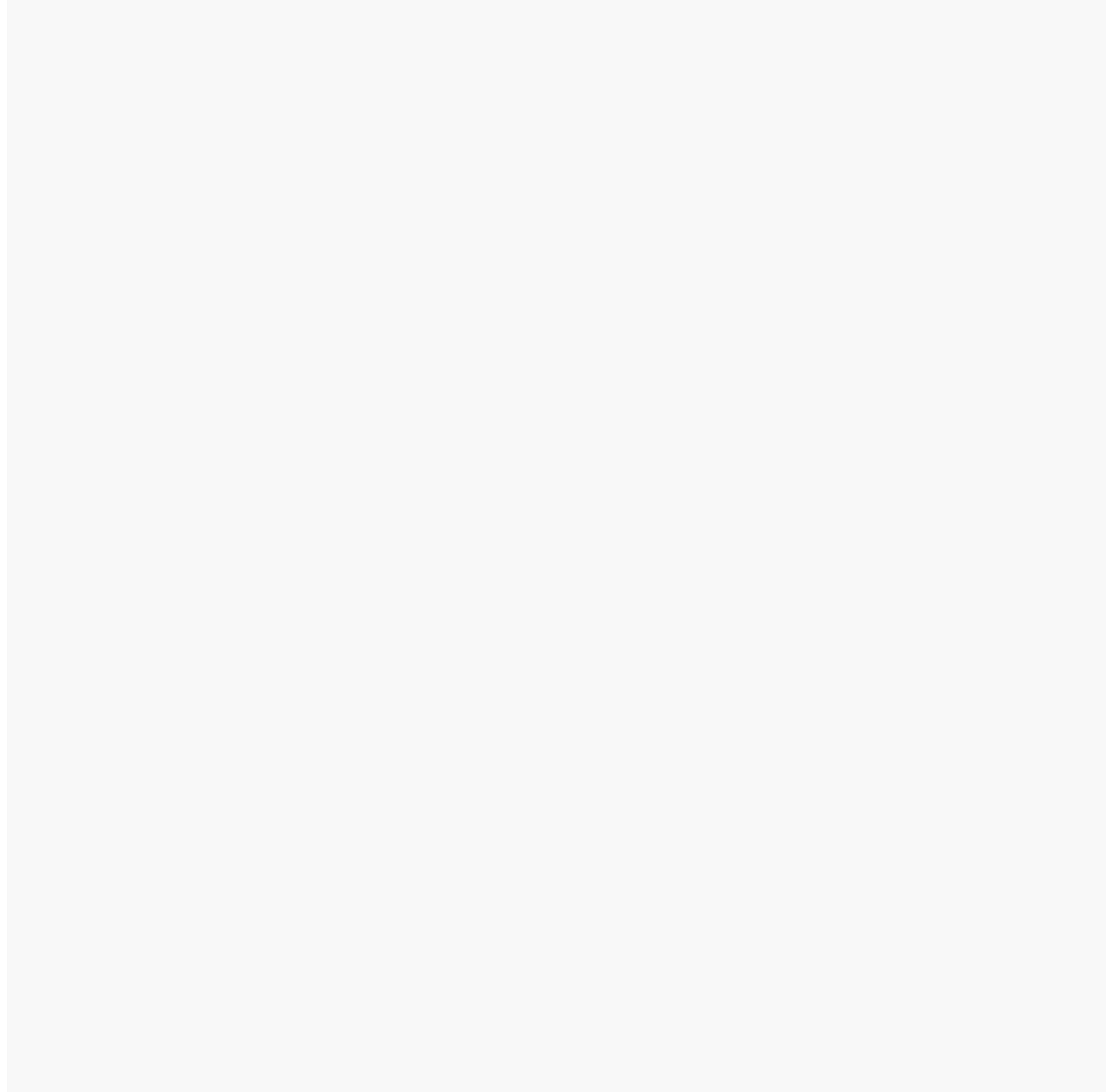
The benefit here is that these brands can establish interest and customer loyalty at a very early stage and they stand to benefit from the evolution of the discerning African consumer. Each brand has full control over all key retailing decisions, while we leverage our member portal to showcase the brand's unique identity, capturing the best the brand has to offer.

What advice could you give brands entering Africa and seeking the attention of African Gentlemen?
African men like to maintain a sense of pride. They are price sensitive but they spend. They don't want the cheap

China version. Luxury brands have long emphasized quality over quantity, and this attitude is becoming increasingly widespread among African men, who are interested in spending more on items that will last as opposed to purchasing many products at reduced prices.

Brands must recognize the importance of these values and think in terms of longevity and lifetime value. These men already have Versace; they already have Prada. They are always looking for something more niche.

Bespoke is the best service any brand can offer. African men are very attracted to this. They appreciate services that highlight personalization and that offer that extra edge of customized sophistication and one-of-a-kind ownership.



Welcome, Heritage Circle. #ManofAfrica #SonofAfrica #discover #luxury #lifestyle

A photo posted by Heritage Circle (@heritagecircle) on Jul 25, 2016 at 2:44am PDT

What are the membership benefits of joining Heritage Circle?

We promote discovery and connect African men to the things they love both at home and abroad. We have had to completely envision an entirely new shopping experience where cultural identity and commerce would finally

align.

We've also taken a novel approach both to our curation and to our pricing policies in order to address the fact that higher prices and low quality options in Africa have increasingly driven these men to do their luxury shopping abroad or buy through the gray market at home.

Our members pay the same price as they would in-store, online or abroad, and we work with our brand partners to ensure that members of Heritage Circle get the best offers and receive special treatment when they visit the physical stores of our brand partners abroad.

We are for a certain proposition, which is that African men will continue to care about quality above anything else. To that end, every item in our collection, from the smallest gift to a bespoke work of art, is created to exceptional standards of craftsmanship. Our collection is both wide-ranging and carefully curated, with leather goods, fitness, vintage collectibles, fine art, lifestyle accessories and home decor, as well as an array of best-in-class services and experiences that go above and beyond, including bespoke tailoring, made-to-measure and much more.

In some cases, some of our services also include a personal account manager who is trained to anticipate each member's requests and make proactive suggestions. We are also introducing local payment and delivery options that meld with each member's specific preferences.

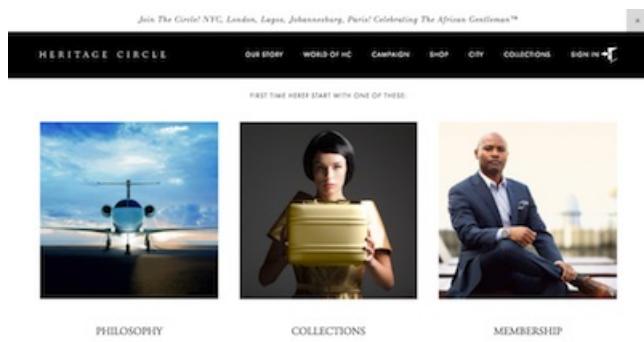
What qualities do you look for in brands that are featured on Heritage Circle?

We look for brand partners with offerings that resonate with African expressions of wealth and success, and that exemplify the highest standards of quality design and craftsmanship.

Key categories include fashion and accessories, jewelry and watches, wines and spirits, refreshments and cuisine, fragrance and grooming, hospitality and leisure, travel, automotive, interiors and design, art, antiques and auctioneers. We are also looking at lifestyle service providers for bespoke travel itineraries, luxury adventures and escapades, and experience-based private holidays that African men would love.

We want niche labels and prestigious brands that want to grow their addressable audience in Africa. Our platform is specifically designed for the particular tastes and preferences of African men. We provide these brands with access to our community and help them develop compelling and authentic content that embraces the ethos of our members.

We also connect them with our most devoted customers and by that we mean our biggest spenders. Each brand is able to customize their interactions via our Web site and through targeted outbound campaigns, which include video and digital advertising, print brochures and social media marketing.



Designed for the Modern Man.

Heritage Circle's Web site

How has the luxury market in Africa evolved?

The rise of upper-middle-class and modest affluent households is the new driver of luxury consumption. This new generation of freer-spending, more sophisticated consumers are increasingly shaping the luxury retail landscape in Africa today. Back in the '70s, '80s and '90s, the only way to be a part of the African elite was to be born into it.

Today, wealth in Africa is no longer the preserve of the elite. In Nigeria, for example, which is also Africa's biggest economy, the luxury goods market is forecast to reach \$1 billion by 2020 from \$650 million today. Hugo Boss, Zegna, and Porsche arrived in the last five years, Prada and Cartier are set to open stores in Nigeria too. Total

consumer spending on luxury in the whole Middle East and Africa region is expected to reach \$20 billion by 2020. We see this as an incredible opportunity to build Heritage Circle on a truly pan African scale.

Luxury retail in Africa today has not scratched 1 percent of what it can be. There's a major part of personal elegance missing from the luxury retail landscape in places such as Ethiopia, Uganda, Nigeria, Kenya, Angola, Zimbabwe and several other countries.

We have had to re-imagine the Heritage Circle experience from scratch and completely tailor it for each new city we want to enter. South Africa, for example, has more luxury retail developments than West Africa and East Africa combined and requires a completely different approach. We are working to expand Heritage Circle to Africa's biggest cities and to key international destinations where African men live, work and play.

Why have you taken a more inspirational rather than transactional approach to selling?

Heritage Circle is designed to appeal to Africa's tribe of "moderately wealthy" men. This is a pragmatic, self-made group that sees itself as more upper middle class than wealthy. As a result, they will never accept a bling-heavy attitude, but will respond to assurances of quality craftsmanship and will stay loyal to experiences that enrich their lives.

Our philosophy at Heritage Circle means finding joy in living every moment fully, and to the limit. For us, this means better understanding the lifestyle and aspirations of each member, and immersing him in a world-class experience that captivates. One of our company values is to be our own consumer. That means that every experience we offer are the same ones we would aspire to have for ourselves. This is where the best brands are headed today.

In the most human sense, the words heritage and circle to me have always evoked a sense of kinship, of showing up and giving back. Our gold circle represents this core value as a company and it is a symbol of community. It is precisely because of this that we actively leverage and promote the role of our members as ambassadors, role models, influencers and customers.

Our community is our greatest source of inspiration. We talk a lot about our community at Heritage Circle, about connecting men on a one-on-one basis, celebrating their work and building long-term relationships with them. We want to continue to influence them to keep contributing to society. To that end, we're developing the 'Man of Africa' Campaign, which aims to be the largest and most dynamic collection of stories ever assembled on some of Africa's most remarkable men.

We are also developing Africa's first and only private foundation dedicated to raising awareness for issues essential to boys and men in Africa, and improving their lives through economic and social change. It is essential for us as a lifestyle brand to go beyond product to purpose.

How and where does Heritage Circle market?

We have a comprehensive program to hire university students and graduates and train them; a program we call Private Client Academy. Ninety percent of our sales people come from this program. Not only is the program good for our company, it is also good for the communities we serve.

Our associates undergo a rigorous, in-house training program designed to help them master the fundamentals of "private clienteling," an experiential, "hands-on" approach that develops them into becoming high performance relationship builders. They receive marketing tools, CRM, digital backend support and sales coaching to help them cultivate and maintain a robust client book.

The screenshot shows the top navigation bar of the Heritage Circle website, which includes links for 'Join The Circle', 'NYC, London, Lagos, Johannesburg, Paris! Celebrating The African Gentleman™', 'HERITAGE CIRCLE', 'OUR STORY', 'WORLD OF HC', 'CAMPAIGN', 'SHOP', 'CITY', 'COLLECTIONS', 'HISMEDIA', and 'LOG OUT'. Below the navigation is a large black banner with the words 'Limited Exclusive' written in a gold script font. Underneath the banner, there is a row of four black leather goods: a briefcase, a small pouch, a small bag, and a duffel bag. A 'Shop Now' button is overlaid on the middle bag. At the bottom of the banner is a 'BACK TO TOP' link.

Limited-edition leather goods by Ghurka for Heritage Circle

Technology is best when it delivers a human touch. The benefit is that we are constantly receiving intelligent and relevant feedback on ways we can achieve higher levels of customer satisfaction. We are also constantly learning about the new types of products, services and experiences that our members in different parts of Africa want to have. We learned the hard way that finding talent is not easy. There's a certain level of polish that is required to sell high-end luxury in Africa and not many people have this skill.

Currently, we are recruiting managers and salespeople for Lagos, Nairobi, Accra, Cairo, Johannesburg, Cape Town, Addis Ababa and also key international cities, including New York, London and Paris, where African men live and play, or travel to for work. We want people who love the luxury industry in Africa because of its challenges, and those who have the confidence to develop innovative ideas that maintain Heritage Circle at the forefront of this domain.

In addition, we are also moving toward product launches that mimic our marketing. It is important for us to communicate a consistent, one-of-a-kind experience. Seasonal lines are great for high-end fashion, but we want men to be excited about our brands constantly. By adding new brands periodically, we can better achieve interaction and strong sales.

Do you think your brand will have physical stores in the future or plans to expand into womenswear?
We are still in the early phase of luxury ecommerce experimentation in Africa. We are starting with men first, but we have plans beginning next year to introduce limited, curated offerings of womenswear, targeting men who want to buy unique gifts for their spouses or significant other.

As successful as ecommerce is, there are many elements in a luxury retail experience that can only be achieved through physical interaction. We envision a space in the future that will hold designer trunk shows, as well as host clients while maintaining a level of exclusivity.

For us that is as close a view of what a physical store would look like. A new kind of retail store, basically a showroom, offering upscale services and appointment-shopping in some of Africa's biggest cities.

Where do you hope to see Heritage Circle in five years?

In the future, we see a significant opportunity using innovative digital technologies to provide enhanced shopping and lifestyle experiences for African consumers in search of affordable luxury fashion and daily lifestyle essentials.

In many African countries today, consumers are skipping fixed broadband connections altogether and opting straight for mobile connectedness. This requires that we provide them with high quality offerings wherever and however they want.

Omnichannel shopping is quickly becoming the norm, as more and more consumers want to use channels seamlessly. If we are not present in all these channels we are likely to lose business. You can look at Heritage Circle as either a service delivery business that is solving a luxury retail problem, or a luxury retail company that is solving a service delivery problem. Either way, both markets in Africa are ripe for innovation.

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