

JEWELRY

Faberg exec shares secrets and misperceptions of selling to the super rich

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Fabergé: Pop goes the easel

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No matter where you are, there are super rich or ultra-high-net-worth (UHNW) individuals and families that is, households with a net worth of at least \$30 million.

According to researcher Wealth-X, there are more UHNW families in Wisconsin, Maryland and Minnesota not combined than there are in Russia. There are more in Ohio than in Saudi Arabia.

If you are in the middle of the country, there are UHNW families in your area.

Despite representing 0.000029 percent of the world population, by conservative estimates, the UHNWs account for nearly 20 percent of all fine jewelry, designer fashion, watches, fine dining, luxury travel and automobile sales.

Depending on the research you look at, as much as 90 percent of the super rich are self-made.

In other words, they grew up without luxury, and spent a good portion of their adult lives fixated on their businesses, not buying luxury loafers.

Because they do not fit the stereotype, many luxury marketers are out-of-step about how to develop relationships, and how to effectively market and sell to today's super rich.

Estimates put the worldwide fortune of the super rich as high as \$50 trillion, more than the combined GDP of the 15 richest nations in the world.

Wealth-X reports they spend over \$225 billion a year on lifestyle, from handbags to villas and everything in between.

While many think that the population of UHNWs are primarily from the worlds of Wall Street, Fortune 500 CEOs, royalty, actors, musicians, sports stars, or even Silicon Valley tech although each sector comprises a portion of the UHNW population many made their money on more mundane pursuits such as car dealerships, refuse collection, vitamins, farming, energy, real estate, services, construction and manufacturing.

Secrets of Selling to the Super Rich features interviews from sales superstars of luxury who have been on the front

lines of ultra-luxury transactions spanning millions upon millions of dollars.

These superstars share the misperceptions about the super rich, and now relate how their background, experience, knowledge and selling secrets have served to create extraordinary marketing opportunities.

When it comes to selling to the super rich, throw much of what you know about baby boomers, Generation X, millennials and other demographic groups out the window.

If you want to increase sales to the wealthiest consumers in the world, the ultra-high-net-worth individuals, put away your broad brush.

Many of the sales superstars of luxury interviewed for this book expressed that corporate marketing strategies often are not in sync with the super rich, yet at the same time, the super rich are influenced by media in much the same way as the masses.

One thing that makes marketing luxury products and services to the UHNWs difficult is that the super rich are not a homogenous market. What the super rich want may surprise you. Here is an excerpt from the book, *"Secrets of Selling to the Super Rich: Sales Superstars of Luxury."*

Chapter 1: Selling fine jewelry on the farm

Interview with Jon Omer of Faberg

Jon Omer is vice president of luxury jewelry and watchmaker at [Faberg](#). He has been a sales superstar cutting his teeth in Texas at Neiman Marcus in the 1970s and then reaching the pinnacle of ultra-high-net-worth selling for Italian jeweler Bulgari, before leading the sales effort for Harry Winston's launch of high-end mechanical watches. He then led the North American sales efforts for Swiss couture watchmaker DeWitt. From 2008 to 2012 he served as chairman of the board of the American Watch Association.

What type of research would you typically do before you interact with new customers?

I start with a more basic approach. I simply Google the person, and whatever information comes up, I play off of that.

Maybe I'm too old, but I'm not a big fan of social networking. I don't think you get a clear picture of the individual, what really drives the person.

In selling to high net worth individuals, there are certain things you have to do. You have to depending on the product qualify their interest in the product.

If you're selling sports cars, you have to know that the guy has always driven a Cadillac and that he couldn't care less about your sports cars. You have to understand where his interests lay.

According to research, there are less than 300 really genuine collectors of high-complication watches in the United States.

It's a staggering number because our population is so great, and the number of ultra-high-net-worth individuals among that population is so tremendous. They qualified watch collectors as men who own more than five watches. It's also a surprise, but it makes sense.

Who are watch collectors? Those interested in high priced, ultra-complicated watches.

It's a guy who's not only interested in the product, but who has the money and the will to spend on that product. That's why you have to get some kind of picture of what this guy's interests are.

Then, I try to find someone who knows the guy. The guys who buy these watches are known by a relatively small group of retailers around the country. The more information I can find out about him, the better off I am.

I'm even better off if I can partner with someone who has some kind of relationship with him. More often than not that's a retailer.

Credibility is vital.

You need to know what's important to the customer what I call "credibility benchmarks." He may buy art, but doesn't see the worth in watches. He may buy property, but doesn't see the worth in buying sports cars.

You need to find the driving interests and where he spends his money. Then you're much further ahead of the game.

You hear a lot about concierges, family offices. How important are the intermediaries in selling to the ultra rich?

Connections are everything.

I'll use Rudy Silva as an example of a tremendously exotic watch. The retail price of this watch is \$280,000, and the company makes 10 to 12 watches each year.

For me to even begin a conversation with someone about a Rudy Silva I have to have credibility in front of that person. That credibility comes not only from jobs I've had, but also from the people introducing me.

Most of these ultra-high-net-worth people, you can't even get to them. So unless you have an introduction, forget it. You're probably never going to touch them.

Most don't make a habit of walking into stores to shop. They have people who insulate them from the daily running around that most people do.

So in order to get to them, it's a little difficult. They may, for example, attend the *Robb Report* selection of the Car of the Year to drive these cars. It's something they can't really buy, they can't collect them all in one place, and so they'll go to the event just to drive the car. They may end up actually buying one, and if you're there, they'll come by and say hello, and you'll meet guys you'd never otherwise see.

And on the other side of the spectrum, there are guys who are ultra, ultra-wealthy who don't try to isolate themselves. They're just sort of ordinary guys. They still go to Kmart or Whole Foods to shop with the family. They play the lifestyle in the home. They usually have beautiful homes. They play it a bit in exotic cars. Maybe they have a McLaren instead of a Ferrari, or a Pagani instead of a Lamborghini.

But they may not show their wealth in the way they dress, or even in the choice of a favorite restaurant. It's really a mixed bag, so it's harder than ever to identify these people.

Once you've sold a very expensive watch, what type of follow-up or relationship building do you do?

If you sell it, it transcends the normal arena of sales.

Nobody is going to spend that kind of money with you unless they feel you are one of their go-to people. They trust you. They've spent this money with you.

If you're smart at all, build on that relationship. If anything, I've found that they're pretty loyal.

Does advertising work with the super rich?

I think marketing today is really a mixed bag. Where do you put the ad? What do these people read? How do we know what they read?

We make guesses we know that they travel by private jets, or by yacht. They have to buy gas for that private jet or yacht someplace. So we begin to form a picture of how we can touch them.

Would I put an ad in an Elite Traveler magazine, or a high-fashion magazine? Probably yes, because they fit the profile and lifestyle of the super-rich individual we are targeting.

When does he read a magazine? When there's no distraction, and when he's relaxing on his jet or yacht. Or maybe he's in a hotel waiting for his wife to get dressed and he picks up a magazine from the coffee table and leafs through it.

By and large, print media has taken a tremendous hit over the past six or seven years. But it's still necessary. Age has a lot to do with this.

Young people are not reading print newspapers and print magazines as much as the 45-plus age group. But that 45 plus age group has the most money. So you don't want to dismiss print media.

How does advertising function in your industry?

It's reinforcement. About four years ago I was working with DeWitt, and we did an experiment with our marketing budget.

DeWitt is a high-end luxury watch company, but was a relatively unknown brand. We wanted to spend about \$500,000 in a marketing push to raise brand awareness.

We could have spent this in four different markets, or most of it in one market.

We chose the latter, and the market we chose was the U.S. Most high-net-worth individuals read U.S. publications, no

matter where they live in the world.

The following year, a company was doing a watch brand recognition project, interviewing high-net-worth individuals in different key markets around the world. They would ask people what watch brands they recognized from a list of brands they were researching, one of which was DeWitt.

To our great surprise and delight, DeWitt was a name that appeared towards the top of the list of brands people recognized. This was after a year of heavy advertising.

So we learned that this heavy-up program actually was able to have a measurable effect in driving brand recognition.

Everyone talks about great customer service, but what is great service for your rich customer?

24-7 availability. When I give out my business card it has my personal cell phone number on it. I have people who call me, send me texts, at 11 or 12 o'clock at night.

In today's world, accessibility and dependability are the two key elements in customer service.

The worst thing that you can have is a customer with some kind of issue reaching your voicemail. These UHNW people don't want to walk into some shop with their \$100,000 watch and some salesperson says "Well, it's going to be about six months before you see this again." They want to deal with the top people, so top people have to be accessible.

How do you communicate with your customers?

It's critical. They don't want to read your emails. They get tens of emails per day.

It sounds trite, but I'm leaning more and more toward direct phone calls, if you know the secretary, and there's a thing called the letter. If you were to handwrite a note or send a photograph of something, you'd definitely get their attention.

If you're talking with someone with some knowledge of watches, how much detail do they want about the watch, or is there such a thing as too much detail?

I had a great experience in the summer and fall of 2013.

I worked in a high-octane sales environment on the sales floor at Saks Fifth Avenue. Customers like to be romanced a bit, they like to know a little bit of information, but there is a point where you kill the sale by over-selling it, by telling too much. It's true with all people.

You have to remember what attracted you to something, whether that's a watch, a car or a suit. It was the physical sight, the image of it. It looks good to you. And when you're making a sale you better believe that, and you better focus on it.

It's fine to tell them, "This comes from a guy who's the ultimate watchmaker," but to start explaining how a double tourbillion works, you're wasting your time. Unless the guy asks you, "Well, how does this really work?" OK, then you better know how it works.

But upfront, what's attracted him? He's seen this watch, and "Oh my God, look at this thing! What does it do?" "It overcompensates for the effect of gravity, which is so minute you'll never know it anyway." But the way the thing works, the way it looks, and you have to focus on the aesthetics.

I have people who've bought tourbillions and they have no idea what they do. They don't care. They just like the fact that that little gizmo goes around the circle down there. It looks cool. The layout is perfect, the case is perfect, it's highly polished, and it's sexy.

Faberg: Craftsmanship in color

Do the ultra-high-net-worth and their companies care about the watch industry's collaborations with philanthropic organizations?

When I was with Fred Joaillier, in 1978, we already had the game starting.

We had customers coming in, saying, "I'm on the board of directors for the Cancer Research Foundation, or St. Jude's Hospital, and we're having an event. Could you donate something?"

These charities were smart. They realized that a client was going to have better access to that luxury brand than the

guy from the cancer foundation walking in and asking for something. It's leverage. So it started then.

It started in a genuine way. The person was already a client, and you felt good as a company about doing something to support the client and support a charity event.

I'm a firm believer that people with wealth give back. How this is maneuvered is sometimes interesting to watch.

Do these people come back from that charity and buy from you? In my experience, not so many. The one who was your client stays your client, but does it help you gain you new clientele? Not so much.

Part of it is associations, also. If you have people in your organization who have friends, acquaintances, business partners, et cetera, who are involved in this charity, there's more likelihood that they might become a client. It all goes back again to personal relationships.

What type of interests have you seen among the ultra-high-net-worth?

"People with money" is such a broad sweep.

An ultra-high-net-worth guy can be a guy who runs a crocodile farm in Louisiana. He's worth all this money, drives a Ford F150, and for him, luxury is a new shotgun, or maybe a trip to Paris.

Or, there's a guy who lives in San Francisco, maybe made his money in Silicon Valley, 31 years old, and he's read about all these places around the world.

When someone makes a lot of money, they don't necessarily rush out to buy a lot of things, but one thing they do is travel.

All the key cities in the world have their Rodeo Drives. You walk down any major shopping street in the world, you'll find the same brands, but travel brings the client to the brands.

Travel is a key aspect of the life of anyone at any financial level.

I'd imagine that you would find that a preponderance of luxury spending is done when people are traveling.

Do you pursue referrals? Does it happen? Do people not want their friends to have the same watch you sold them?

Referrals are funny.

If someone bought something very special from you and I've sold to everyone from Mexican presidents to Middle Eastern aristocracy to Japanese executives I've never received a referral from any of them.

Right now, I'm doing business with a billionaire out of Hong Kong. They're in every social circle in Hong Kong, but I've never had a referral from him.

It goes back to accessibility. You become part of their private group, and that commodity has value. They want your expertise and your loyalty directed at them. They don't want to share you. It's almost like you work for them.

What about the relationship with the family?

They may share the family a bit, but the relationship is really one-on-one.

Tell me a bit about the sales cycle. Are there any ways to speed up the sales cycle?

Today, it's all about immediate gratification.

One thing that speeds up a luxury sale is availability. It's ludicrous to do an editorial on a watch, then not have the product available. It's a killer in the business, it's an Old-World mentality. It may work for Herms bags, but that's about all it works for.

If you're a new luxury brand, and you catch someone's eye, you better be able to deliver. That's the first thing.

The second thing that can speed it up is marketing saturation using multiple vehicles. It raises the awareness.

The third is celebrity endorsements.

Perceptions play a great deal in the luxury game.

If something is perceived as being a good product, people will trust it.

If a company is perceived as being a good company, it goes miles in helping to sell their product.

When you have a product, the worst thing that can happen is you fall in love with that product as the person who's selling it. It blinds you to the buyer. You tend to focus on what to you are the obvious beauties of the product, but you don't listen to what the client is saying to you.

A lot of people miss sales because they're so convinced or so indoctrinated by their brand that they think it's absolutely the best.

If you listen to your client, you'll find what is important to them and you'll be able to sell to them.

A big part of what we do has to be listening. It seems obvious, but I watch sales every day and it's not so obvious.

What about customer relationship management (CRM) for the super-rich person?

I start from the premise that we're all human beings.

Someone feeling that you remembered them, and that they're important, is just as important to the rich guy as to the poor guy.

I believe in sending a note it could be one line writing it out, putting it in an envelope, and sending it to them.

I have a good friend who was the head of Bozell & Jacobs for a few years. He used to do this religiously with all of the executives at Chrysler.

We were talking once, and I asked him, "What is the most important thing that you do?" He said, "Letting people know that I know what's going on in their lives and that I'm connected to them."

Looking at it in that way, birthdays and anniversaries and graduations are important landmarks, no matter how much money you have.

Can you think about the impact of getting a note in today's world instead of getting these online birthday cards?

Speaking on the sales side, what have been the most effective and least effective corporate strategies that come to mind?

As things progress in the world, and the more we become more insensitive to human emotions and lose sight of interpersonal transactions, the more the human being wants that personal relationship.

We need the touchy-feely communicative experiences. We're built for them.

When companies fail to capitalize on the value of building interpersonal relationships not through a cocktail party maybe you have an intimate dinner party, and the owner of the company is there, and you have a conversation around the table, maybe not even about the product, just talking. This, in my opinion, in the future, will be the difference between selling to the UHNW and not.

Is the CEO's ability to reach out and honestly discuss with potential customers still there?

Get an honest feedback, get an honest opinion, provide a service at 3 in the morning.

So big brands, if they want to get ultra-high-net-worth business, have to have a sub-marketing strategy?

You can't have these services for the mass market, but you have to for UHNW.

I'm going to use the word "entitled."

People who've worked hard to earn their money and who are perpetuating it, feel a certain amount of respect is due them.

You may call that entitlement, but if you want to keep this client you better be aware of it.

If you recognize that, give the client a special way to access things, in a personal way.

Wealthy people know Tiffany's, Cartier, Harry Winston as brands, but do they know the specific products?

Some people don't even know what those brands are. They don't know how to pronounce them or they feel awkward saying them.

European brand mentality is you should know who we are.

American mentality isn't that way. You have to flatter the client. "Let me show you something that's the best of the best, knowing your taste."

Speaking down to people never works. Lifting them up to your level always works.

The world of Faberg

Anything more to add?

In selling, the answer "no" does not exist.

Elegance is not synonymous to luxury. Elegance is intrinsic. Luxury is manufactured.

A rancher once came to me in overalls. He pulled out an advertisement page out of his back pocket. It was kind of soiled. It was a Piaget watch.

"Today is my anniversary, and my wife tore this page out of the magazine and left it lying on the table, obviously for me to find. Do you have this watch?"

Ironically, we had the watch. He said, "I think we have an account with you."

It was in the days when we had to call Dallas and they had to go through their card file. They found his name and said, "He can have whatever he wants." He wore big overalls, a sweat-stained t-shirt, a straw cowboy hat and cowboy boots. He'd been out all morning branding cattle on the range. He became one of my best customers, it became a relationship, I'd call him and say, "Hey, you've got an anniversary coming up, you want to buy something."

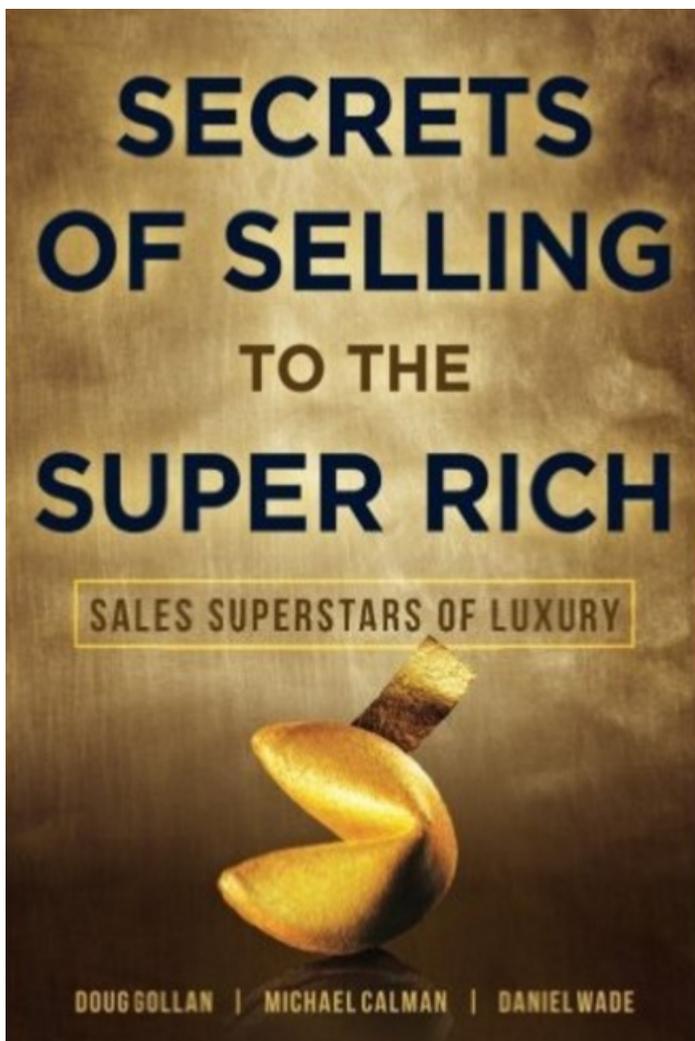
I'd ask if she'd been looking at anything. He said, "Well, yeah, a couple of things. Come out to such and such side of the ranch tomorrow."

I'd drive out there, find him, sit on the back of a pickup truck, and show him necklaces. "She's your wife, she's important, she's got to look great for The Cattleman's Ball."

That's selling at the level that we need to get back to. He's busy, he's running a ranch.

It goes full service to a client I have now. They wanted the product delivered to Hong Kong. That's what we need to do today to sell to the ultra-wealthy.

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Secrets of Selling to the Super Rich: Sales Superstars of Luxury

Doug Gollan is an expert on ultra-high-net-worth consumers. Over 30 years he has held senior positions in editorial, sales and management at business-to-consumer and business-to-business media companies focused across travel, luxury, automotive, spirits, fashion and financial services. A cofounder of Elite Traveler in 2001, since departing in 2014 he has launched DG Amazing Experiences, which is a weekly CEO-style e-newsletter focused on travel and lifestyle.

Michael Calman is a strategic innovation specialist and C-level marketer of brands, including Calvin Klein, Coach and Bergdorf Goodman. His decades of creating customer engagement and retail marketing spans the luxury spectrum aspirational to super rich, and accessible luxury-priced handbags to private jets. In 2006, he founded Calman Consulting LLC, providing business insight, turnaround strategies, omni-platform marketing and digital initiatives for legacy brands and innovative startups.

Daniel Wade, a veteran in travel, is an expert in partnership marketing and luxury lifestyle media, with significant experience in consumer and business-to-business media, brand positioning and sales development with global leaders in travel and hospitality, yachting, private jet and the luxury goods sectors. He is currently senior vice president and co-publisher of TravelMarketReport.com and is also a consultant for luxury businesses.

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