

MARKETING

Personalization, omnichannel key to reaching discerning HNWIs

January 3, 2019



The newly rich are key targets for status symbols. Image credit: Michael Kors

By SARAH JONES

Wealthy individuals represent a powerful, global economic force, but they can be a difficult audience for brands to target due to their busy lifestyles and elevated expectations.

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According to a whitepaper from researcher Euromonitor, there will be 3.6 million more HNWIs created in the next decade, bringing the total population above 8 million. This growing audience that can afford luxury purchases is typically time poor and looking for brands that go the extra mile.

"Gauging what high-net-worth consumers want and need can be very difficult, as they expect brands to go the extra mile to provide more than luxury goods and services," said An Hodgson, income and expenditure manager at **Euromonitor**, in the report. "Effective strategies to win over high-net-worth consumers take into account the challenges in reaching HNWIs and put the needs and desires of these consumers at the center of the business."

Euromonitor's **report** looks at high-net-worth individuals, or those with assets of at least \$5 million, who are 18 and older.

Accelerating assets

As of 2017, there were 4.1 million individuals who have high net worths. This group, which is 0.1 percent of the global population, collectively owns 21.3 percent of total worldwide wealth.

More than half of HNWIs live in the United States, and 55 percent of the total HNW wealth is concentrated in the nation.

While greater amounts of total wealth are held by the HNW populations in developed countries, those who are considered affluent in other nations tend to have a greater average net worth. For instance, the average ultra-affluent American has a net worth of \$13.3 million, while their counterparts in Russia on average own \$57.2 million.

About two-thirds of new wealth growth through 2030 will come from the United States, but developing economies are seeing their HNW populations rise at a steeper rate.

Among developing and emerging economies, half of the HNW growth will come from China.

Compared to those who have existing wealth, newly affluent individuals are more apt to be self-made. They therefore are rich but time poor, with work a key part of their lives.



The newly wealthy are interested in purchases such as yachts. Image credit: AvYachts

Those who came into their fortunes more recently also put more value on status symbols and tend to seek out opportunities such as international education for their children.

Convenience and simplicity are key to reaching all HNWIs. While these individuals often have help in the form of drivers and assistants, they still value services that make activities such as shopping easier.

This includes allowing for seamless crosschannel experiences such as in-store returns for online purchases or searching bricks-and-mortar inventory from an ecommerce site.

Another element behind building a relationship is personalization. Whether serving up marketing tailored to a particular shopper's tastes or interacting with consumers one-on-one, creating experiences for an individual is one way to win their loyalty.

Consumers also respond to authenticity. Brands that play up their heritage or stick to a set of values appeal more to this group of shoppers.

Mindful luxury

Luxury brands can also tap into consumers' growing preferences for more experiential purchases.

Affluent consumers are seeking to simplify their lives, with more than half of respondents in a YouGov study saying they are looking to buy less and declutter.

The biggest motivator for this shift is saving time, as these individuals look to spend more of their time exploring their passions or having "me time." Consumption patterns have been increasingly moving away from accumulation and more towards mindful purchasing, as consumers seek to fill their lives with experiences rather than material goods ([see story](#)).

Euromonitor suggests brands focus on the experience behind a product, stressing benefits such as enjoyment to sell everything from luxury cars to handbags, since these purchases are often motivated emotionally.

This mindfulness also extends to wellness, as consumers seek out healthfulness.

Wellness is a particularly important aspect of the luxury sector and its popularity is continuing to take off, with the industry growing 12.8 percent in the last two years.

A report from Global Wellness Institute shows that the industry jumped from \$3.7 trillion to \$4.2 trillion over two years from 2015 to 2017. In the same period, the wellness economy grew at double the rate of the global economy, pointing to opportunities for the luxury business ([see story](#)).

"Brands and businesses, regardless of which categories they are in, can increase their appeal and attract HNWIs by offering opportunities for consumers to indulge in experiences boosting their health and well-being," Ms. Hodgson said. "Brands can tap into the healthy living trend by, for example, promoting sports, healthy diets, detoxing and having a positive perspective."

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