

RESEARCH

UHNWIs, picking winners and losers, drawing sharp line in sand with spending post-COVID-19

July 14, 2020



UHNWIs either plan to decrease or avoid activities that would increase risk of exposure, at least until COVID-19 has been mitigated. Image credit: Northrop & Johnson

By LUXURY DAILY NEWS SERVICE

Makers of luxury goods and services will have to adjust how they operate and market to ultra-high-net-worth consumers if they want to retain their business in the COVID-19 era.

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That was a key takeaway from recent surveys of customers and brokers run by Northrop & Johnson, a Fort Lauderdale, FL-based yacht sales-to-charter company.

"We asked our very busy and affluent customers to share their feedback on a broad range of topics, including how COVID-19 is impacting their lifestyle and what they forecast for the foreseeable future," said Daniel Ziriakus, president and chief operating officer of Northrop & Johnson, in a statement.

"The message is loud and clear, UHNWIs either plan to decrease or avoid activities that would increase risk of exposure, at least until COVID-19 has been mitigated," he said.

Safe than sorry

In each category bar online shopping, home entertaining and private aviation and yachting, more than 50 percent of Northrop & Johnson customers said they plan to decrease or completely stop their usual activities until COVID-19 is mitigated.

Those categories under pause include flying on commercial airlines, dining out at restaurants, shopping at malls, department stores and small boutiques, attending live events, conferences and conventions, and staying at hotels and resorts.



*Online and physically distance activities in safe environments seem to be the general direction for the ultra-wealthy as the COVID-19 is rampant.
Image credit: Northrop & Johnson*

Per **Northrop & Johnson**, key findings from the survey include:

- 68 percent will decrease or stop entirely attending sporting and live entertainment events, a blow to professional sports where up to 50 percent of stadium revenues come from luxury boxes and premium seating
- 65 percent will reduce travel via airlines, eliminating a key source of first and business class passengers, perhaps massively changing airline economics
- 56 percent expect to decrease or stop entirely dining out at restaurants, one of the hardest-hit segments economically
- 57 percent will cut visits to shopping malls and 52 percent will stay away from small boutiques
- 57 percent will cut back attendance at trade shows and conferences, a \$1.03 trillion industry
- 57 percent will entertain less or stop entertaining in-home, a potential blow for charities who often use UHNW residences for fundraisers
- 53 percent will decrease stays at luxury hotels and resorts

Winners include brands that sell online and travel options that are perceived to be safe, such as private jets and yachts.

- 55 percent will increase online shopping, pushing retail operators to rethink how they do business with their highest-spending clients
- 39 percent of UHNWs expect to increase use of private jets
- 77 percent of customers who had yacht charters booked for 2020 said they will move forward or are taking a wait-and-see approach

"While UHNWs represent a small segment of the market in terms of population, the purchasing power of these individuals and the businesses they control can have significant impact on the industries where they typically spend hundreds of billions of dollars annually," Mr. Ziriakus said.

[Please click here to download a PDF of Northrop & Johnson's UHNW Luxury Market Outlook](#)