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Who do UHNWIs trust most? Their digitally savvy kids: report

July 29, 2022

Members of the LVMH family and exemplars of an Ultra High Net Worth (UHNW) unit. Image credit: LVMH

By AMIRAH KEATON

Populations with heightened means are seeking greater meaning, weighing professional and philanthropic priorities with the help of their successors.

Consulting firm Luxury Institute has released Evolving Values and Priorities of Ultra-High-Net-Worth Families, a new report offering comprehensive insights on the wants and needs of ultra-high-net-worth (UHNW) individuals across areas like purpose and values, health, wellness and longevity and privacy and security. The July white paper provides ample context on the attitudes and behaviors driving luxury's core demographic.

"As UHNW individuals and families' values and priorities continue to evolve, so do the roles of their trusted advisors," said Milton Pedraza, CEO of Luxury Institute, in a statement.

"More than ever, UHNWs across generations are looking for advisors who not only have exceptional expertise in their craft, but are, above and beyond, human beings in terms of their personal values and how they nurture, caretake and advise."

For this research, Luxury Institute drew insights from a sample of one-on-one interviews and observations of the organization's extensive UHNW network across the United States and Europe, also referencing dialogue between organization leadership, fellow investors and trusted UHNW advisors.

Prioritizing purpose

Luxury Institute's latest report hones in on UHNW earners' most pressing preferences.

Findings reveal the ways in which recent global shifts have impacted the most wealthy among us. By trade, this group consists primarily of entrepreneurs, founders, investors, philanthropists and adjacent professions.

Ethics and purposeful business practices top the list of values most urgent for UHNW earners. Image credit: Four Seasons

Ethics and purposeful, sustainable business practices top the list of values most urgent for these earners. The pack of well-educated, self-made power players approach their respective ventures with emotional intelligence and expect their associates, advisors and even their children to reflect principles such as empathy, trustworthiness and generosity.

Following a quick resource influx after major wealth-defining liquidity events, many UHNW newcomers are addressing their existential woes by proposing solutions to large-scale societal challenges such as climate change or the childcare crisis, in pursuit of purpose.

In the aftermath of the pandemic's height, UHNW earners seek additional square footage for personal dwellings. Image credit: Ogilvie Promotions

With influence top-of-mind, the report also proves that UHNW's next-of-kin has a heavy hand in swaying their long-held beliefs. Of all discoveries, Mr. Pedraza was most surprised to learn of "the tremendous influence that the digitally native younger generations have in every facet of HNW family's life streams such as travel, investments and philanthropy."

The Institute shared that younger, digitally native generations of UHNWs are relaying the importance of engagement from one age group to the next, impacting consumption, investment and philanthropy decisions to push for progress.

Perhaps their outsized influence is due to the fact that the UHNW crowd sees time spent with family and friends as more crucial than ever before.

"[UHNW individuals are] prioritizing and spending more time with loved ones and trusted members of their tribe," he said.

Other lifestyle considerations include a desire for additional square footage when it comes to personal dwellings, as UHNW members opt for gated communities, chasing like-minded companionship therein by frequenting country, yacht and golf clubs. Friendships, though, are notably becoming more difficult to maintain in this circle.

Reports of increased isolation are inherent to an extreme level of wealth, but may also be connected to the individualization of living arrangements and excess time spent indoors as a result of the global health crisis. In its aftermath, UHNWs want more larger and more private indoor spaces, as work and play increasingly coincide in the home.

Full technological enablement of the home is also a requirement of this cohort, with a recognition that the need for protection against physical and cybersecurity threats like digital fraud and identity theft is of the utmost importance.

Though vacations to exclusive destinations such as private islands and yachts remain desirable, stakeholders should not expect retirement from this group any time soon. UHNW earners are keeping busy by engaging in passion projects that extend legacy and unearth unprecedented levels of deep joy or are running businesses at elder ages alongside younger family members.

Widening net-worths

Boosted by pandemic earnings, the size of the UHNW population does not appear to be slowing.

According to Knight Frank's Wealth Report 2022, the population of UHNWI, defined as those with net assets of $30 million or more, increased by 9.3 percent in 2021 compared to 2.4 percent growth in 2020. The United States, United Kingdom and France saw at least 10 percent growth in their UHWNI populations (see story).

As luxury heads into the latter half of the year, Luxury Institute leaves luxury executives with a potentially untapped market, as his firm uncovered that ultra high earning single and divorced women feel they lack respect from those that surround and work with them, like doctors, wealth advisors and attorneys, marking a substantial opportunity to serve a seemingly hidden segment.

"[A] large segment of 50 plus women who are single, divorced or widowed who have tremendous wealth and feel they are being ignored across their lifestyle needs," Mr. Pedraza said.

"Both genders' older HNWs are not retiring, continue to be engaged in the workplace and their work fashion and accessories needs must be addressed."