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## Marketing to the elites - what the wealthy want and how to give it to them

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**High net worth individuals are a highly attractive and lucrative audience for any brand. So what traits define these individuals and what can marketers do to attract their attention? Tracey Porter investigates.**

*This article originally appeared in [The Money Issue](#), our April/May 2018 issue of Marketing magazine.*

It is clear Australia's financial elite are kicking some serious goals. New research recently released by Credit Suisse shows the number of ultra high net worth individuals (those with a net worth of \$65.5 million) in Australia grew to 3000 in the 12 months to June 2017.

The latest issue of the company's 'Global Wealth Report' found that during the same period the number of millionaires in Australia grew by 200,000 to 1.16 million. The report also revealed that last year saw the largest increase in the number of billionaires in this country since the start of the century, adding eight new billionaires in 2017, lifting the total number to 33. And it's clear the numbers are having a big impact on the retail sector with Europe-based luxury conglomerates Richemont, Kering and LVMH - which last year generated a collective \$80 billion in global sales - all growing their bricks-and-mortar retail presence here.



### No sign of warning

But it's not just in high-end fashion where the effects are being felt. Australia is now regarded as one of the most matured markets in the Ferrari global network. Australasian CEO Herbert Appleroth says the growth of the luxury market - not just in cars but right across the segment - has been on an upward trend for many years in Australia. All the signs point to that growth continuing, he asserts, "I think in Australia our clients are becoming much more sophisticated in their approach to luxury. They are much more open to celebrating their successes than perhaps they were in the past." Private membership club The Luxury Network (TLN) is a global group specifically set up to facilitate new business development between high-end companies, by providing direct access to members' pre-qualified high net worth individual (HNWI).

Founded in the UK in 2007 and launched in Australia in 2011, the group works by strategically aligning brands operating in this space for joint collaborations, product placements, endorsements, media sharing, B2B and B2C networking, sales and luxury showcase events and numerous other affinity marketing activities. Michelle Santoro is the managing director of the network's Victorian arm, members of which include brands operating across the luxury real estate, marine, travel and automotive sectors. She says she has noticed that the presence of luxury brands in Australia has grown considerably over the past few years, with the number of applications to TLN commensurate with this. Likewise, the general manager of the Vintage Luggage Company (VLC), Ben Palmer, says he has also noticed a "very steady" increase in wealthy clients purchasing from his store - specifically in the past 12 months. "This is particularly from the Chinese market who are moving to our neighbourhood and have a thirst for luxury products. We also have a very elite clientele in our area [of Sydney] who travel overseas quite frequently and they are familiar with our brands and what we represent."



## Exclusivity

Santoro says while the definition of what a HNWI looks like will vary from brand to brand, they will always be defined differently from many other consumer groups because they are typically a lot more discerning. "While they enjoy 'luxury' they are also seeking unique experiences that money can't buy or exclusive access to events, previews and advice. The 'experience' of the brand has to be consistent from advertising and marketing through to the in-store engagement. Understandably, people looking to spend a lot of money expect to be treated very well." Qualified gemmologist and Diamond Guild member Matthew Ely - who runs his own bespoke jewellery boutique in Sydney's Woollahra - agrees high net worth consumers routinely look for the highest quality and the best. However, he says that what also comes with this desire is an openness to creativity. "We find that there is a strong orientation towards jewellery for the family, not just as an investment or spontaneous purchase, but to create special cherished moments that can be shared with the family or to update existing heirlooms that will be modernised in order to be celebrated by a future generation."



VLC's Palmer has a background in advertising, but now travels the world seeking out vintage items such as \$70,000 Baccarat Zenith chandeliers, limited edition \$20,000 gold Lalique Oran vases and \$36,500 Prada steamer wardrobes for resale. He says, despite being more astute than normal consumers, HNWIs tend to "know what brands they like and they are willing to pay for the quality products". In a word they are specific and "quite fussy", he says. "The most common trait though is they want something not everyone has and something unique."

## **Values matter most**

The marketers' comments are reflected in a consumer insight report on HNWIs published by global measurement and data analytics company Nielsen. It found that in order for brands to offer informed marketing and communication strategies, develop new and relevant products and services and successfully create the perfect customer experience journey tailored to their sector, they must first understand the unique characteristics and expectations of the HNWI consumer. Nielsen argues the first and most logical step is to generate brand appeal and make an effort to stand out.

In this, HNWIs are no different from any other consumer segment, it says, "Beyond mere labels of exclusivity or price thresholds that may create a perception of a premium brand, HNWIs often show an advanced sense of brand assessment and interpretation, based on their own experiences, an advanced education and significant exposure to premium brands on an ongoing basis." A sense of exclusivity is also important to the consumer segment that currently represents less than 1% of the world's total population, but together accounts for more than 40% of the world's total wealth. "Rare vintage wine, limited edition spirits or exclusive advisory services would typically create the sense of exclusivity desired by the majority of HNWIs. Premium brands have to embed in their value proposition a set of unique features or propositions that create and convey this sense of exclusivity at all times."

Surprisingly, Nielsen also discovered that price does matter to this group. Although wealthy individuals have access to larger financial resources, they don't systematically opt for spontaneous purchases. The value for money is an important aspect of their buying decision-making process, even for emotional purchases, Nielsen found. That's why the price positioning must always be defined based on the perception of the benefits (whether material or emotional).

Nielsen's research into this type of high spending consumer also uncovered the fact that values and beliefs also have an important part to play when HNWIs are looking to make a purchase. Typically, HNWIs are more inclined to make purchasing decisions based on the impact of their purchase on broader society; for example, favouring fair trade or by ensuring alignment of brand values with their own beliefs and value system. Nielsen says its research suggests that it's not always the end consumer who will be the key decision-maker, as intermediaries - such as family offices or financial consultants - play a major role in the purchase decision. For this reason it is important to ensure that the right effort is being made in the correct places, the company says. It should also be noted that HNWIs are usually very savvy when it comes to their financial needs and investment choices. "Financial planning offerings must get the balance right between the technical performance of the financial vehicles, but also on softer emotional drivers, such as trust and security," the Nielsen report stated. Being made to feel special is a key component of encouraging wealthy clients to loosen the purse strings, the marketers say.

## **Style and substance**

Each year Ferrari Australia hosts around 300 events across its Australasian network, incorporating an array of lifestyle experiences with the finest food and wine, art and design.

A core part of this program is what Appleroth describes as "money can't buy" experiences, which have recently included private jet charters to an exclusive resort in Byron Bay for the premiere of the all new Ferrari Portofino. "The art of luxury is giving clients a unique and special experience, different to every other Ferrari client," Appleroth says. For Ely, whose entry points start at around \$15,000 for a bespoke engagement ring, customisation and personalisation is key. "I believe success comes from being genuine, authentic and having a legitimate relationship with our customers. By the very nature of something 'bespoke', it is one-off and created for the individual. This differs from the handcrafted pieces on display in our boutique, which are designed and created by me, but available for all to share and enjoy. The level of customisation, personal service, efforts in sourcing of gems and the physical handcrafting creation process make the brand a truly end to end luxury service. We communicate this point of difference across all touch points of our marketing strategy."



Matthew Ely

Palmer too enjoys opting for the unusual when it comes to marketing to HNWIs. He says since establishing his business in 2005, he has engineered a number of different marketing initiatives to capture the attention of this lucrative consumer segment, some of which have proved more successful than others. On the whole Palmer says he has found the group he refers to as "elite clientele" usually prefer intimate parties in the VLC boutique as opposed to more public settings. "We have held events in conjunction with private banks in Australia in our store and have had key people speak at the events, including the head of Louis Vuitton Australasia. We have found this is the best way to interact with our clients in a private setting. We have also sponsored a few select charities and events throughout Sydney, which has been a great branding experience for us."

Palmer says few initiatives have worked better, however, than those that have seen him and his team consistently go to great lengths in terms of their customer service offering. One of the most important factors is that some specific clients like to see pieces in their homes before they commit. As a result the boutique goes to extreme lengths for its clients, which includes offering an in-house design service, he says.

Where possible, to build up trust, he and his team personally deliver products to clients' home addresses as they are "generally very private and don't want couriers in their homes," he explains.

"I don't think a broad branding approach works when dealing with luxury items. We have a very specific clientele and you have to reach them in different mediums. You have to play in the space they are in. This can be anything from sponsoring at \$10,000-a-plate dinners to luxury high-end magazines, to the very basic specific emails and calls. I have built up a relationship over the years with our top clients and they appreciate me finding rare and unique items or they will also ask me to go looking for specific products. Once I find them, I personally call them or visit their homes to view. This is one of our best forms of marketing for the top end clients; they want that bespoke one-on-one service."

## First impressions count

Santoro, who through her role with TLN regularly deals with operators in this high wealth space, says personal grooming is just as important as strong after sales follow-up when it comes to HNWIs being drawn to your offering or opting for a competitor brand. "I think that personal appearance is extremely important, particularly in the luxury space. A sound understanding of business along with a solid knowledge of the 'luxury' industry is essential, in order to create and facilitate partnerships that are the right fit." Palmer agrees that while it may sound a little shallow, image is an important part of creating a lasting impression. "Wealthy clients will notice what you are wearing and they also like that you can relate when coming to luxury brands," he says. "They are generally very private and want utmost privacy on what they are purchasing, but if they can see that I am wearing a Cartier bracelet, for example, they comment on it and, as bad as it may sound, it puts you on a similar playing field."

"It never ceases to amaze me the different ways people make money and are successful in life but it always comes back to how you treat the people around you. One of the greatest things I have learned [from my interactions with this segment] is that you need to work like no one else is willing to so you can live like no one else can live."

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---

16

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MELBOURNE  
Melbourne

22

CORPORATE  
AFFAIRS SUMMIT  
Sydney

23

YOUTH  
MARKETING  
AUSTRALIA

29

CONFERENCE  
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