

The 8 Laws of Marketing to HNWIs

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Marine Marketers of America

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THE 8 LAWS
will drive affluent consumers to acquire your products and services.



The Laws of Marketing to the Affluent

- I. Understand market & luxury

Identifying the Affluent in USA

Global

I. HENRY	Income \$100k - \$250k	32,742,000 *	
II. TINA	Income \$100k - \$250k	32,742,000 *	
III. HANNA	Net worth \$ 1m - \$5m	10,230,000 **	20.0m ****
IV. HNW	Net worth \$ 5m - \$30m	2,500,000 ***	1.6m *****
V. UHNW	Net worth \$30m +	52,912 ****	168.1k *****
VI. Billionaires	Net worth \$ 1b +	705 *****	2.6k *****

* US Census 2018
 ** Unity Marketing
 *** Spectrum
 **** Knight Frank
 ***** Wealth-X
 ***** Cappgemini

Never assume the affluent are alike

For example:

I. British gentlemen	I. Prince Charles
II. Born in 1948	II. Yusuf Islam (Cat Stevens)
III. Married with children	III. Ozzy Osborne

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What is Luxury?



Luxury is subjective and personal:
**one of the three most misused and
 misunderstood** words in the dictionary.

traditionally Luxury is defined by:

1. Things so distinguished by their inherent value, generally unique one-of-a-kind, so **rare** or in such short supply that uniqueness commands a premium price
2. Things so distinguished by the **quality of the art & design**, quality and **science lavished** on them that they command a premium price.
3. **Great experiences** so rare and sensually orchestrated, the experience and memories of them so precious, that they are actually luxury products, packaged and sold in exactly the same way.

As marketers in a category that's generally not 'need' driven, we must understand that luxury is a mindset increasingly requiring and driven by experience.

"Discriminating and knowledgeable buyers set their own standards and have their own demands. What may be one person's luxury is another's necessity."

Stanley Marcus
 Former CEO
 Neiman Marcus

Never use luxury to describe yourself,
a product or object.

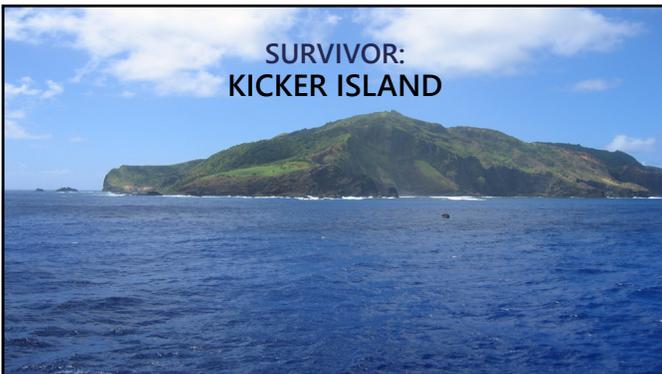
The Affluent are not hung-up on luxury brands.

Top three car models of millionaires according to
WealthEngine:

- Honda Accord
- Toyota Camry
- Ford F150 truck

Know isn't no.

SURVIVOR:
KICKER ISLAND



**WHAT PERCENT OF THE AFFLUENT COME
FROM A MIDDLE CLASS BACKGROUND?**

- A. 15%
- B. 34%
- C. 62%
- D. >70%

WHAT PERCENT OF THE AFFLUENT COME FROM A MIDDLE CLASS BACKGROUND?

- A. ~~10%~~
- B. ~~30%~~
- C. ~~60%~~
- D. >70%

Most of the affluent haven't lost their middle class values.

"THE ONE COMMONALITY AMONGST THE AFFLUENT IS THEY ARE AGGRESSIVE SAVERS OF MONEY."

Ron Kurtz
American Affluence Research Center

The Affluent

- >70% of the affluent were raised in middle class environment.
- Have been affluent for less than 25 years
- 61% still on the front lines of business
- Expect you to work hard (that's how they got there).
- 70% of their children attended public school

YouGov/Harrison Group



Affluent 'Baby Boomers'
versus their
affluent children who've become adults and are buying boats.

YouGov for Luxury Portfolio

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Affluent 'New Aristocracy'

- 25-49
- 77% Lifetime of exposure to luxury and wealth
- They will want larger vessels
- What used to be luxury is now 'how they live.'

YouGov for Luxury Portfolio

Under 40s see value in owning timeless luxury products

	18 - 39	40+ years of age
Luxury products make good investment pieces and/or to hand down to family	81%	68%
I like to collect luxury products	76%	57%

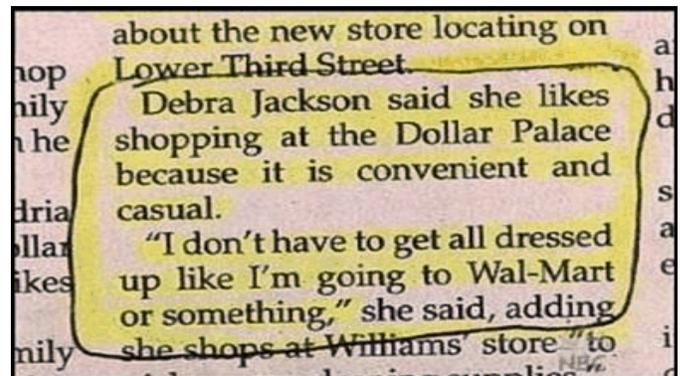
Altiant LuxuryOpinions 2019

"Seek balance in life not through their status, but through experiences they see important to their lives, their legacy and those around them. They are self actualized and seeking to maintain their current state and reconnect with life's beauty."

UHNWIs see luxury as a way of life:

- They understand seen and 'unseen.'
- Desire to be around others of their caliber.
- Focused on future impact and legacy.
- Mature enough to recognize balance is key.

Describing The Regent Guest



The Laws of Marketing to the Affluent

- I. Understand market & luxury
- II. Traditional selling and marketing is no longer effective

You are a technology brand.

You don't sell to the affluent,
they choose to buy from you.

You connect emotionally by
matching values & fascinating.

"The greatest thing you have working for you is not
the photo you take or the picture you paint. It's the
imagination of the consumer... if you can get into
that space, your ad can run all day."

Don Draper

The 8 Laws

- I. Understand market & luxury
- II. Traditional selling and marketing is no longer effective
- III. Luxury is a business model with specific rules

COSTCO
WHOLESALE

★ macy's

carhartt

Brioni

BLUE NILE

Cartier

Distinct business and marketing models:

- Fashion
- Luxury
- Mass
- Premium
- Promotional
- Design

Distinct business and marketing models:

- Fashion
- Luxury
- Mass
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BUSINESS MODEL COMPARISONS

Luxury is
superlative

"The luxury strategy aims at creating the highest brand value and pricing power by leveraging all intangible elements of singularity: i.e. time, heritage, country of origin, craftsmanship, man-made, small series, prestigious clients, etc."*

Fashion is
perishable

"In fashion, heritage, time, are not important; fashion sells by being fashionable, which is to say, a very perishable value."*

Premium is
comparative

"Premium strategy can be summarized as 'pay more, get more.' Here the goal is to prove - through comparisons and benchmarking - that this is the best value within its category."

Quality/price ratio is the motto. This strategy is, by essence, comparative."*

Mass is
comparative

Mass refers to a large, undifferentiated market of consumers with widely varied backgrounds. Products and services needed by almost every member of society are suited for the mass market.

*Noel Kapferer, Vincent Bastian
Luxury industry gurus

BUSINESS MODEL COMPARISONS

- Luxury – "This is 'it'."
- Fashion – "This is 'it' this season."
- Premium – "This is as good as 'it' at a lower price."
- Mass – "Why would you pay more for 'it'?"

Luxury brands
unleash and channel
best prospect's desire.

PILLARS OF LUXURY

- Loyalty
- Heritage
- Creativity
- Provenance
- Authenticity
- Brand sanctity
- Discreet and private
- Scarcity and exclusivity
- Sophistication and grace
- Highest non-negotiable standards of quality
- DNA: unique point of view driven by founder
- Preservation of artisanship and craftsmanship

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- IV. Marketing first

ANONYMITY IS A POOR STRATEGY.

"Because the purpose of business is to create a customer, the business enterprise has two - and only two - basic functions: marketing and innovation.

*Marketing and innovation produce results; all the rest are costs.
Marketing is the distinguishing, unique function of the business."*

PETER DRUCKER
THE PRACTICE OF MANAGEMENT

In a competitive market, the best marketer always wins.

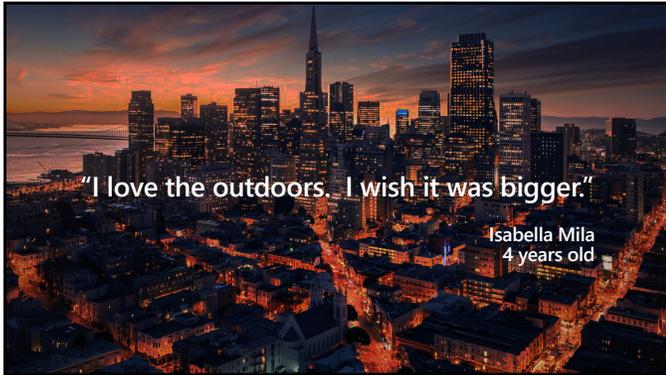
Promoting expensive product is not luxury marketing.

LUXURY MARKETING DRIVES BRAND DESIRE.

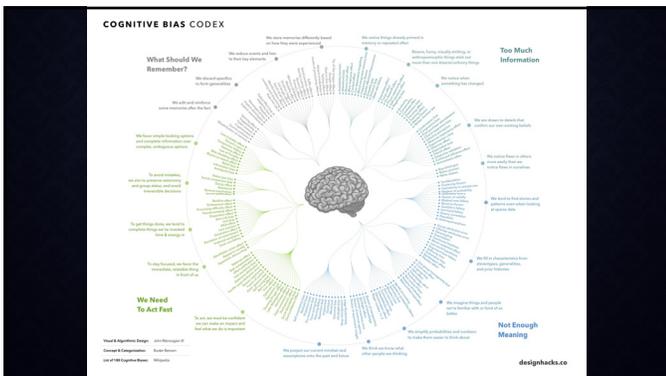


Salespeople are no longer the primary influencers.

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Cognitive bias



What matters to you is likely not a driver to an affluent individual.

No one can buy your product or service if they don't know you exist.
Anonymity is a deeply flawed strategy.

Luxury marketing unleashes and channels your prospect's desire.

"LUXURY BRANDS PLANT SEEDS."

LUXURY DAILY

You make the biggest impact when:

1. You're seen where you're least expected to be seen.
2. Your product or service will soon be acquired.



WORD OF MOUTH

Existing on referrals means you've handed-over your most important responsibility; your means for growth and future profitability to somebody else.

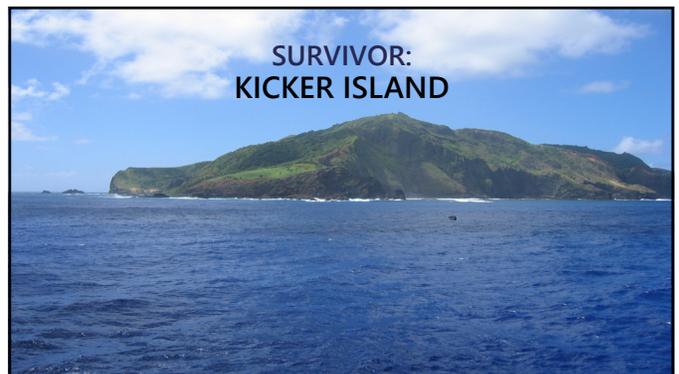
Perhaps the dumbest thing any person can say.

THINK BIGGER.
MOVE FASTER.

MARKET MORE AGGRESSIVELY.

IN 2019 EVERY BRAND IS A TECHNOLOGY BRAND.

**SURVIVOR:
KICKER ISLAND**



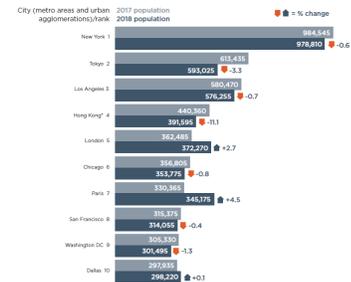
WHAT CITY HAS THE MOST HNWI INDIVIDUALS?

- London
- Paris
- Los Angeles
- Hong Kong
- New York
- Tokyo

Wealth-X

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TOP 10 HNWI CITIES



Wealth-X

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- IV. Marketing first
- V. DNA and narrative

"Instilling DNA is essential to brand sustenance."

Luxury Daily

Desire for brand is driven by a unique point of view / je ne sais quoi = DNA.

BEING SUPERLATIVE

Unique point of view generally driven by founder means you have no competitor.

MY WAY WRITTEN BY PAUL ANKA

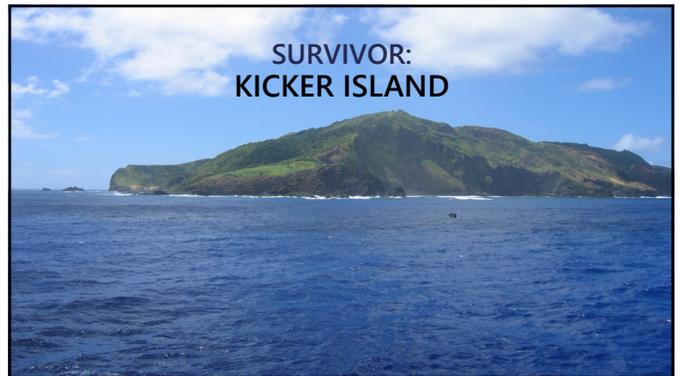
Recorded by

- Paul Anka
- David Bowie
- Herman Brood
- Gabriel Byrne
- Jay Z
- Jon Bon Jovi
- Julio Inglesias
- Samantha Jones
- Shane MacGowan (The Pogues)
- Mika Nakashima
- Mina
- Oscar the Grouch
- Elvis Presley
- Frank Sinatra
- Sid Vicious (Sex Pistols)

HOW ARE YOU SUPERLATIVE?

To succeed you must reflect an understanding of your best prospects so your messaging resonates.

Must be more than a pretty face.



What is the most popular animal for UHNWIs?

- Dogs
- Cats
- Horses
- Fish
- Birds

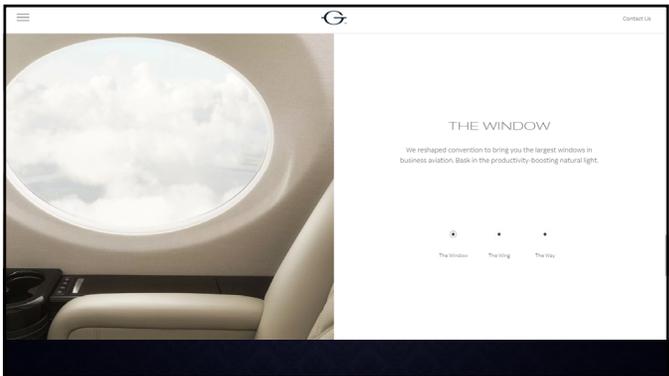
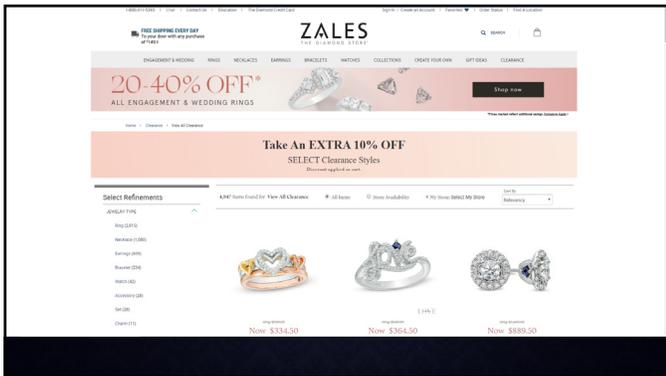
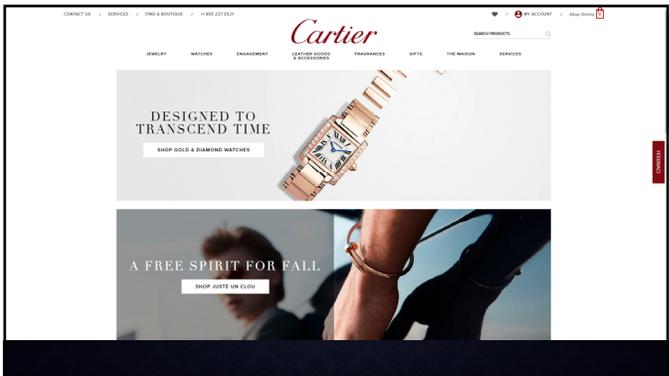
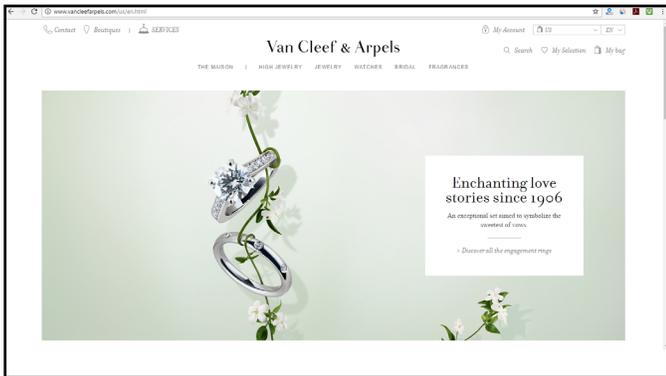
What is the most popular animal for UHNWIs?

- ~~D~~gs
- ~~C~~ts
- Horses
- ~~F~~sh
- ~~B~~ds

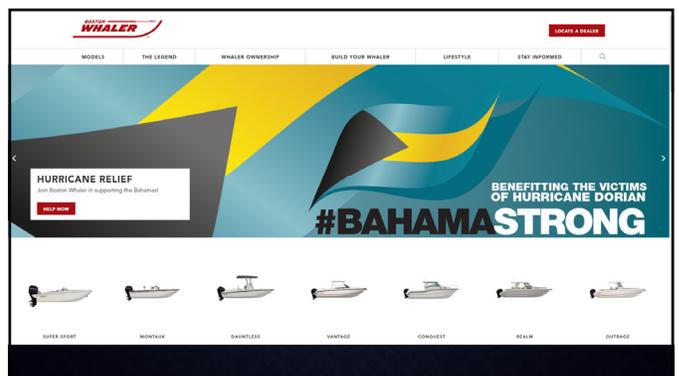
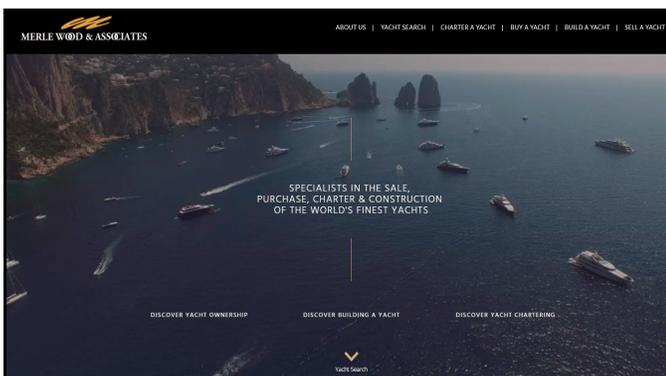
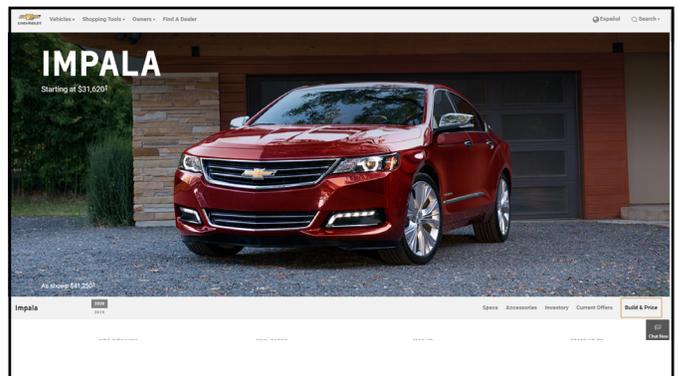
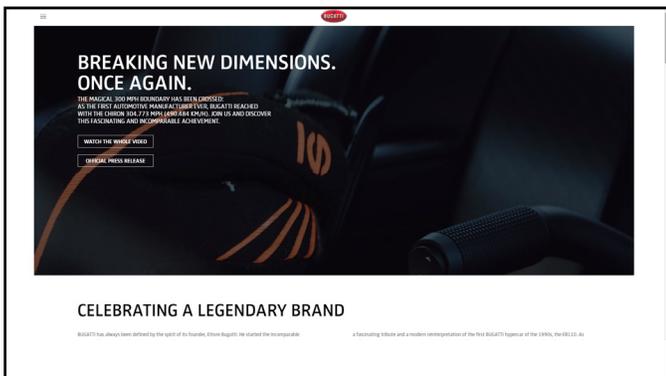
ANIMALS (ANIMAL)

Rank	Type	% of UHNW who like Animals
1	Horses	39.6%
2	Dogs	33.0%
3	Cats	3.6%
4	Fish	3.1%
5	Birds	0.9%

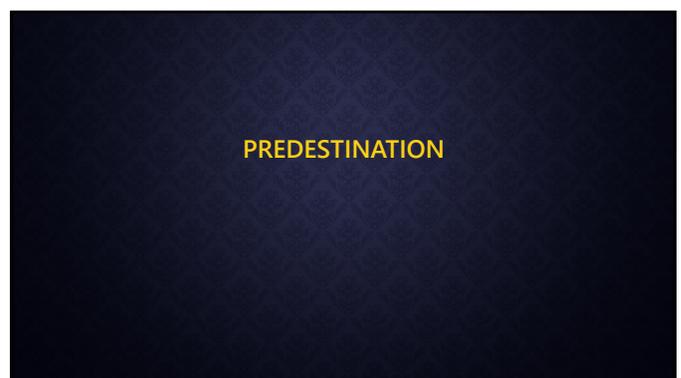
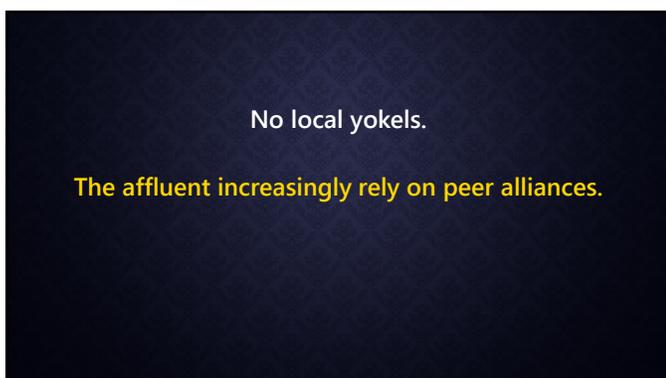
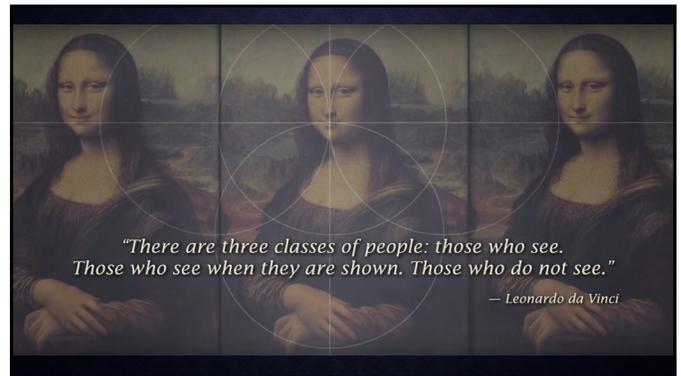
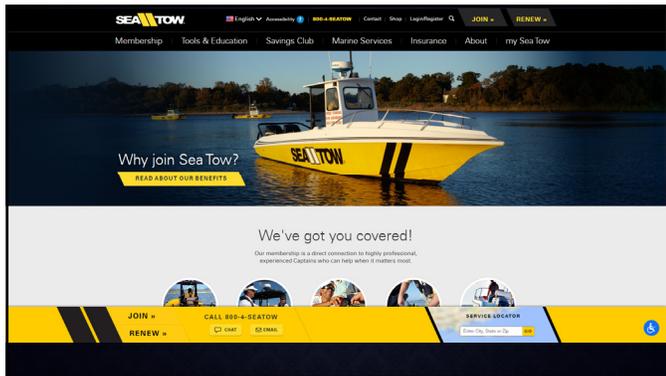
- ### The 8 Laws
- I. Understand market & luxury
 - II. Traditional selling and marketing is no longer effective
 - III. Luxury is a business model with specific rules.
 - IV. Marketing first
 - V. DNA and narrative
 - VI. Use words and images of passion



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YOU ARE *DEFINED* BY OTHERS.

HNWIs believe peer brands tell them who they can trust.

Mass / promotional	High-end / luxury
• People	→ Town & Country
• Century 21	→ Sotheby's
• CheapFares.com	→ Virtuoso
• Walmart	→ Bergdorf Goodman
• Houzz	→ The Home Trust International
• Local public golf course	→ Augusta National
• Vietnam	→ Italy

"They must be an incredible company. They're involved with the right brands and resources."

Ubiquity manifests importance.

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- VI. Use words of passion
- VII. You are defined by associations
- VIII. Never fear price / manage touch points

CONSUMERS INHERENTLY BELIEVE THE HIGHER THE PRICE,
THE BETTER THE PRODUCT MUST BE.



Every touch point, including pricing should:

1. Elevate your brand
2. Reinforce trust
3. Advance your expertise
4. Increase desire for brand
5. Include enough margin to invest 6 – 10% in marketing
6. Reinforce pillars of luxury

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- VIII. Never fear price / manage touch points
- IX. Grace & sophistication

In a world full of Kardashians, be a Diana.

Always demonstrate grace & sophistication.

Allow your grace to save humanity

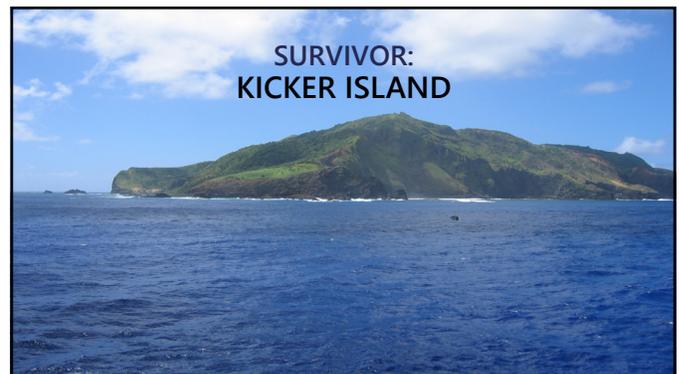
- Mind your words
- Mind your manners
- Stay above the political fray
- Be as sophisticated as your finest resources & clients
- Discipline, loyalty, faith and integrity have never been more important.

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- X. Embrace Pillars of Luxury

PILLARS OF LUXURY

- | | |
|------------------|---|
| • Loyalty | • Discreet and private |
| • Heritage | • Scarcity and exclusivity |
| • Creativity | • Sophistication and grace |
| • Provenance | • Highest non-negotiable standards of quality |
| • Authenticity | • DNA: unique point of view driven by founder |
| • Brand sanctity | • Preservation of artisanship and craftsmanship |



What percent of Americans will, one year in their life, be in the top 1% of all income distribution?

1. 12.0%
2. 6.5%
3. 4.0%
4. 1.2%

What percent of Americans will, one year in their life, be in the top 1% of all income distribution?

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2. ~~6.5%~~
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4. ~~1.2%~~

What percent of Americans will, one year in their life, be in the top 1% of all income distribution?

1. 12% of Americans spend a year in top 1% of income distribution (income above ~\$400k)
2. 39% in the top 5% (~\$170k)
3. 56% in the top 10% (~\$120k)
4. 73% in the top 20% (~\$70k/25%)

*Only 0.6% of the population will experience 10 consecutive years in the top 1% of earners.

New York Times
Thomas Hirschl, Cornell University
Mark Rank, Washington University

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The 10 Laws

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- X. Embrace Pillars of Luxury

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