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COMPASS



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PENETRATING THE HIGH NET WORTH MARKET IN 2022

Emerging from the pandemic has been a slow process for most of us. But, not so much for high net worth (HNW) consumers. Or, as you may refer to these individuals, your best clients and prospects.

Although financial capacity can't keep anyone from becoming ill, it can keep them from following rules that stranded most of us at home for extended periods. The wealthiest families didn't stop traveling or spending money like most of us. Airlines may have experienced shutdowns, but private aviation, yachting, motor cars, art and luxury real estate boomed.

To put the data in perspective:

- Private aviation, according to Wing-X, experienced a 7% lift in 2021. Note, this understates the true impact because business travel dropped precipitously.
- According to Global Order Book 2022 from Boat International Media, 1,024 superyachts are on order. This is up from 821 and 807 in the two prior years.
- Sotheby's auction house experienced a 32% increase in art sales, while Christie's was up 62%.
- According to *Barron's*, luxury car manufacturers experienced double-digit sales increases, including Rolls-Royce at 49%.

The affluent haven't changed

The market and world are fundamentally different today than six months ago. Certainly, a war in Europe, inflation, outrageous gas prices and a fragile stock market benefit none of us. Have the affluent changed? Although personal values evolve, the short answer is no. We can expect the affluent to continue to consume because they can. They will travel more because they can. Their interest in philanthropy will grow as their wealth grows because they can. Golf will still be their sport, technology will fascinate them, they'll collect art, and they will send their children to private schools. And they'll continue to reach out to you for their yachting because they can.

Wealth allows individuals to delay change unless it is a welcome

change. Luxury is a business model that doesn't change either. Luxury's pillars include heritage, provenance, brand sanctity, discretion, scarcity, sophistication, and grace (service), unique point of view, narratives, highest non-negotiable standards of quality, and preservation of craftsmanship and culture. Those who adopt these pillars will forever be successful selling most high net worth prospects.

In short, your best prospects are secure and the best way to resonate with them is time-honored. What's not to like?

Technology changes everything

It's not quite that easy when your best clients are intelligent explorers, curious and wealthy. Technology changes everything. According to Wealth-X, technology ranks as the #2 interest among VHNW (<\$30m net worth) individuals under 40. It ranks #5 among all HNW (>\$5m net worth) individual males. Travel ranks as #7.

This underscores that your firm, and all firms, are technology companies. Woe be to those companies that don't leverage today's marketing technology. To be clear, we're not talking about social media or Facebook.

You don't sell to the affluent. Instead, you fascinate them to build relationships. And with technology, any competitor can easily get in front of any HNW individual to fascinate him or her. The result is that every client, even long-time loyal clients, are in play. You've been warned.

This will be the year when new competitors emerge because they leverage technology. You may not fold like Walden Books at the sight of Amazon. But you don't want to experience *lingchi*, the ancient Chinese method of torture: *death by a thousand cuts*. The yachting industry is evolving from a sales-driven industry to a marketing-driven industry.

To penetrate and secure the UHNW market, you must embrace technology. With satellites, you can advertise to most any individual in the world. You can specify cars they drive, newspapers they read, their net worth, and much more.

If you're comfortable doing business as you always have, then you likely don't understand the changes in marketing technology. You'll never have a better opportunity to increase revenue and take market share from competitors. And you've never been at greater risk to lose everything.

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