



Acquisition Marketing

Wealth Classification

► White Paper

Disposable Income

## Strategies for Effectively Marketing to High Net Worth Consumers

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**Table of Contents**

Introduction .....2

HNWI Lifestyle Activity Interests .....3

HNWI Buyer Attitudes.....3

HNWI Service Orientation.....5

Conclusion.....6

About the Author .....6

## **Introduction: The Opportunity with High Net Worth Consumers**

Affluent consumers are prized acquisition marketing prospects, with the top 10% of the U.S. population, approximately 12 million households, leveraging their \$30 trillion in wealth to drive fully 50% of all U.S. retail spending, approximately \$4.1 trillion in annual consumption.<sup>1</sup>

Accordingly, direct marketers from retail to travel to financial services fiercely compete for the mind share and wallet share of the affluent, particularly the 3.6 million “High Net Worth” U.S. households, those that possess a net worth of \$1 million or more. This elite pocket of consumers, with a propensity to outspend “Mainstream America” three-five times on apparel, food, entertainment, and goods, represents a lucrative segment of consumers that exhibit strong loyalty characteristics and have the propensity to drive significant recurring revenue and profitability.

However, for the acquisition marketer, challenges exist in breaking through to the elusive and frequently non-responsive High Net Worth Individual. Beyond the High Net Worth Individual asset and wealth-based profile exists a complex set of attitudinal, aspirational and lifestyle characteristics that drive purchase choices and marketing responsiveness.

In a recent study conducted by Equifax entitled “Profiles of American Affluence,” 105 million U.S. households were segmented into four categories of wealth:

- Mainstream America
- Mass Affluent
- Super Mass Affluent, and
- High Net Worth

Demographic, lifestyle, geographic and credit attributes were used to analyze these populations, enabling a deeper understanding of (a) sub-segments within each cohort and (b) fundamental differences between wealth classifications.

From this study, several key observations pertaining to the High Net Worth segment were identified.

## HNWI Lifestyle Activity Interests

Lifestyle activities for High Net Worth consumers are largely centered on competitive or vanity-driven undertakings, such as golf, tennis, and physical fitness endeavors typically associated with exclusive clubs and facilities. In contrast, outdoor activities such as fishing, hiking, and camping are of less interest, as they offer little ability to distinguish participants or exclude individuals from lower wealth classifications.

Lifestyle Interests – Z-Score Relative to U.S. Population	
Interest	High Net Worth
Golf	107
Physical Fitness	66
Camping & Hiking	-74
Fishing	-56

Additionally, subtle differences in interest preferences reveal that High Net Worth consumers engage in intellectual and creative driven activities, as opposed to those oriented around practical purposes. For example, High Net Worth consumers enjoy flower gardening, but not vegetable gardening. They enjoy knitting, but not sewing.

Essentially, High Net Worth consumers are interested in activities that serve one of two purposes: either they wish to engage in activities that enable them to distinguish themselves or they desire to engage in activities that enrich their life experience and enjoy “the good life”.

Accordingly, marketers with their sights on the High Net Worth segment should develop product offers that further define the boundaries of wealth, creating specific products and services that are reserved for “the elite,” and possess sustainable differentiation from products and services offered to the pedestrian Mainstream America segment. High Net Worth consumers do not want their status, or access to exclusive goods and services, infringed upon. Part of “the good life” is knowing that you are enjoying it, and others are not. Accordingly, unique brands, service features, and packaging are ways to entice the interest of, and ultimately retain, the “Super Rich.”

## HNWI Buyer Attitudes

High Net Worth consumers are big spenders. With substantial disposable income and an appetite for consuming goods and services that entrench them in “the good life,” High Net Worth consumers offer marketers rich revenue potential.

However, marketers must understand that just because High Net Worth consumers are willing to spend, they are not likely to over spend or take unnecessary risks with their money. In fact, High Net Worth consumers are generally fiscally conservative and highly disciplined as it relates to managing their wealth. Moreover, part of the exclusivity and privilege they seek in retail or commercial relationships, beyond access to exclusive goods and services, is related to obtaining value, perks and rewards that are beyond the reach of Mainstream America.

Considering High Net Worth consumer lifestyle preferences, data reveals that interests related to wealth accumulation rank high relative to the general population, while endeavors where financial assets are put at risk are far less appealing.

Lifestyle Interests – Z-Score Relative to Mainstream America	
Interest	High Net Worth
Real Estate	64
Stocks and Bonds	135
Sweepstakes	-17
Casino Gambling	-55

Accordingly, marketers focused on High Net Worth consumers can gain competitive advantage by employing three tactics.

- Beyond offering exclusive “access” to goods and services, marketers should actively promote the unique and exclusive “value” that will be extended in the relationship, value that is afforded as a result of the High Net Worth Individual’s privileged status.
- High Net Worth consumers are interested in being challenged and recognized for their intellectual superiority, making contests of skill or knowledge far more effective marketing tools than games of chance.

- High Net Worth consumers are not susceptible to “get rich schemes,” preferring the accumulation of value through known, understood, and principled methodologies.

Therefore, the effectiveness of loyalty and reward based programs for High Net Worth Individuals is predicated upon strong ties to established purchase behavior criteria, not arbitrary point promotional activities that cloud the criteria for status or reward attainment.

### **HNWI Service Orientation**

For the High Net Worth consumer, the journey is as important as the destination. More accurately, the customer service experience rivals the importance of the product purchased.

High Net Worth consumers are intellectual. They want their elite status recognized, and they want that recognition to include awareness, acknowledgement, and validation of their intellectual prowess and cultural status.

By example, the High Net Worth consumer is interested in purchasing fine wine. However, they are more interested in being recognized as a connoisseur of fine wine. It follows, then, that the service experience in purchasing fine wine must necessarily include ample education and product insight.

<b>Lifestyle Interests – Z-Score Relative to Mainstream America</b>	
<b>Interest</b>	<b>High Net Worth</b>
Cultural Events	117
Fine Wine	107

Similarly, they are interested in attending cultural events. However, they are just as interested in being enriched by exclusive access to performers and interactive-related learning as they are by preferred seating or pre-order status for tickets.

Accordingly, service expectations of the High Net Worth consumer segments are substantive and complex. The High Net Worth consumer wants “white-glove service.” However, they do not want to be oblivious and sheltered in the process. This affords an opportunity for the marketer and customer service enterprise to differentiate and create superior value, serving as a consultant, concierge, or liaison, as opposed to a mere point-of-sale or purchase agent.

## **Conclusion: Develop the Right Purchase and Customer Care Experience**

High Net Worth consumers, like any segment, are unique. The difference: they “want,” or perhaps more accurately “demand,” that their uniqueness be addressed in every aspect of the marketing relationship, from acquisition to customer care. Accordingly, marketers willing to make the investment in understanding and addressing the complexities of the High Net Worth consumer stand to fare best in the battle for their spend.

The savvy marketer must fully embrace the High Net Worth consumer sense of “centeredness.” Lifestyle interests of the High Net Worth Individual reinforce the notion that these consumers are driven by status and recognition. Lower incidence of owning a pet, engaging in religious activities, and participating in charitable/community/civic related activities (as compared to lower consumer wealth categories) are indicative of their preference for activities that afford them recognition and status.

Ultimately, for the marketer that is able to create unique experiences and service offerings that reach into the heart of ego- and vanity-driven High Net Worth attitudes, behaviors, and preferences, the reward within the High Net Worth segment is bountiful.

## **About the Author**

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