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Strategies for Selling to the Affluent

The wealthy are unlike other buyers, and your marketing needs to reflect that reality

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What better place to talk about engaging and marketing to individuals with high net worth than the Fort Lauderdale International Boat Show? Miles of docks were glittered with majestic megayachts. Affluent people attended the show from virtually all parts of the world. There is perhaps no grander gathering spot of the boating elite within North America than FLIBS.

The Marine Marketers of America hosted luxury marketing expert Christopher P. Ramey of Affluent Insights and The Home Trust International as the keynote speaker for a membership luncheon. His presentation, "The Eight Laws of Marketing to High Net Worth Individuals," revealed a mix of insights and strategies.

Shawn Talpey, president of Emerald Coast Marine Group in Florida, said he found Ramey's information so insightful that he planned to hold a meeting with his sales team that night to review the recommendations.

705 U.S. Billionaires

Ramey says that in the United States, there are 705 billionaires; 52,918 ultra high net worth individuals earning $30 million or more; 2.5 million high net worth individuals earning $5 million to $30 million; and more than 75,000 people with incomes from $100,000 to $5 million.

Ramey also cited a *New York Times* study that reported 12 percent of Americans will spend a year in the top 1 percent of income earners (estimated at $400,000 or more in 2019) with only 0.6 percent of that group remaining 10 consecutive years in the ranking. In addition, 39 percent of Americans will earn a spot annually in the top 5 percent, earning $170,000, with 56 percent in the top 10 percent at $120,000 each year.

My take on those numbers is that the pool of wealth ebbs and flows, revealing a constant stream of newcomers who are prime prospects for boating products and services. And as individuals, those newcomers will have different tastes, desires and needs.

However, when it comes to the affluent across the United States, there are a few striking characteristics in common. More than 70 percent hail from a middle-class background, and most cling to their middle-class values. In fact, most have experienced wealth for fewer than 25 years, while about 60 percent remain actively engaged on the front lines of business. A whopping 70 percent of their kids attended public schools. Collectively, the U.S. affluent have worked hard and paid their dues. They expect others to do the same.

Most Millionaires Drive a Camry

Maybe it's those traditional values that influence their choice in automobile ownership. I was dumbfounded to learn that the top three car models owned by American millionaires are not from Rolls-Royce, Bentley and Ferrari, but instead are the Honda Accord, Toyota Camry and Ford F-150 pickup truck. Affluence can be hiding in plain sight when a potential client drives up to a dealership.

I also appreciated Ramey's explanation of how the term *luxury* is often misunderstood. Luxury, he says, is a "mind-set increasingly requiring and driven by experience." It's a similar thought to that of former Neiman Marcus CEO Stanley Marcus, who said, "What may be one person's luxury is another person's necessity."

In marketing terms, this translates to the idea that the word luxury doesn't belong in marketing materials. Its meaning isn't always what we think it is.

Another interesting aside is what Ramey referred to as the "affluent new aristocracy," meaning individuals 25 to 49 years old who expect to spend 77 percent of their lifetime enjoying the benefits of wealth. At one time, what this group may have perceived as luxury is now directly reflected in their lifestyle.

From a boat-buying perspective, the good news is that 81 percent of people younger than 40 believe that luxury products make for a good investment, with 68 percent of people older than 40 in agreement. This attitude bodes well for boating sales, so long as we craft and position the investment story.

While Ramey came up with a whole boatload of power-packed quotes, the one I highlighted, circled and underlined was this: "You don't sell to the affluent. They choose to buy from you."

Ramey says traditional sales and marketing tactics no longer drive responses from this crowd. They desire a unique, customized experience that embodies new technology, old-fashioned values and pure emotional connectors. The ability of savvy marketers to create brand allure and "unleash and channel the prospect's desire" is paramount. I particularly loved Ramey's statement that "in a competitive marketplace, the best marketer always wins," adding that salespeople are "no longer the primary influencers" in the sales process.

To market to the elite, Ramey says, companies must "think bigger, move faster and market more aggressively," while remembering that "every brand is a technology brand." Businesses that rely on word-of-mouth among the affluent are missing the boat because anonymity is a deeply flawed marketing strategy.

Philanthropy and Positive Perception

Another key insight — one that isn't limited to the affluent — is that today's buyers like to do business not only with good companies, but also with companies that are known for doing good. Cause marketing and philanthropy can build positive perception.

A marketer's ability to instill superior DNA into their brand creates a unique proposition in a competitive space. Ramey says understanding why your company and products are superlative, then communicating such distinctions through words of passion, is key to your brand's marketing story.

One practice that Ramey shared is a favorite that I've integrated into my own client marketing activities for dozens of years: building a brand through peer associations. When your brand enjoys the company of other well-respected, high-end leaders, you benefit. The customer thinks, *It must be an incredible company. It's involved with the right brands and resources.*

Luxury Brands do Better

Luxury brands also enjoy great visibility and reception when they are seen in unexpected places. Ramey suggests partnering with brands that serve similar demographics. A case in point: Years ago, I collaborated with a team of regional marketers to organize a boutique collection of yachts, boats, jets, planes, sports and exotic cars, custom motorcycles and jewelry, all to benefit a charity. We invited VIP customers and the paying public to an exclusive private hangar soiree for an evening of catered delicacies, beverages and entertainment, with costs shared among the event hosts. The night was a roaring success in terms of company, brand and product exposure.

I also was pleased to see Ramey tackle the topic of pricing, as I've seen many strong marine industry brands wrestle in pricing wars. If you're selling in the lower end of the market where it's all about price, that's one thing. However, if you represent a higher-end brand, lowball pricing will not only cost sales and reduced margins, but also will create serious brand confusion in the marketplace.

"Consumers inherently believe the higher the price, the better the product must be," Ramey says, adding that smart firms provide enough margin to reinvest 6 to 10 percent back into marketing.

Marketing and selling to the affluent is decidedly different than targeting the masses. As the saying goes: "In a world full of Kardashians, be a Diana."

For more information about marketing and selling to the affluent, visit *affluent insights.com*.

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