

# How to Intelligently Penetrate the Affluent and Luxury Markets

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Coverings  
THE GLOBAL TILE & STONE EXPERIENCE

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Apr 21, 2024 22:59 UTC (-4)

United States Census Bureau

## U.S. Population

336,329,725

### Components of Population Change

22:59:55 UTC

- One birth every 9 seconds
- One death every 10 seconds
- One international migrant (net) every 27 seconds
- Net gain of one person every 20 seconds

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### Market Opportunity

Exhibit 2: A Sector Driven by the Few  
A small pool of ultra-wealthy clients accounts for a significant portion of global luxury sales.

-2% of customers drive  
-40% of luxury sales in 2022  
-6.7m

Source: Bain & Company

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### Household Income Distribution in the U.S. Visualized as 100 Homes

## AMERICA'S HOUSEHOLD INCOME DISTRIBUTION AS 100 HOMES

Annual Household Income: \$0, \$25K, \$50K, \$75K, \$100K, \$150K, \$200K, \$250K, \$300K, \$400K+

Number of Homes: 10, 20, 30, 40, 50, 60, 70, 80, 90, 100

The official poverty line is \$26,496 for a family of four.

- 18 homes have a household income of less than \$25K
- 10 homes have a household income of over \$200K

U.S. median household income: \$48,321

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## HH Income

Annual income	top %
• \$50,000	41%
• \$75,000	63%
• \$100,000	77%
• \$150,000	89%
• \$200,000	94%
• \$250,000	96%
• \$300,000	97%
• \$400,000	98%
• \$500,000	99%

<https://daydj.com/income-percentile-calculator/>

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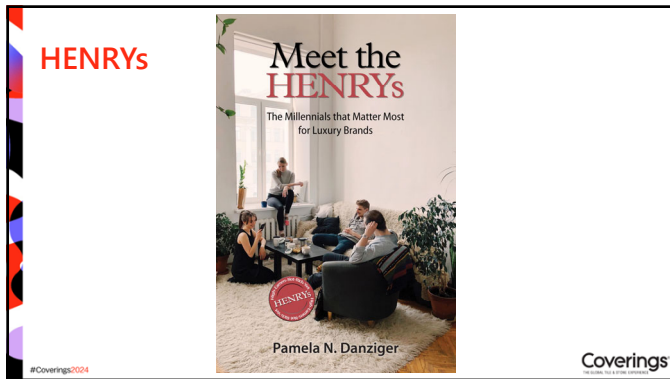
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- Ultra-High-Net-Worth-Individual (UHNWI)  
Net Worth of \$30m+
- High-Net-Worth Individual (HNWI)  
Net Worth of \$6m - \$30m
- High Achiever Not Noticeably Abundant (HANNA)  
Net Worth \$1m - \$5m
- Very High Earner  
HHI \$250k+
- High Earners Not Rich Yet (HENRY)  
HHI \$100k - \$250k

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### HENRYs High earner not rich yet

- 25 – 40 years old; white collar/professional jobs
- \$100,000 - \$250,000 HHI income – limited net worth
- High cost of living – luxuries and expenses make savings an issue
  - Children in private school
  - Luxury cars
  - High percent of income spent on homes
  - Limited sophistication
- Favor experiences over savings
- Financial challenges

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### Very high earners

- HHI \$250k plus
- Learners
  - Sophistication
  - How to be affluent
  - Behaviors
  - Beginning to get access

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- Ultra-High-Net-Worth-Individual (UHNWI)  
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**KEY POINTS**

- ✓ Americans have an average net worth of \$1,063,700.
- ✓ Median net worth is actually a lot lower, though.
- ✓ Many people's net worth is tied up in assets like home and retirement accounts.

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### HANNA High achiever not noticeably abundant

- Net worth \$1m - \$5m
- 15,000,000 households in US

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### HNWI High net worth Individual

- Net worth \$6m - \$30m
- 3,600,000 US HH

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### UHNWI Ultra High net worth Individual

- Net worth >\$30m
- 253,000 individuals
- ~800 billionaires

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ART PERITUS appraisals | advisory | collections  
Daily Mail.com

#### The WILDLY lavish habits of the ultra-wealthy: People reveal the most over-the-top things they've witnessed the super rich doing with their money

- What are some things that rich/ultra-rich people do? a Redditor asked
- Thousands took to the comments with stories of ultra-rich acquaintances
- Lavish lifestyle habits ranged included flying to another country for dinner

By RACHEL SUMNER SMALL FOR DAILYMAIL.COM  
PUBLISHED: 11:55 EDT, 2 April 2024 | UPDATED: 11:17 EDT, 2 April 2024

16 shares

Ever think about how lavishly the ultra-rich are free to spend their money? Now, a new **Reddit** thread is shedding light on their dizzyingly expensive habits, drawing thousands of crowd-sourced anecdotes, many from people who've glimpsed first-hand how various ultra-wealthy acquaintances go about their lives.

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	Unmistakable Affluent	Stylish Affluent	Dependable Affluent	Understated Affluent	Economical Affluent	Practical Affluent	Affluent life styles
Percent of Total	15%	14%	16%	20%	22%	13%	
% Female	63%	52%	35%	48%	58%	46%	
Most Important Personal Drivers	Suits my personality • Exclusive design	• Unique • Makes me feel good	• Perform as intended • Reflects craftsmanship	• Quality • Doesn't make me stand out	• Value • Popular	• Makes me happy • Makes me proud	
Poster People							Anonymous / Millionaire Next Door

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### Clues

- Don't flaunt their wealth
- Lead private lives
- Fly private
- Spend money to save time, not time to save money
- Own multiple homes
- Speak multiple languages
- Dual citizens
- Security
- Collectors
- Retain estate managers
- Personal assistants
- Have access

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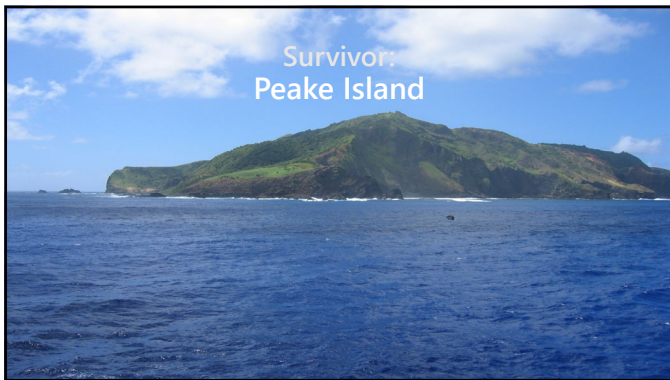
### Wealth summary

- In 2023, average household net worth in the United States was \$1,059,470.
- In 2023, median household net worth in the United States was \$192,084.
- In 2023, roughly 23,684,985 households – about 18.0% of American households – was a millionaire household. This number includes the value of a primary home.
- The threshold to be in the top 10% of household wealth in 2023 started at \$1,920,758.

Federal Reserve  
Survey of Consumer Finances

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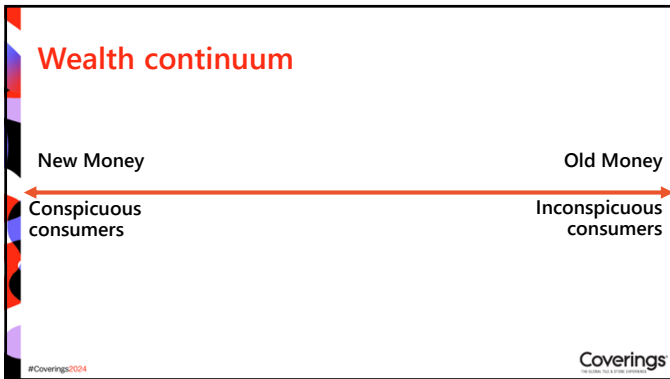
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### What percent of UHNWI plan on a purchasing a residential property in 2024:

- ~~7%~~
- ~~9%~~
- ~~12%~~
- ~~15%~~
- 22.0%

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**THE GLOBAL CODE**

HOW A NEW CULTURE OF UNIVERSAL VALUES IS TRANSFORMING BUSINESS AND MARKETING

CLOTAIRE RAPAILLE  
BESTSELLING AUTHOR OF THE CULTURE CODE

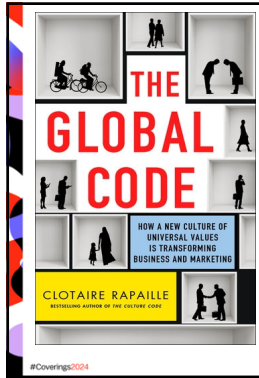
"The global code for luxury is "hand.""

Dr. Clotaire Rapaille

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The code for luxury in America is "civilian stripes."

Dr. Clotaire Rapaille


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**Dennis Diderot**  
French philosopher, scientist and writer  
1713 - 1784

- Red robe experience
- Purchases are an extension of our identity.
- Acquiring new (nice or luxury) leads to the need to acquire additional objects to restore balance.



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**Mimetic Desire**

"Humans have a... deeper, hidden social force...that is the relentless, often unconscious, need to reassure themselves that they are in sync with their 'group'."

Luke Burgis

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**Driven by optics and emotions, touched by pillars of luxury**

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**Ramey Rule #22**

Clients don't buy what you think you sell

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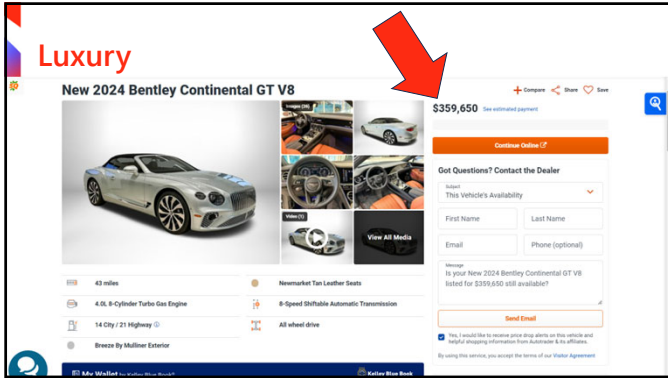
Luxury does not mean selling expensive product.

**LUXURY MEANS MARKETING BRAND DESIRE.**

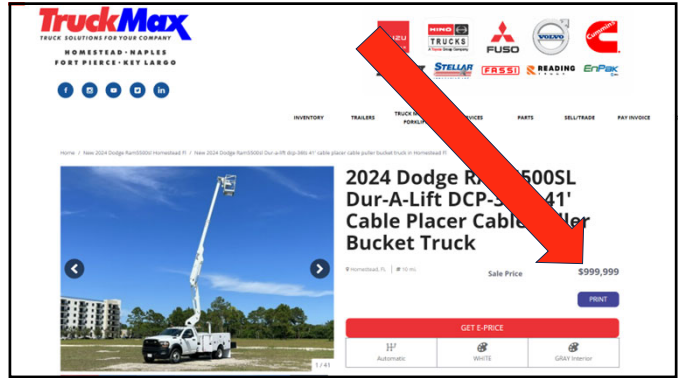
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"You reach new customers and stay ahead of your competitors by reinventing your business model."

It is essential to "rethink how your organization creates, delivers, and captures value--or risk becoming irrelevant."

Mark W. Johnson  
Clayton M. Christensen  
Henning Kagermann  
Harvard Business Review Press

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"Ordinary brands communicate in order to sell products to consumers. Luxury brands communicate in to keep the dream alive in the minds of consumers."

Adriaan Brits  
[Luxury Brand Marketing: The globalization of luxury brand cults](#)

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Adopt the luxury marketing strategy to unleash and channel your prospect's desire for your brand.

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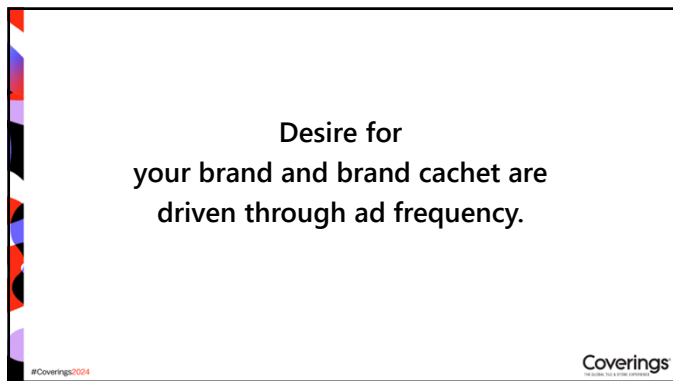
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"Luxury brands plant seeds."

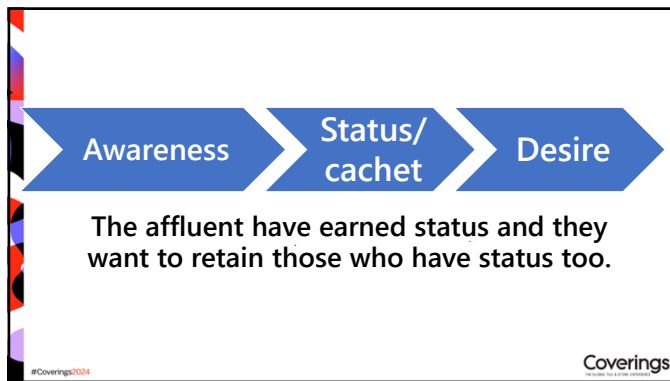
Luxury Daily

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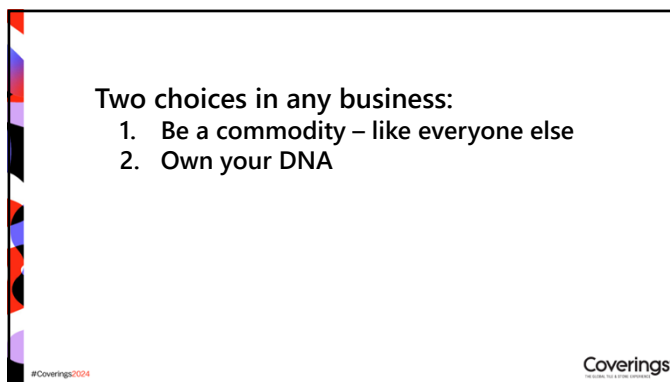
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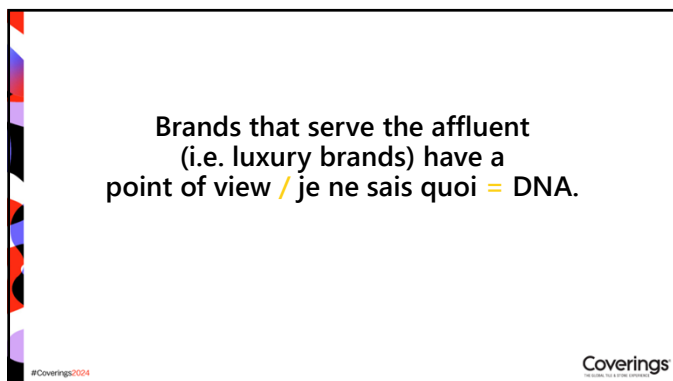
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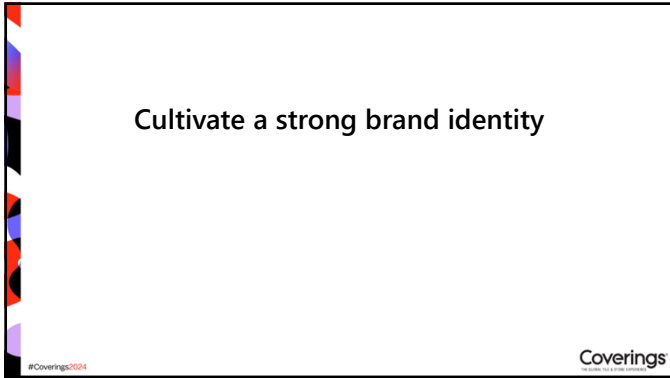
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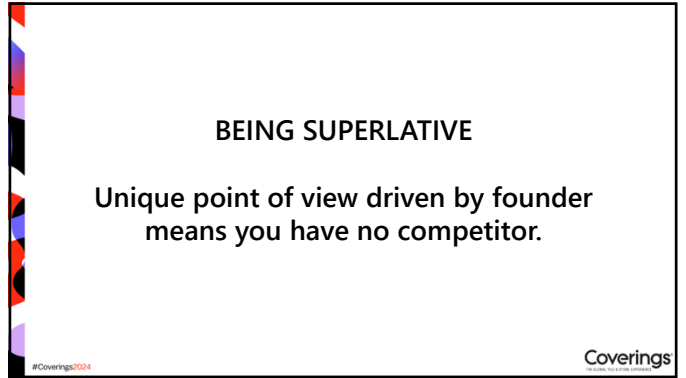
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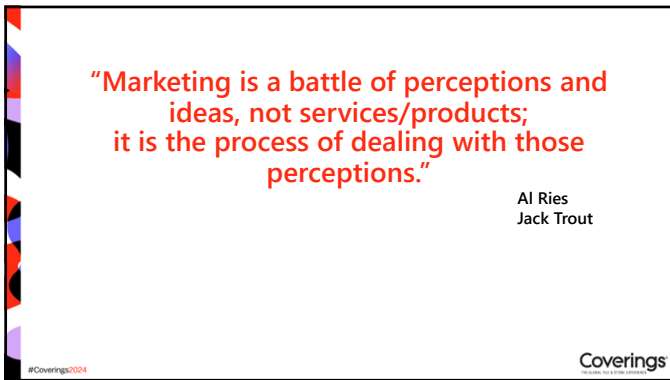
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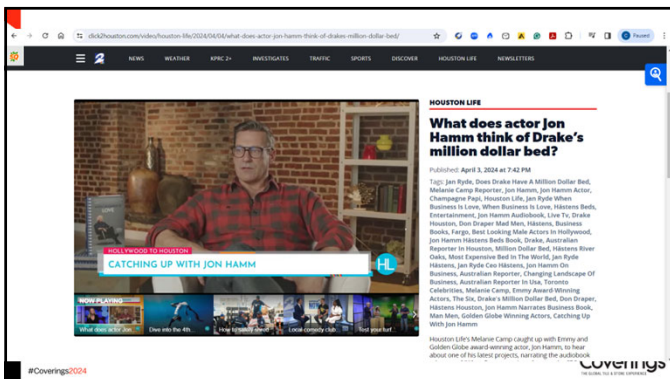
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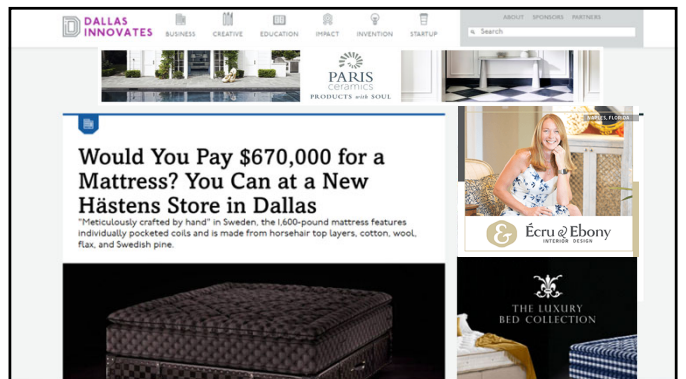
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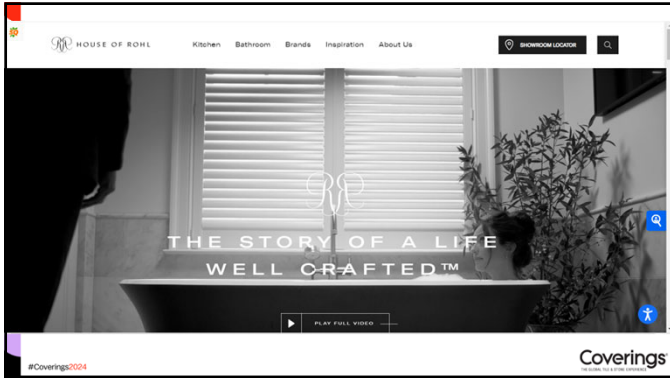


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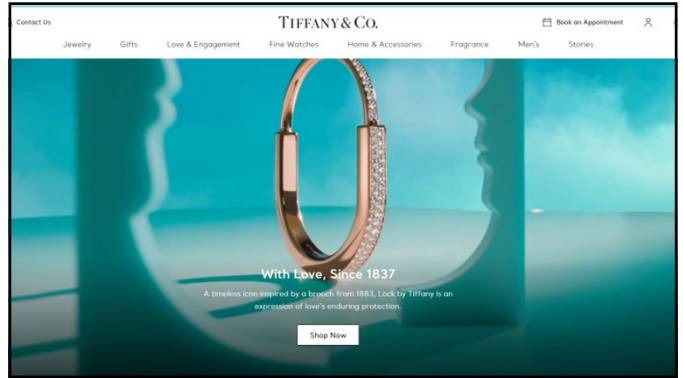


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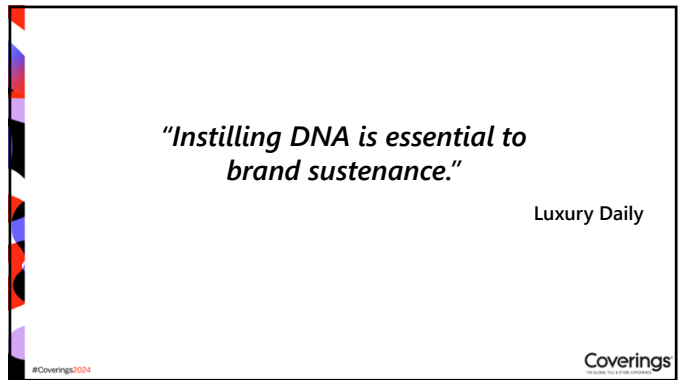
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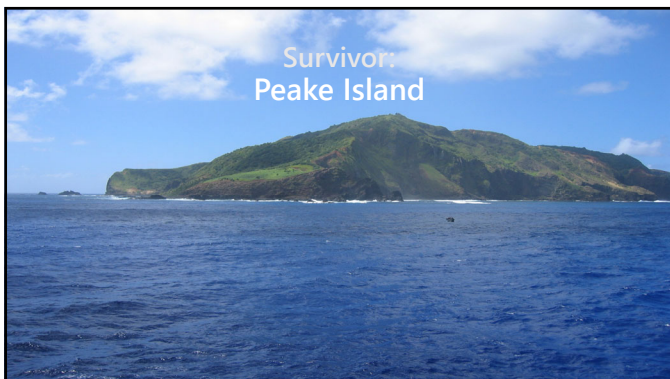
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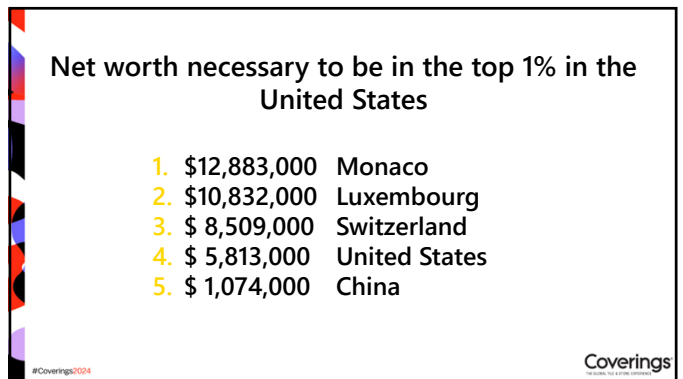
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**Ramey Rule #12**

**Brands that leverage the luxury business model compete with no one.**

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**DESIGN VERSUS LUXURY**

Design is value.	Luxury is business.	Design is value.	Luxury is value added.
Design is comparative.	Luxury is aspirational.	Design is value engineering.	Luxury is time quality.
Design is the party.	Luxury is common sense.	Design is the party to a sale and not the sale.	Luxury is done and done, good work, the work, the product.
Design with an eye and a claim.	Luxury marketing is the most subtle.	Design is the party to a sale and not the sale.	Luxury is done and done, good work, the work, the product.
Design is dependent on someone writing or speaking for the product.	Luxury is done by someone in the field.	Design is the party to a sale and not the sale.	Luxury is done and done, good work, the work, the product.
Design marketing is the most subtle means of marketing and the most effective.	Luxury marketing is the most subtle means of marketing and the most effective.	Design is the party to a sale and not the sale.	Luxury is done and done, good work, the work, the product.
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**You cannot penetrate the affluent market and become a luxury brand without being an aggressive marketer.**

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**Classic luxury marketing strategy means you to invest a higher percent of revenue against sales for marketing.**

**It allows you to increase your margins because you've built desire for your brand.**

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**Ramey Rule #55**  
**Anonymity is bad strategy.**

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Are most of your sales due to referrals?

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

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Cognitive bias

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Your brand awareness is lower than you think it is.

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Awareness → Status/cachet → Desire

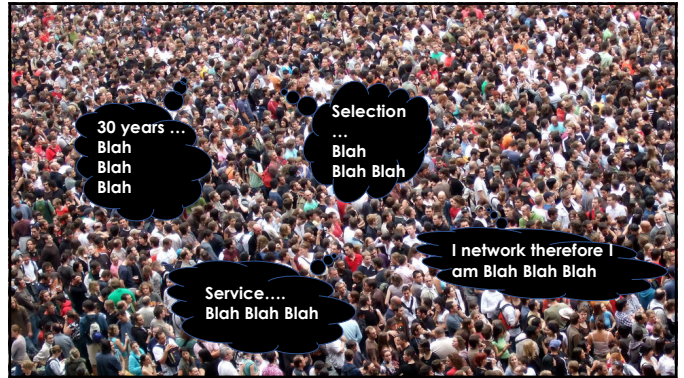
The affluent have earned status and they want to retain those who have status too.

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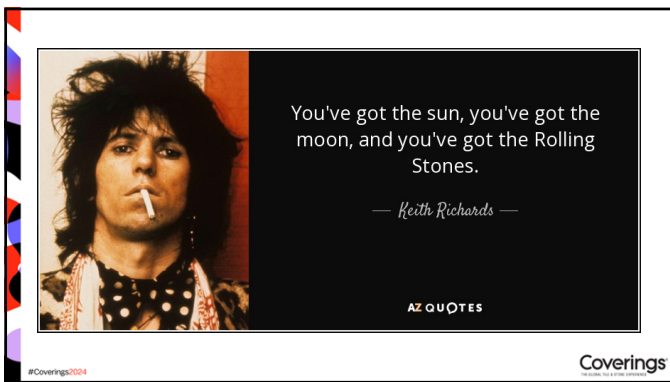
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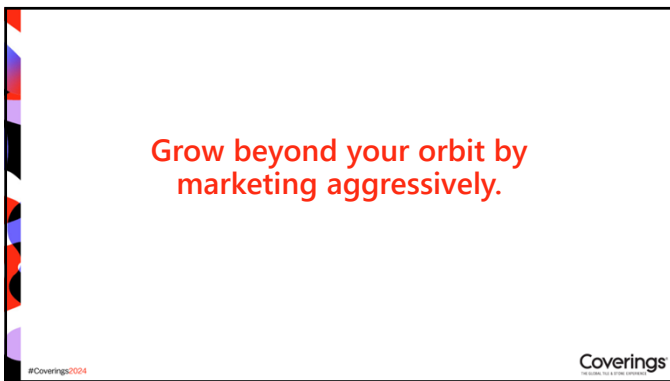
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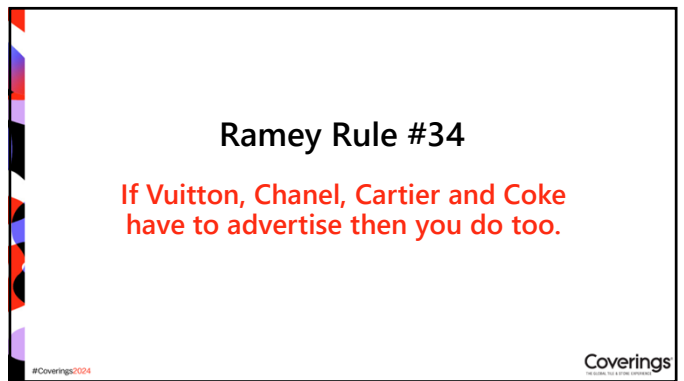
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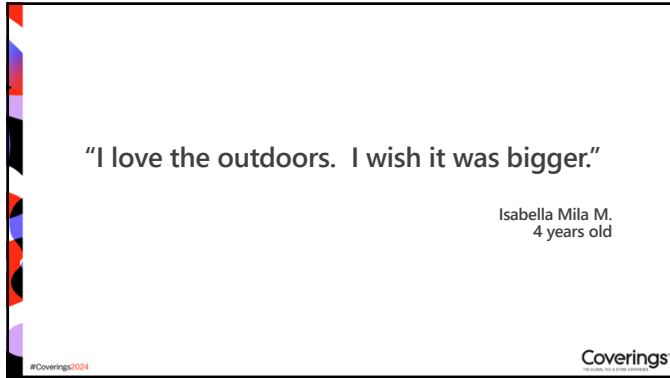
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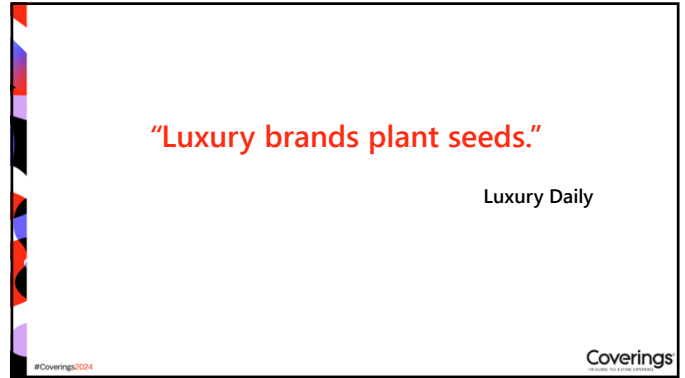
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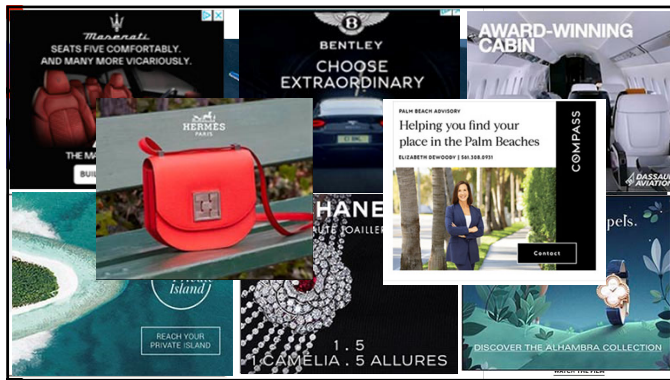
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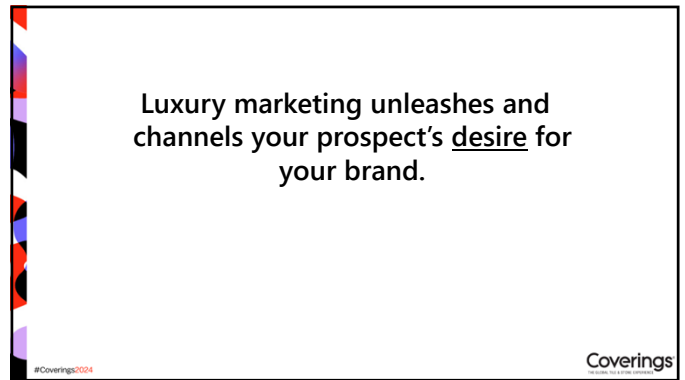
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### How you become superlative too

- Heritage
- Creativity
- Provenance
- Superlative
- Authenticity
- Brand sanctity
- Connoisseurship
- 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

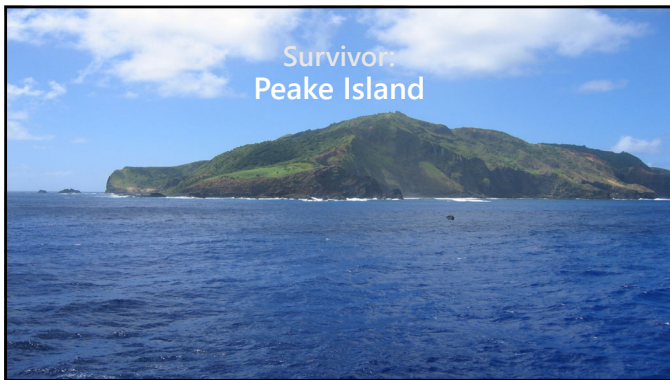
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### Desire for your brand.

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

1. 12.0%
2. ~~6%~~
3. ~~3%~~
4. ~~1%~~

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### 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 ~\$420k)
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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### Never before, in the history of mankind, has wealth been so broadly distributed.

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"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

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Stop using the term luxury.

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Ramey Rule #43

You don't sell to the affluent;  
you fascinate them.

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How to build relationships with  
HNW individuals

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Continuum

Middle class Wealth

Hard sell Fascinate

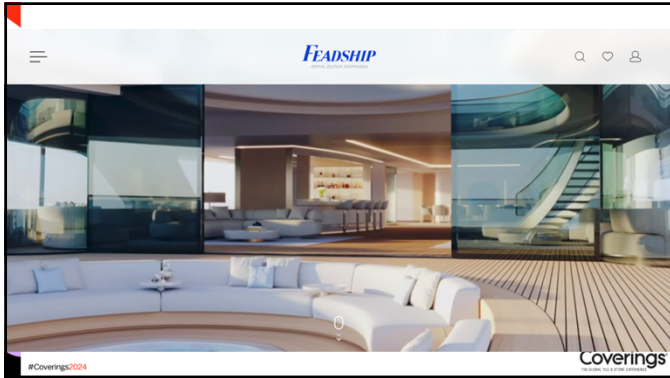
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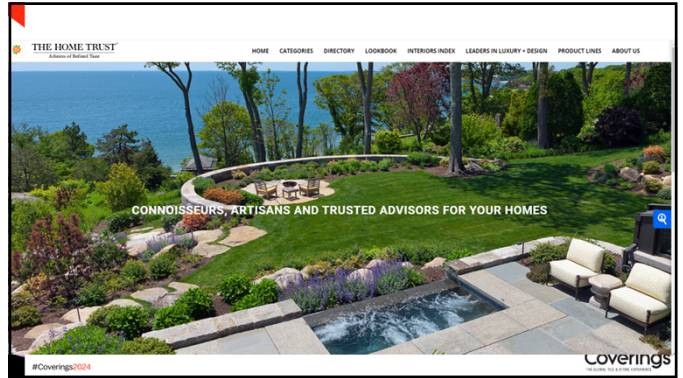
You don't sell to the affluent,  
they choose to buy from you.

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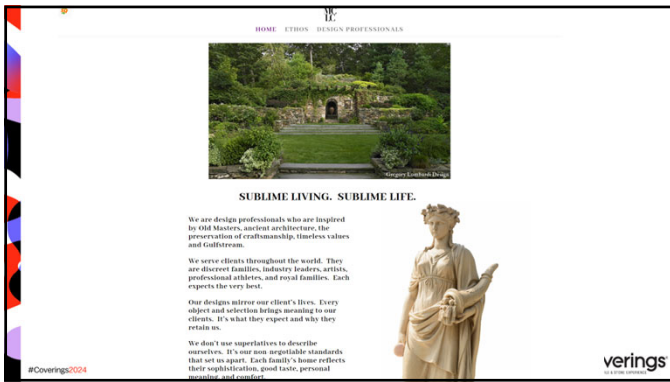
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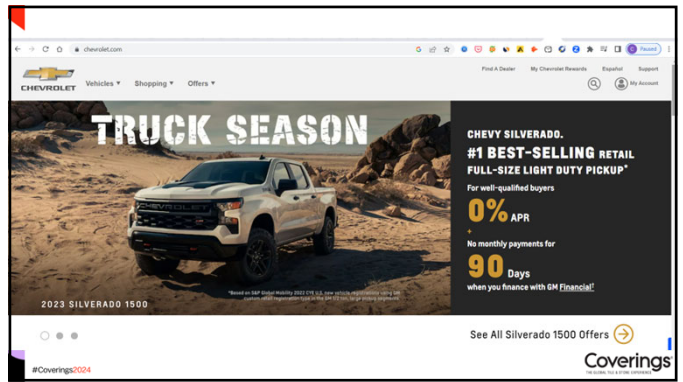
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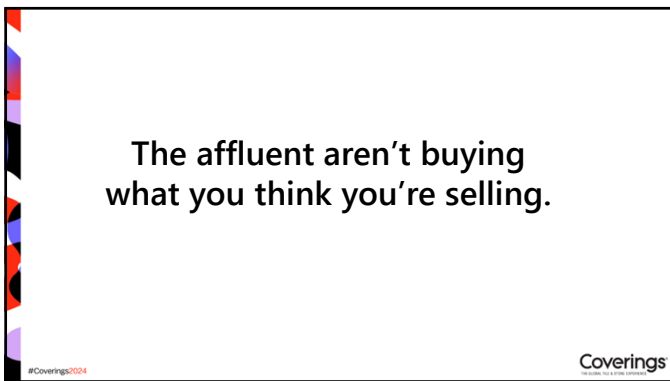
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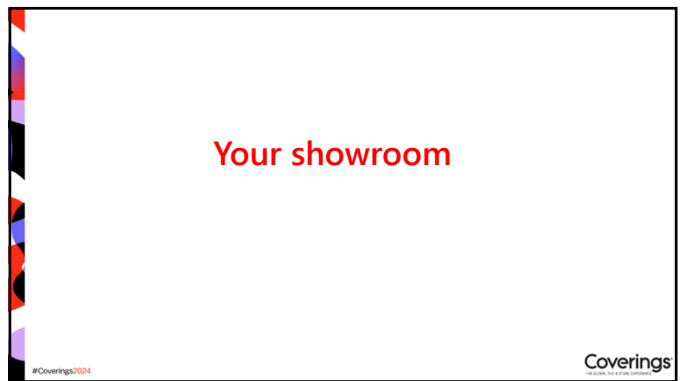
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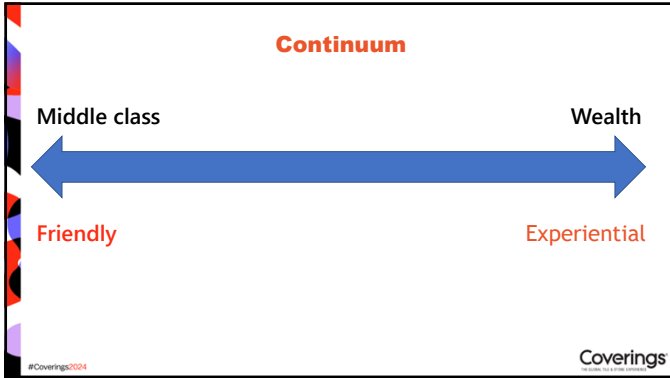


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**What can you add to your showroom as a visual amuse bouche?**

1. Amuse the mind
2. Awakens the 'palate'
3. Stimulate to desire your brand and want more - dopamine

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**Each amuse bouche contributes to desire. Strive for seven.**

1. Sculpture
2. Artwork
3. Passion product
4. Architectural detail
5. Something fun
6. Chandelier & special lighting
7. Exterior objects
8. Signing at restrooms
9. Signing at entrance and exit
10. Door handles

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Experiencing your showroom should reinforce your DNA and heighten desire to do business with only you.

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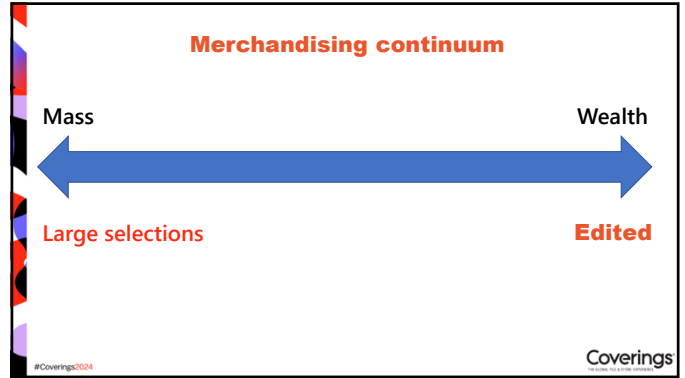
The essence of professional merchandising is narrowing your focus.

You become stronger when you reduce the scope of your merchandising.

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*“People don’t make decisions based on what’s the most important, but based on what’s the easiest to evaluate.”*

Barry Schwartz  
Author  
Psychology professor

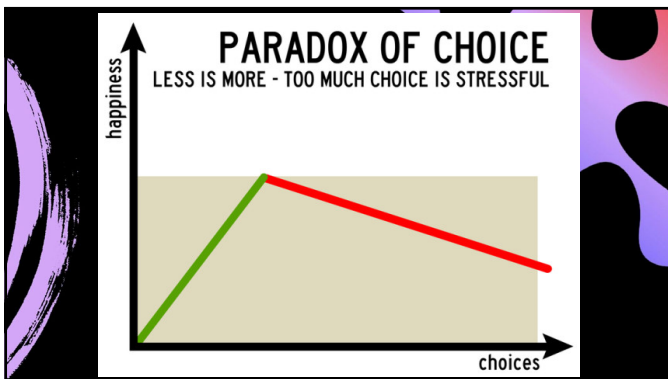
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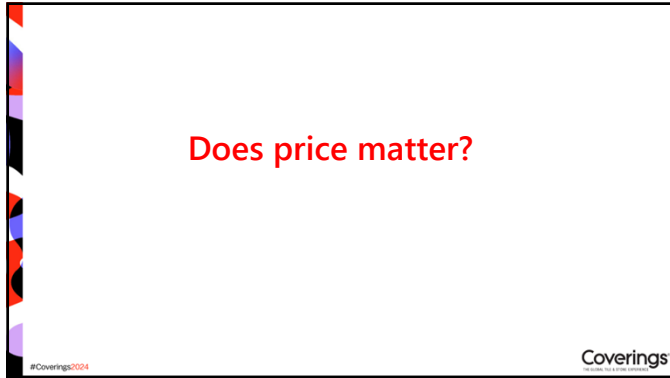
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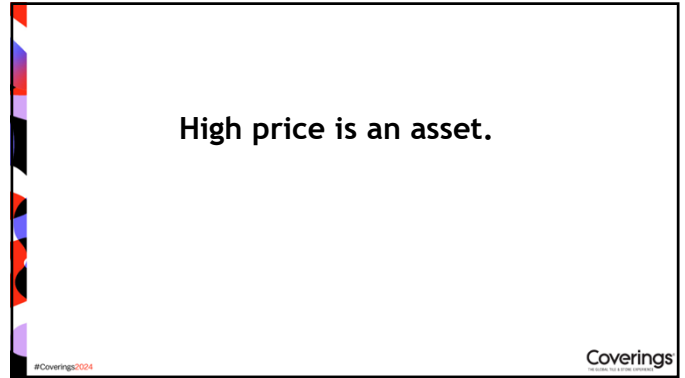
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- Your showroom should:
- Be visually attractive – consistent with other luxury brands
  - Enchant and entertain
  - Reinforce that you serve others of their ilk
  - Your employees should fit the mold by being dressed appropriately and speaking articulately and politely.
  - Edited to resonate with your best prospects.
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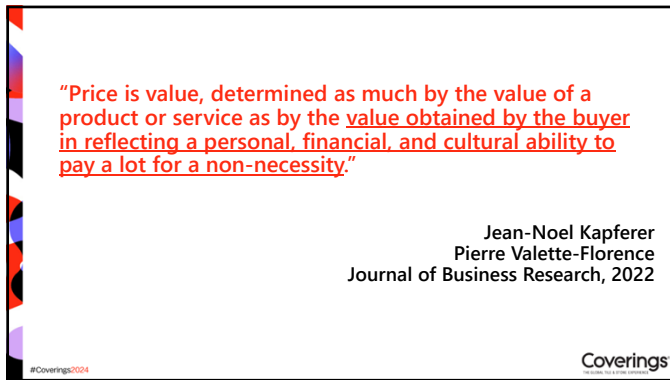
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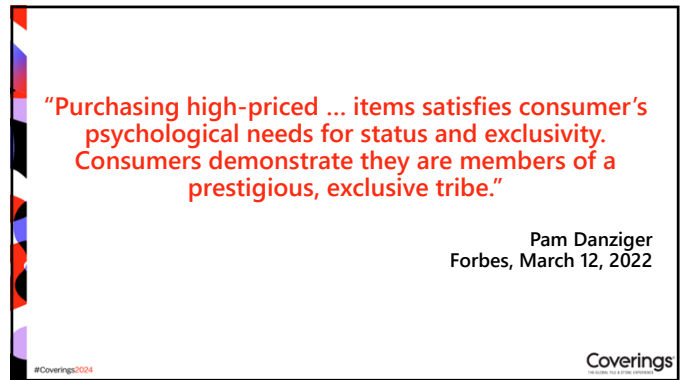
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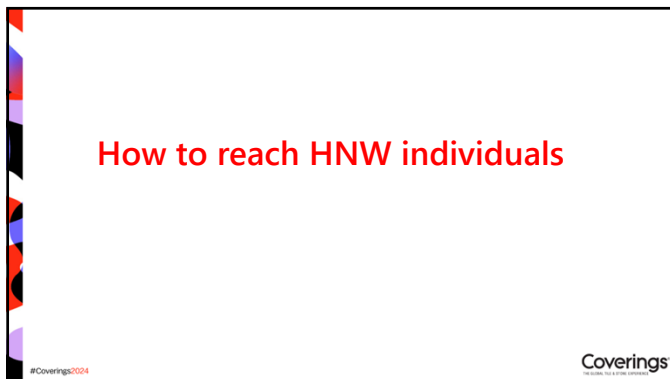
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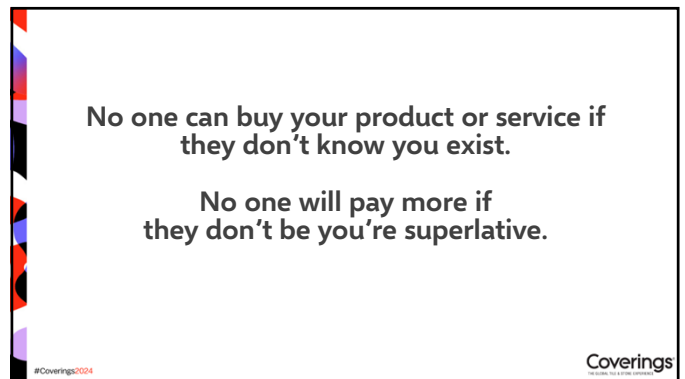
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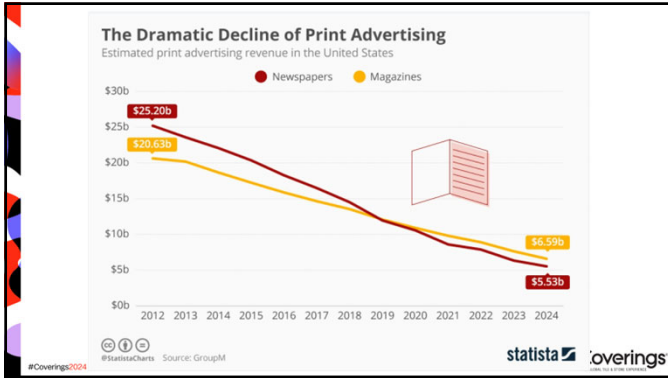
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Magazines	Region Name	Circulation	Open Rate	Remnant Rate	
1	Architectural Digest	Alaska	1,000	\$6,050	\$1,670
2	Architectural Digest	Alaska	2,000	\$6,050	\$1,670
3	Architectural Digest	Albany & The Capital District	4,000	\$6,050	\$1,670
4	Architectural Digest	Arkansas	11,000	\$6,050	\$1,810
5	Architectural Digest	Atlanta	13,000	\$6,050	\$1,740
6	Architectural Digest	Austin / San Antonio	5,000	\$6,050	\$1,670
7	Architectural Digest	Baltimore	10,000	\$6,050	\$1,670
8	Architectural Digest	Canada East	6,000	\$6,050	\$1,670
9	Architectural Digest	Canada West	6,000	\$6,050	\$1,670
10	Architectural Digest	Central New Jersey	5,000	\$6,050	\$1,740
11	Architectural Digest	Charlotte	14,000	\$6,120	\$1,810
12	Architectural Digest	Chicago City / North Suburbs	7,000	\$6,050	\$1,670
13	Architectural Digest	Chicago West / South Suburbs	8,000	\$6,050	\$1,670
14	Architectural Digest	Cincinnati / Columbus	7,000	\$6,050	\$1,670
15	Architectural Digest	Cleveland/Akron/Canton	14,000	\$6,120	\$1,810
16	Architectural Digest	Dallas / Ft Worth	2,000	\$6,050	\$1,670
17	Architectural Digest	Delaware	8,000	\$6,050	\$1,670
18	Architectural Digest	Denver	8,000	\$6,050	\$1,670
19	Architectural Digest	Detroit	2,000	\$6,050	\$1,670
20	Architectural Digest	Hawaii	12,000	\$6,050	\$1,810
21	Architectural Digest	Houston	2,000	\$6,050	\$1,670
22	Architectural Digest	Idaho	10,000	\$6,050	\$1,670
23	Architectural Digest	Indiana	8,000	\$6,050	\$1,670
24	Architectural Digest	Jacksonville & Northern Florida	4,000	\$6,050	\$1,670
25	Architectural Digest	Kansas City	5,000	\$6,050	\$1,670
26	Architectural Digest	Kentucky	7,000	\$6,050	\$1,810
27	Architectural Digest	Long Island	16,000	\$6,990	\$1,810
28	Architectural Digest	Los Angeles / West LA	8,000	\$6,050	\$1,670
29	Architectural Digest	Louisiana			

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**Opportunistic**

1. Architectural Digest
2. Vogue
3. Other Condé Nast
4. Four Seasons
5. Town & Country

**CHEZ MOÏ**  
Please Do Come In

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### Over-Promised, Under-Performing

Yes, social media is extremely or very important to about half of the interior designers that use it. But there is a gap in performance for the other half, along with the 2 out of 10 designers that forego social media marketing altogether.

In evaluating the usefulness of social media in promoting and building designers' businesses, it is critical to focus not just on "being there," but being there in the right places that attract the kind of customers that the business depends upon. In social media, all platforms are not created equal.

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Harvard Business Review

Subscribe Sign In

Marketing

## What's the Value of a Like?

Social media endorsements don't work the way you might think. by Leslie K. John, Daniel Mochon, Oliver Emrich, and Janet Schwartz

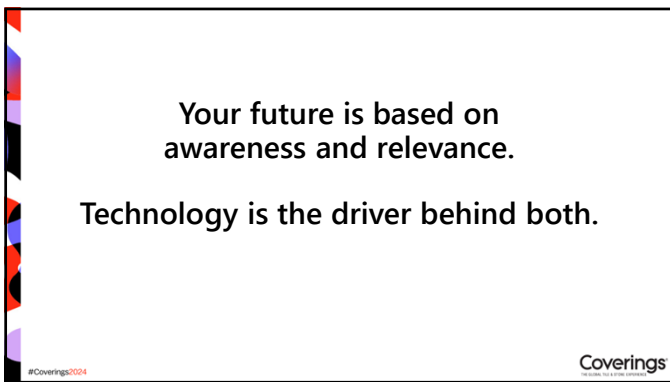
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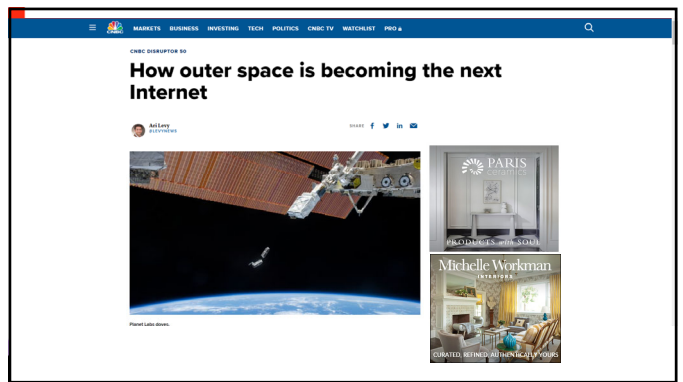
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Satellites are a tool for you to be a more efficient communicator and marketer



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Targeting UHNWI >\$30m

- Target the aviation apps on their phone
- Target the cars they drive
- Target clubs where they belong
- Target their homes
- Overlay campaigns with \$Xm net worth

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Targeting HNWI >\$1m - \$30m

- Target the cars they drive
- Target clubs where they belong
- Target their homes
- Target by what they read
- Filtered campaigns (over 3000 filters from age of children, title, value of home, equity in home, # of homes they own, etc)
- Brand blanket: target every home HHI \$250k or \$500k
- Target stores they shop including your competitors

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Digital marketing is the most targeted marketing tool ever.

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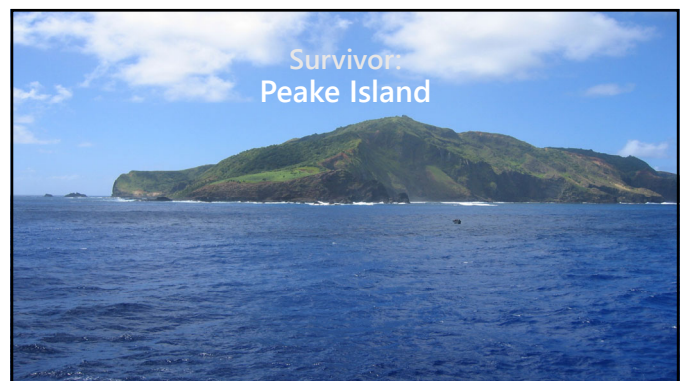
Be predator – not prey

There are 20,000,000 affluent prospects waiting to be served by you.

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What is the most popular animal for UHNWIs?

- ~~D~~ogs
- ~~C~~ats
- Horses
- ~~F~~ish
- ~~B~~irds

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THE HOME TRUST  
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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%

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Think bigger.  
Move faster.

Adopt the pillars of luxury into your DNA

Market more aggressively.

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Thank you, please contact me  
if I can ever help you.

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