

Capturing the Elusive High Net Worth Market

by Jennifer Harrington

The private wealth management environment today could be described as chaotic. But where there is chaos, there is opportunity. Given the merger mania and the increased noise across the entire industry, most organizations are feverishly trying to gain a competitive foothold and align themselves with the needs of the high net worth market they want to attract. But how do you define the high net worth market and what do they want when it comes to managing and investing money? Ask ten firms and you will get ten different answers.

A wise account executive at Trinity once told me that the only tie that binds the high net worth market is money. The diversity within the group is so overwhelming that one might wonder whether it is actually a defined market at all. Traditionally a market might be described as a segment of people to which a particular product or service is marketed. It's often defined by age, gender, geography, and socio-economic status.

High net worth is not one market, but many. According to one source the market can be subdivided into segments based on assets: mass affluent, mid-tier millionaires, and ultra-high net worth. The latter is typically defined as having more than \$30 million in investable assets and is the Holy Grail for most organizations. There are slightly more than 75,000 individuals in the world that fit into this category—a needle in a haystack.

We have worked with many organizations targeting the high net worth and each defines their target market differently, but they all come down to how the individual (or family) came to be wealthy: inherited wealth, generational wealth, wealth or creators. Their orientation defines how individuals view their money, how they manage it, and ultimately how they define the “proper fit” with a wealth advisory firm.

We have conducted research with many people who fit into the “wealth creator” category—business owners or entrepreneurs who have built significant wealth through their business, many of whom are still working. After investing the blood, sweat, tears and personal sacrifice necessary to grow a business they are proud of their success, aware of how hard it was to acquire it, and may have deep-seated fears about losing their money or not being able to pass it along to others in their family. Interestingly, most do not view themselves as “wealthy” and are self-conscious about how they fit into the broader universe of the high net worth. This creates challenges for companies trying to walk the fine line between marketing themselves as exclusive while remaining approachable.

What does all of this mean for marketing? It is critical to know which segments you are targeting, how they view their wealth, what they enjoy about it, what they are afraid of, and most importantly where they go for advice. You should not underestimate the power and importance of a credible recommendation among high net worth clients. Successful firms must be in the hearts and minds of clients and intermediaries who are respected resources for other high net worth individuals.

The Trinity logo consists of the word "trinity" in a white, lowercase, sans-serif font, centered within a solid orange square.

trinity communications
399 boylston street
boston, ma 02116

t: 617.292.7300
f: 617.292.7400

www.trinitynet.com

When asked why word-of-mouth advertising is so important in persuading the wealthy, Thomas Stanley, famed author of *The Millionaire Next Door*, said, "One of the reasons they're wealthy is that they're wise. They plan carefully before they spend money, and they often ignore commercial messages that aren't endorsed by some credible person or organization." This is not news – most firms know this. The challenge is how to pull it off.

Building a network takes time and consistent effort. It means being in the right places—in name and with people—and projecting the right personality. It requires an astute understanding of your target and the people that influence them. It demands ongoing education about the full range of products and services you offer and how they can help solve client challenges and enhance wealth over time.

Regardless of how you define high net worth, there is a lot of confusion about which firms offer what to whom. To market successfully in today's cluttered environment my advice would be to break out of the market lingo and invest time in truly understanding your market and defining it on your own terms. You can draw from experience, primary research, market data and personal interaction. Paint a picture of your audience and define your brand personality and story around it. Use it to build a plan for communications that is aimed directly at it.