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# Just who are the Very Rich Consumers?



By Frédéric Godart, Professor of Organisational Behaviour

**They are famous yet elusive, jet-setters though low-profile. And thus far, a mystery...**

“Ultra High Net Worth Individuals” or UHNWIs are people or families with more than \$30 million in assets aside from their primary residence. But that is about all we know about this relatively newly-defined population. It is the basic socio-economic knowledge that is hard to understand. We know a lot more about the “garden variety” High Net Worth Individuals (HNWIs) who have a net worth of \$1 to \$5 or \$10 million (depending on whose definition you use).

Oddly enough, we often know WHO the UHNWIs are because many of them are famous: for example, founders of global corporations or movie stars, etc. It’s the “what make them tick” that’s scanty.

The Wealth-X report, in its 2013 edition, report paints a picture that includes some sociological details, portraying the UHNWIs as a proxy of national

power on the global stage. Most UHNWIs tend to be leaders in their industry or field, and their leadership positively impacts their country. For example, out of a total of 187,380 UHNWIs worldwide, who together are worth about \$25.8 trillion, North America is still leading the way with a total of 65,295 UHNWIs. California, New York and Texas are the main states, but New York is the main city. Europe is second with Germany, the UK, and Switzerland at the top, for a total of 53,440 UHNWIs. Asia is third—with 42,895 UHNWIs—with Japan, China, and India. Other hubs also matter—Saudi Arabia, South Africa, or Brazil for example.

## **Where are the UHNWIs?**

In terms of dynamics, it seems that North America is increasing its lead with a growth of 2.8% of the cumulated wealth of UHNWIs, while Europe and Asia see a contraction at -2.7% and -6.8% respectively. This paints a very different picture from the commonly held view of a post-US world where Asia as a locale would call all the shots; however, the impact of Asians who travel and shop in other parts of the world cannot be discounted as having a significant impact, particularly on the European luxury goods industry.

This overall picture also illustrates some interesting facts. Despite the cliché that UHNWIs are utterly mobile, this mobility needs to be carefully qualified. They might be mobile because of their professional endeavours or lifestyle, but they are firmly rooted in local realities—despite the existence of global hubs that specifically target the UHNWIs through specific fiscal policies and tailored services (such as Switzerland and a couple of other countries...).

All in all, UHNWIs constitute a significant share of the global elite, and as a category, they seem to mirror national power on the global stage. But many questions remain as to what extent this population is actually interconnected globally. Do they constitute a homogenous global group or are they merely a collection of wealthy individuals from different countries?

## **What do they want?**

In terms of consumption patterns, UHNWIs constitute a very specific population for the different segments of the luxury industry. Due to the sheer size of their wealth and the clout of their purchasing power, UHNWIs have access to markets that are simply closed to other social strata: for example the personal jet or yacht. In this sense, what appears to less affluent individuals to be “luxury” is for them commonplace necessity. This creates a widely shared perception that, at least for some products, they are highly

volatile consumers: they have the means to experiment with new brands—be it handbags, cars or airplanes—and to rapidly embrace and even initiate fashion trends, where others are constrained by their financial means. Ultimately, what characterizes UHNWIs is the freedom to create their own trends and their own individual cocoon of luxury.



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