2015 Luxury Market Analysis + Guidance

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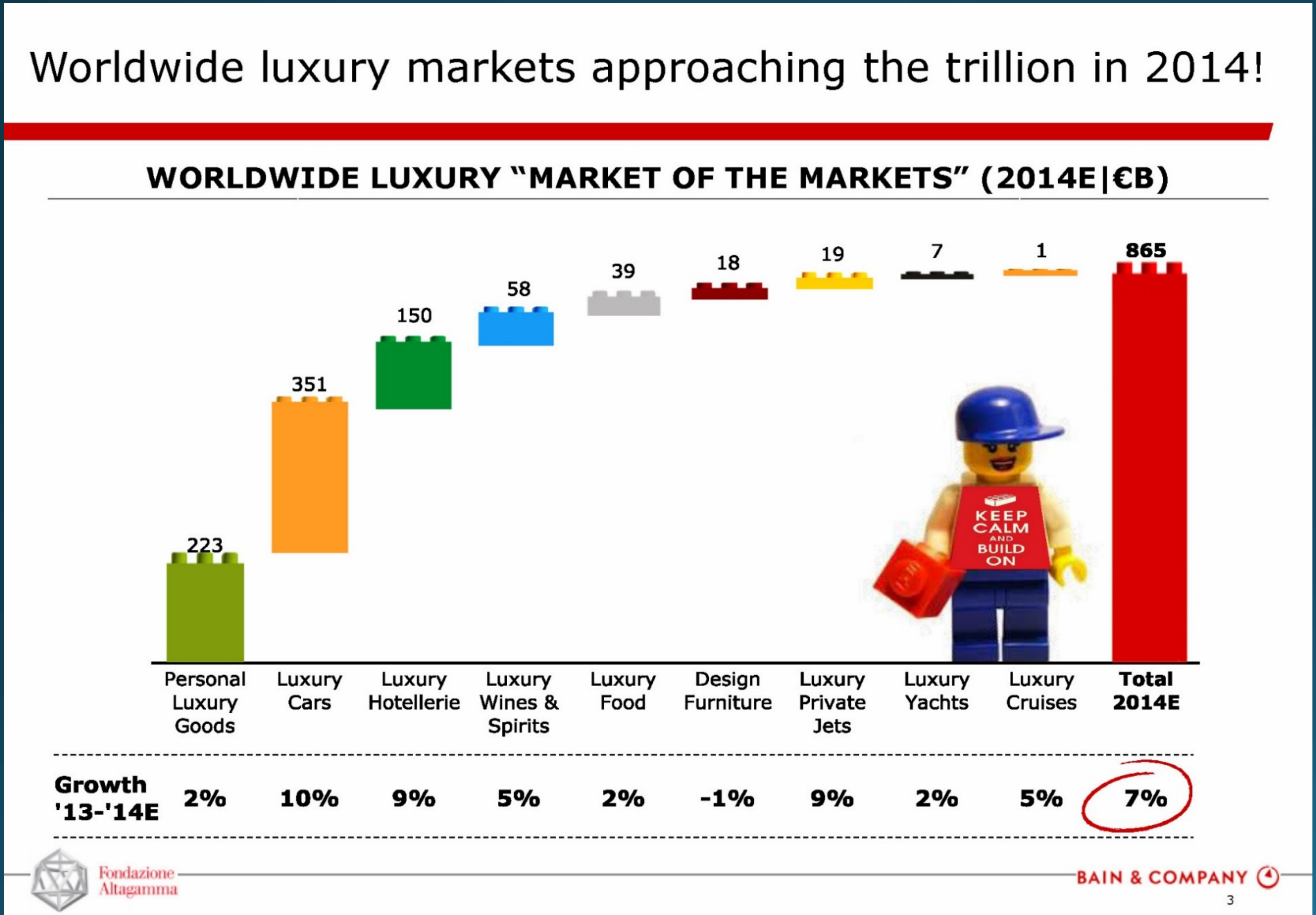
The luxury market grew 7% in 2014*



The only negative luxury category was 'Design Furniture.'

*Bain & Company

The global population of high net worth individuals (HNWI), those with minimum investible assets of $1,000,000, grew to 13.7 million in 2013.*

The opportunity to successfully market to the affluent has never been greater, or more difficult and complicated.
Traditional marketing strategies are now impotent.

*Capgemini, July 2014

4.3 million HNWI’s primary residence is in North America.*

Affluent Americans, coupled with the substantial number of HNWIs who visit and desire to live in North America, represent a significant opportunity for marketers who understand the necessary criteria to successfully market to the affluent.
We call this criteria the Laws of Luxury.

*Capgemini, July 2014

Ramey's Laws of Luxury

80% of the affluent were raised in a middle-class home. They haven't lost the values their Mom taught them.*

The one commonality amongst the affluent is they save money. This intellectual conflict requires unique marketing, messaging and tactics to be successful.

*American Affluence Research Center

Ramey’s Laws of Luxury

Wealth is fluid.

*12% of Americans spend a least one year in the ‘Top 1%’ of income distribution (approx. $400,000). 39% will, for a minimum of one year, be in the ‘Top 5%’ of income distribution ($170,000). *Your prospective market may be larger than you realize.*

*Mark R. Rank, Thomas A. Hirschl, Cornell University

Ramey's Laws of Luxury

Luxury is subjective.

Never judge or use terms that reflect your opinion; what's luxury to you is likely status quo to a HNWI. *It is entirely possible that their G650 is a necessity.*

Ramey's Laws of Luxury

Every luxury brand has a narrative that supports its unique and distinct point of view.

You should be so distinct that your only competition is yourself.

Ramey's Laws of Luxury

Luxury brands sell 'desire for brand' first.
Product second.

Leading with product is a mass market strategy; likely the single biggest difference between a mass marketer and a luxury marketer.

Ramey's Laws of Luxury

The affluent judge brands and products in context.

You are defined by the brands with whom you associate. Luxury brands routinely collaborate to leverage relationships, expand exposure and increase ROI. Collaborating is particularly essential for products and services that are not 'top of mind' or are purchased infrequently.

Ramey’s Laws of Luxury

Luxury brands have a global presence.

The affluent expect their ‘big ticket’ resources to have a global presence. This is one of the reasons why organizations such as Luxury Portfolio, Relais & Châteaux, The Home Trust and Leading Hotels are so successful – they provide global presence.
The affluent are increasingly relying on peer alliances.

Ramey’s Laws of Luxury

Luxury brands go wherever their affluent best prospects may be.

Luxury brands insert ads where they’re not expected to be seen. They know they’re often invisible if their presence is expected.

Architectural Digest is dominated today by luxury brands from outside the home category because it’s not where they’re expected be found – negatively affecting interior design.

Ramey’s Laws of Luxury

Social media is grossly overrated.

Actually, every medium by itself is overrated. We live in an omni-channel world where you need to be wherever the affluent may be. Social media alone, like publishing, events or PR alone, isn’t enough to drive new sales.

Ramey's Laws of Luxury

The most successful brands are actively collaborating to find new clients.

There is no '*one best advertising medium*.' Your best affluent prospects are scattered between media. Worse, the cost of advertising is increasing, further causing your ROI to decrease. *Hence expanding collaborations is the obvious strategy to control costs and increase effectiveness.*

Ramey's Laws of Luxury

Luxury marketers aren't so arrogant as to believe everyone *or anyone* knows their brand.

If Louis Vuitton, Hermès and Cartier must continuously advertise to keep their brand in front of best prospects to drive awareness and revenue, then you probably should too.

Final points:

1. Luxury is growing. One exception: ‘Design Furniture.’
2. Unless you’re a ‘top of mind’ category, your most critical issues are awareness, point of view and distinction.
3. Marketing to the affluent is more complex. Last year’s marketing strategies will fail you in 2015. It is essential to:
   - Expand your brand awareness.
   - Create omni-channel strategies.
   - Collaborate with kindred spirit brands.
   - Define and promote your brand narrative.

The Home Trust International

www.thehometrust.com

The Home Trust acts as marketing cooperative to provide omni-channel/unique and counterintuitive marketing opportunities. The result is Home Trust members exponentially expand their brand presence, distinction and sales at an affordable cost.

Home Trust membership is reserved for providers of products or services for luxury homes.

Chris Ramey is the most quoted executive in the luxury segment and one of the world's foremost authorities on messaging, marketing and selling to the affluent.

Paris, France

Medellín, Colombia

Palm Beach, Florida USA

Consulting – Ramey's past and present clients have ranged from luxury hotels, cruise lines and yachts to Interior Designers, retailers, decorative showrooms and manufacturers. He consults with insights reflected by the breadth of his clients. Regardless of your category, Ramey can help you increase your sales and profit to luxury customers and affluent clients.

Keynotes and Seminars – Ramey is a highly sought-after keynote speaker and moderator. His presentations are energetic, entertaining, educational and actionable.

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