

# THE LUXURY BUSINESS GAZETTE

Monthly business news, analysis & views from the global luxury industry

## Global Entrepreneurial Wealth Report by HSBC is Released

➤ HSBC's Global Private Banking division studied nearly 1,000 high-net-worth entrepreneurs' plans for wealth transfer to their families. Succession is almost always a challenge for new money. Wealthy entrepreneurs have serious concerns that their kids might not be up to the task of taking on their business or responsibly managing their wealth in the future.

## Treasure Hunters' Dream. The Holy Grail of Shipwrecks.

➤ The fierce international maritime legal battle over the 'Holy Grail' of shipwrecks is still going. It's a Spanish galleon, the San José, sunk by the British off the coast of Colombia more than 300 years ago. It has the treasure hunters' dream - the biggest treasure in history. As [BBC](#) reports, "Sea Search Armada commissioned a study of the cargo. It estimates its value at \$7-18 billion."



## ROLE OF TRUST FOR ELITES' TOP ADVISORS

They were given different names. Some call them *éminence grise*... In Italy they are called *consiglieri*... They are the confidants. They are the right-hand men. The consultants, advisors or even the privy council. The HNWI and the UHNWI have the top advisors from all areas (as finance, law, cyber, luxury services, security, market intelligence etc.) serving them. Trust has always been the sacred priority for advisors. When trust is lost, all is lost. EY report found that 70% of women and millennial/Gen Z investors will likely fire their family's advisors as the trillions in wealth transfer comes their way. There is arguably no one more important and closer (after family) to an UHNWI than a loyal 'right-hand man' - until the relationship sours. What happens when a trusted UHNW adviser goes rogue?

## Luxury Retail & the Evolution of Big Department Stores

➤ There is shopping mall luxury (or mainstream luxury) for consumers and then there is high luxury (not found in malls) for connoisseurs. Nevertheless, since their beginnings department stores have played an important role worldwide for luxury retail. How are they evolving today?

## Can Luxury Gifts Buy Foreign Lobby Influence in the US?

➤ Eva Kaili of EU Parliament or US Senator Robert Menendez were some of the names that were all over the global news media last year and this year due to their corruption scandals and trials. Can pricey luxury gifts as handbags, cars, real estate, hotel suites, Michelin-starred dinners and so on, buy foreign lobby influence in the US or EU?

## Report: Top Counterfeited Luxury Brands In the World

➤ Today, the total global trade in counterfeits is estimated at around \$4.5 trillion, and fake luxury products account for 60% to 70% of that amount. AI authentication platform Entrupy released its annual State of Fake report, which examined trends in imitation items for luxury goods. Some of the top counterfeited luxury brands are Prada, Gucci, Chanel, Goyard etc.

## BASE FIGURE FOR UHNWI IS RISING

The very concept and what constitutes being ‘rich’ has shifted paradigmatically. Today’s millionaire doesn’t feel as wealthy as the millionaires of the past. It’s both due to price inflation and to the rapid rise in the number of billionaires and millionaires. As Prof. Matteo Atti explains: “even in the small realm of high-net-worth individuals (HNWI),

there is a marked distinction between wealth and ultra-wealth. Regular access to private jet services and the chance to design a bespoke yacht or collect the finest art pieces are still a world away even for most multi-millionaires.” The base for figure for becoming a UHNWI is rising as the ultra-rich are measured by new standards. As David Gibson-Moore of Gulf Analytica told FT, “the \$30mn threshold doesn’t carry the same weight or exclusivity it once did.”

## HOW TO LURE THE ULTRA-RICH

Schaefer and JP Kuehlwein explain how luxury brands “must make us desire them, not just need them, because only then might we be willing to shell out extra cash that they demand.” It all starts with creating desire and it is important to then maintain desirability.

Psychographics is the main prerequisite. Psychographic targeting is the strategic selection of which types of

consumers the brand will invest time, capital and efforts to reach, persuade, influence, attract, allure, build relations with or sell to. Psychographics in the luxury industry has to do with knowing and targeting the model or ideal customer and the best practice is based on targeting and attracting the best as they will then attract the rest. In the words of Dr. Robert Cialdini: ‘Since 95% of the people are imitators and only 5% initiators, people are persuaded more by the actions of others than by any proof we can offer.’

