

SELLING THE HIGH-END BUILDING CUSTOMER

Whizard Summit

Ramey

We find, reach, and motivate affluent consumers to buy high-end home products.

Ramey



HunterDouglas



Hunter



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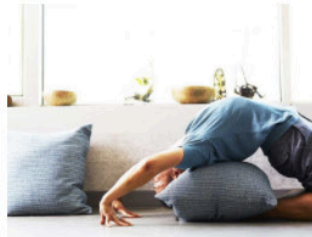
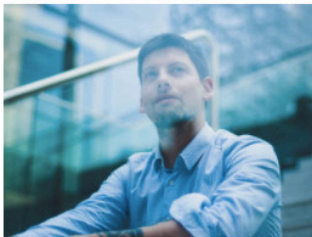
HERITAGE
— ■ ■ —





Upward Home. Thought leadership for high-end home brands.

UP



The Net Promoter Score's
Lovers and Haters

Newsletter

Stay in the know.

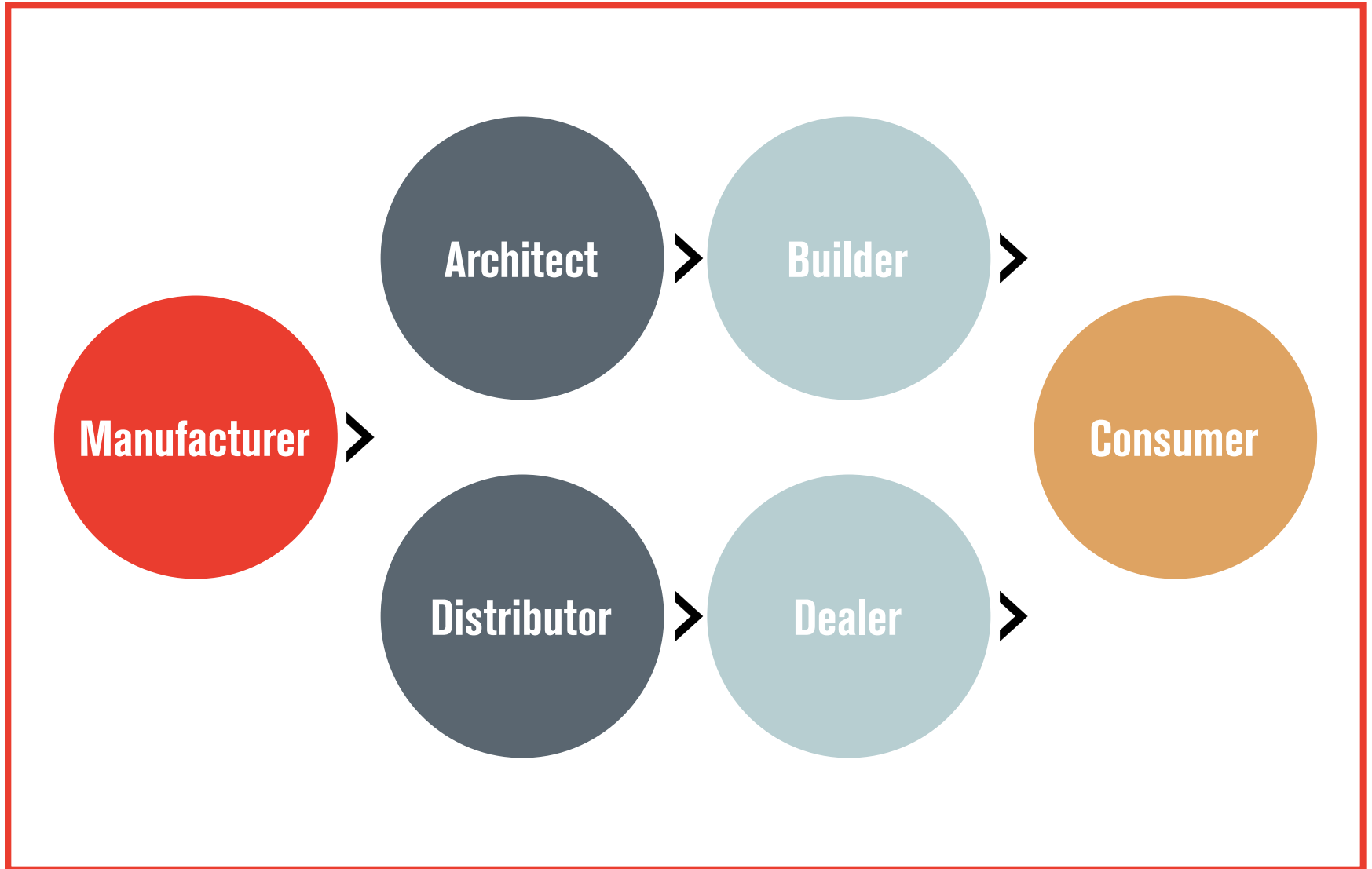
Sign-up to receive the latest insights on the high-end home market and affluent consumers.

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SELLING THE HIGH-END BUILDING CUSTOMER

- Who is the high-end customer?
- What do they want in a premium product?
- How do I reach and sell them?
- Why do I even care?

WHY DO I EVEN CARE?




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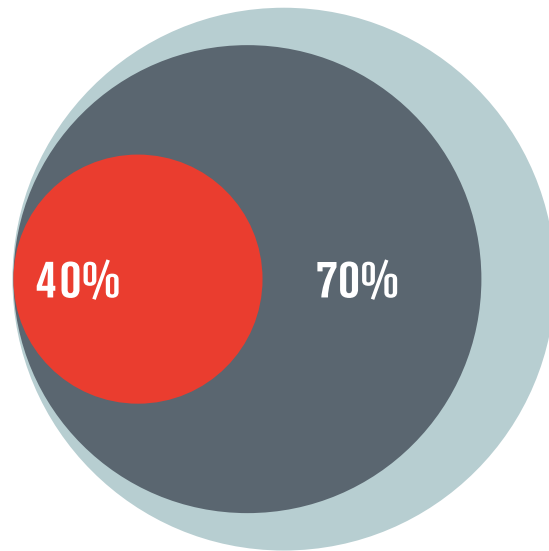
AFFLUENTS: THE BIG PICTURE

	HHI	%	HOUSEHOLDS
Ultra Affluent	\$250k+	Top 2%	2.5 million
HENRY	\$100-249k	Top 18%	23 million
Affluent	\$100k	Top 20%	25 million
U.S. Total	\$50-\$60k	100%	125 million

The background of the slide is a photograph of an office interior. On the left, there are dark window blinds. In the center, a desk holds a pen holder with several pens. To the right, a desk lamp with a coiled cord is visible. The overall lighting is dim, creating a professional and focused atmosphere.

AFFLUENTS are the most important yet least understood consumer segment in marketing.

AFFLUENTS: THE MOST IMPORTANT



In an economy where consumer spending accounts for 70% of US GDP, Affluents account for more than 40% of this volume.

They are twice as likely to buy, and when they do, they spend 3.2 times more than the average household in many categories.

● Affluent ● Consumer Spending ● GDP

AFFLUENT CONSUMERS: MYTH VS. REALITY

PERCEPTION	REALITY	SURVEY QUESTION	TOTAL
Inherited riches	Entrepreneurial riches	Average percent of assets inheritance	2%
Lifelong pursuit of wealth	Wealth a byproduct of pursuing passions	Still on the front lines of their business	61%
Conspicuous consumption	Stealth wealth	I believe in "stealth wealth" - having money, but keeping it under the radar	82%
Brand as badge	Brands enable self-expression	Expressing my personal style is very important to me	69%
Trophy spouse	First spouse	Married to first spouse	64%
Ivy League	State university	Percent of college grads attending public colleges; Ivy League	59%; 14%
Old patriarchs	Boomers & Gen Xers with kids	Median age; percent with kids under 18	47; 50%
Elitist attitudes	Middle-class attitudes	I would describe myself as middle class at heart	84%

AFFLUENTS ARE LIKE THE MARINES

First in. Last out.

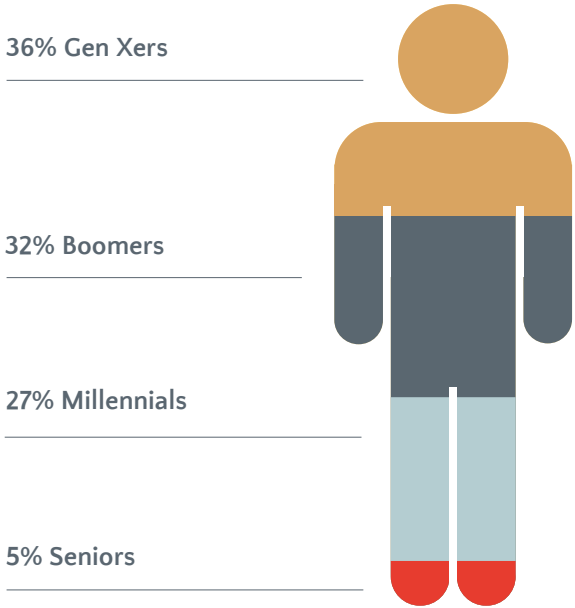


AFFLUENTS are not a
homogenous group.

ALL LUXURY CONSUMERS ARE NOT ALIKE

There are significant differences on many issues depending on their household income, wealth, age, gender, etc. These differences present both a challenge and an opportunity to marketers in tailoring their messages, rather than using a “one size fits all” approach.

AFFLUENTS THINK DIFFERENTLY



GENERATIONALLY DIVERSE

Source: "Affluent Survey" (Ipsos, 2016).

A photograph of a modern building's exterior with large glass windows and a concrete patio. The text is overlaid on the image.

INCOME AND NET WORTH
aren't the holy grail.

THE IMPORTANCE OF TENURE

“The length of time people have been wealthy is one of the most powerful predictors of not only how they spend money, but also how they view themselves and live their lives.”

- Jim Taylor

THE IMPORTANCE OF TENURE

Apprentices in the first five years of wealth are cautious and price-sensitive, particularly with big-ticket items. They are highly reluctant about buying a brand that they consider a status symbol.

Journeyman are 6-14 years into their wealth experience and are beginning to mature in their buying habits. They begin to be connoisseurs.

Masters have been wealthy for 15 years or more and have become comfortable with being wealthy. They spend twice what apprentices do on home renovations and four times as much on home furnishings.



AFFLUENTS are middle
class at heart.

AFFLUENTS ARE MIDDLE CLASS AT HEART

Most wealthy Americans come from humble beginnings.



AFFLUENTS ARE MIDDLE CLASS AT HEART

More than 90% of wealthy Americans created their own wealth, while fewer than 10% inherited it. Most affluent consumers don't come from wealth, they create it themselves.

90%

AFFLUENTS ARE MIDDLE CLASS AT HEART

Affluents Value:

- 1 The Virtue of Work
- 2 Competitive Play
- 3 Education
- 4 Respect for Adults
- 5 Modesty
- 6 Independence
- 7 Self-determination

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CONSUMER EXPECTATIONS

Percent who say they most expect the following from luxury brands:

High-quality materials/production	78%
Great customer service	60%
A sense of authenticity from the brand	48%
Access to content/service after purchase	34%

CONSUMER EXPECTATIONS: WHIZ VIEW

- A healthy place to live will be the new granite countertop for new homebuyers and renters.
- Owners and developers will be looking for ways to use “healthy” as a way to differentiate.
- Whether it is healthier HVAC systems or germ-killing antimicrobials, your customers will be looking for these features.
- Maybe fresh air and sunlight will become popular again.

CONSUMER EXPECTATIONS: WELLBEING

Dr. Martina Olbertova, Founder of Meaning.Global, “foresees a shift in the luxury market toward wellness and wellbeing. That means luxury that is good for the individual, good for the planet, good for society.”

CONSUMER EXPECTATIONS: ALREADY ON-TREND

acoufelt
making quiet

FOX  BLOCKS
SUSTAINABLE SOLUTIONS
ALL SEASON PROTECTION (ICF)

 Schöck
Dependable by design

SELLING THE HIGH-END BUILDING CUSTOMER

- Who is the high-end customer?
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A clear blue sky with several wispy white clouds scattered across it. The clouds are most prominent in the lower half of the frame, with some larger, more defined clouds near the bottom and some lighter, more ethereal ones higher up. The overall tone is bright and airy.

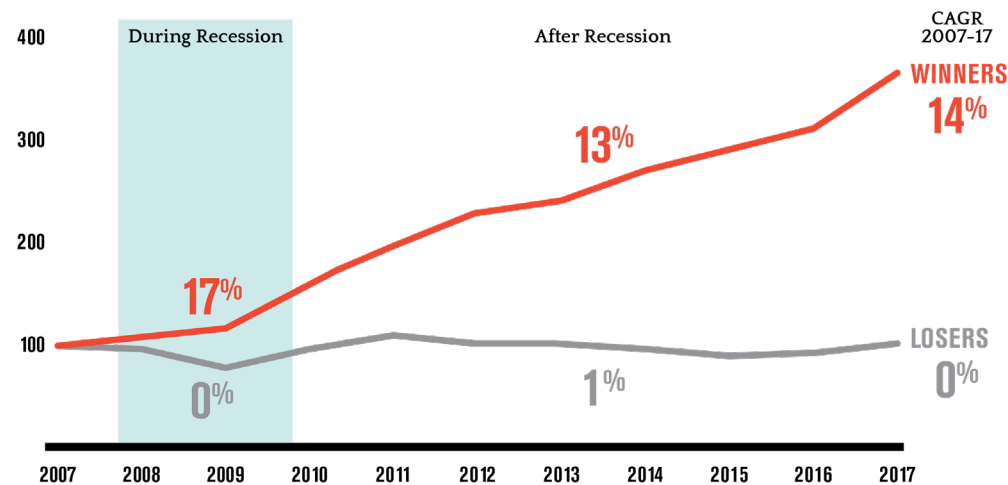
**10 THINGS YOU SHOULD BE THINKING ABOUT
RIGHT NOW**

1. PLAY OFFENSE BY REINVESTING FOR GROWTH

Coming out of the last recession, the strongest companies went on offense early, while many of their peers focused on survival and waited for the cycle to clear.

Winning companies accelerated profitability during and after the recession, while losers stalled.

Growth in nominal EBIT (indexed 2007=100)



1. PLAY OFFENSE BY REINVESTING FOR GROWTH

“Think of a recession as a sharp curve on an auto racetrack—the best place to pass competitors, but requiring more skill than straightaways. The best drivers apply the brakes just ahead of the curve (they take out excess costs), turn hard toward the apex of the curve (identify the short list of projects that will form the next business model), and accelerate hard out of the curve (spend and hire before markets have rebounded).”

2. BE HONEST WITH YOUR STARTING POINT

Taking advantage of a downturn starts with a realistic assessment of a company's starting position.

Strategic Position

- Market share
- Product portfolio vs. competitors
- Customer loyalty
- Industry exposure to recession or disruption



Financial Strength vs. Peers

- Margins/Unit cost position
- Recession sensitivity
- Balance sheet/liquidity

3. FOLLOW CONSUMER SENTIMENT CLOSELY

“The confidence of high-income Americans fell first and declined fastest compared with the middle-income or low-income cohorts” in the Index of Consumer Sentiment (ICS).

“Today luxury consumers are experiencing anxiety and a sense of insecurity far greater than experienced in the Great Recession.”

3. FOLLOW CONSUMER SENTIMENT CLOSELY

To what extent are you worried about how the outbreak may affect your lifestyle?

	Mar 4	6	13	19	27
Total	37	40	54	66	67
\$100k+	35	39	53	70	70

4. PRACTICE ACUITY: ONE EYE ON THE LONG GAME

Economic anxieties likely persist for years.

“While the economic pain peaked in 2009 and declined in the years thereafter, worry about the economy only softened in the vicinity of 10% each year...as the financial outlook improved.”

4. PRACTICE ACUITY: ONE EYE ON THE LONG GAME

That said, the “Home” category rebounded sooner than other categories.

“Home redecorating / renovation / remodeling intent declined only about 10% from 2008 to 2009, and then began a slow return to normal.”

5. PRACTICE ACUITY: THE OTHER EYE ON THE SHORT GAME

The Four Phases of the Outbreak:

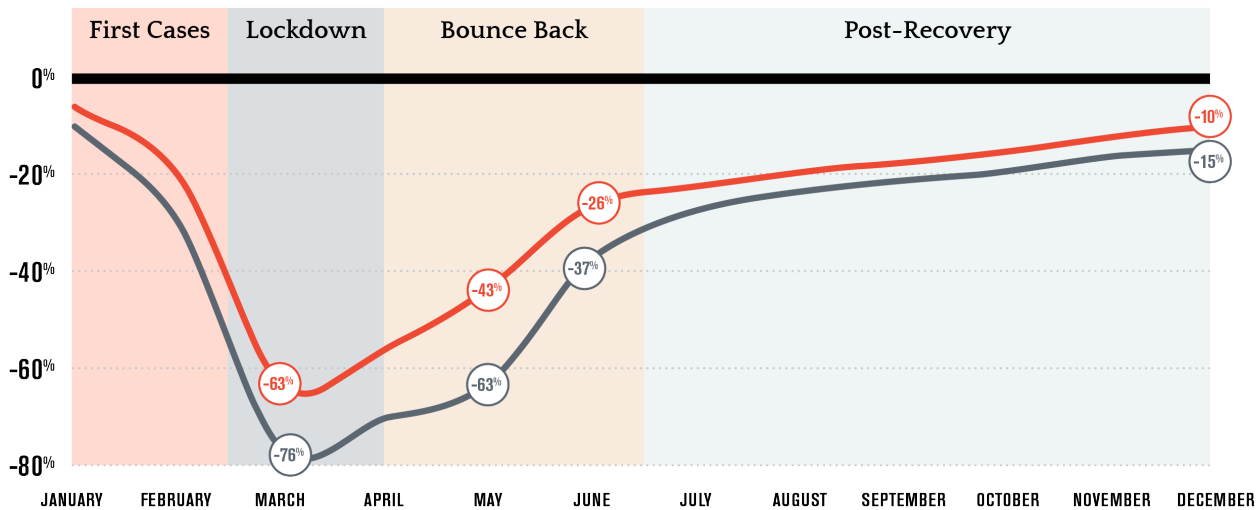
1. The appearance of the novel coronavirus and the first COVID-19 cases
2. Voluntary or government-directed lockdown efforts to control the outbreak's spread
3. A bounce-back period that starts once mitigation efforts have taken hold and growth of COVID-19 subsides or stops
4. A post-recovery period when manufacturing and consumer spending begin to reach pre-outbreak levels

5. PRACTICE ACUITY: THE OTHER EYE ON THE SHORT GAME

The Four Phases of the Outbreak:

Sales will hit bottom in Q2, then begin to bounce back

Decline and recovery phases of global fashion and luxury sales in 2020 in comparison to 2019 (%)

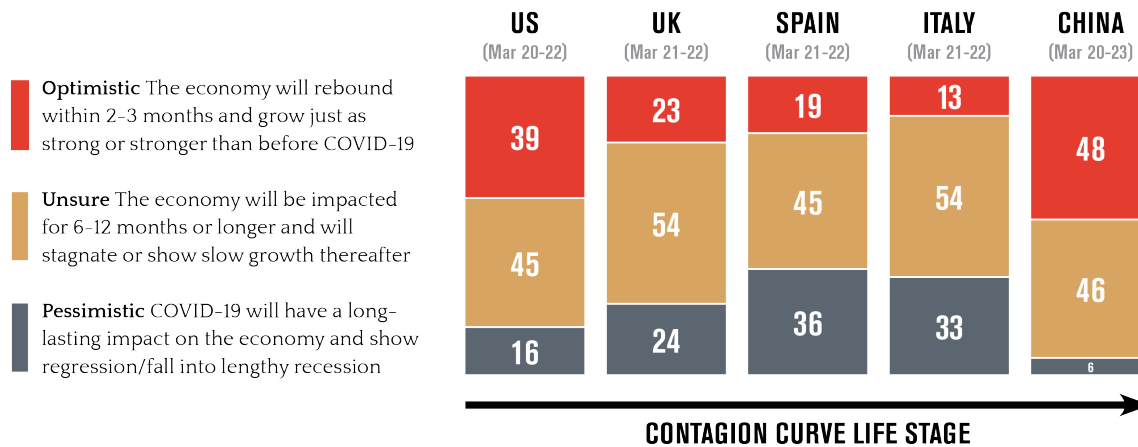


5. PRACTICE ACUITY: THE OTHER EYE ON THE SHORT GAME

Optimism Depends on Where You Are in the Curve – Contagion Curve Life Cycle

Consumer optimism varies by country but is typically higher at the start and end life stages of contagion curve

Confidence in own country's economic recovery after COVID-19,¹ % of respondents by country



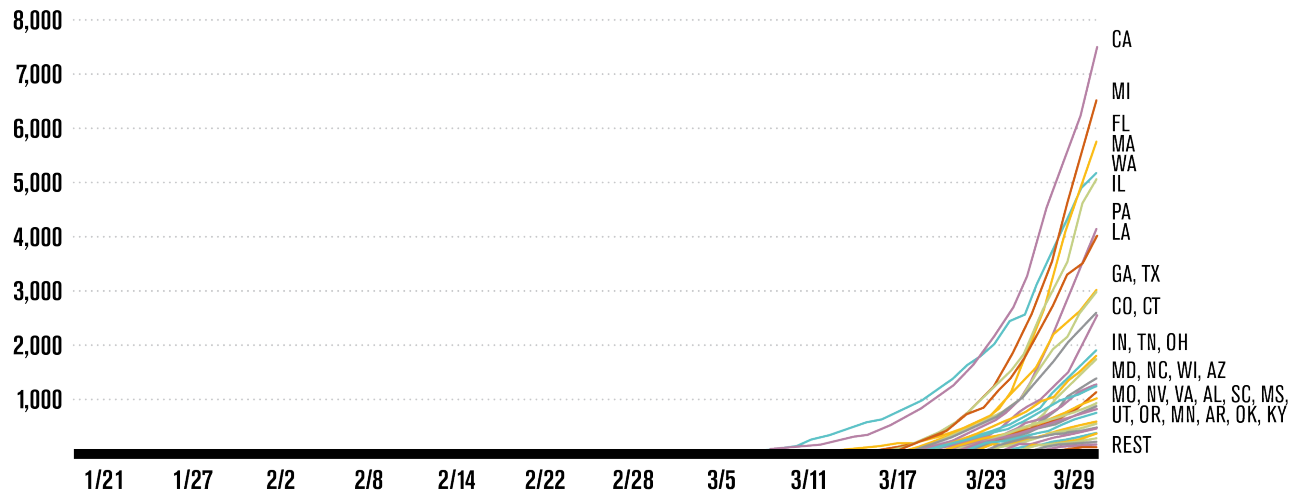
¹ All countries except China: Q: How is your overall confidence level on economic conditions after the COVID-19 situation? Rated from 1 Very optimistic to 6 Very pessimistic; China: Q: How is your overall confidence level on economic conditions after Coronavirus situation? Rated from 1 Very optimistic to 5 Pessimistic. Source: McKinsey & Company M&S COVID-19 US Consumer Pulse Survey 3/20-3/22/2020 N-1,073 Sampled and weighted to US gen pop 18+; Europe Consumer Pulse Survey 3/20-3/22/2020 UK N-1,007, Spain N-1,002, Italy N-1,003 Sampled and weighed to match each country's gen pop 18+; China Consumer Pulse Survey 3/20-3/23/2020 N-1,225 including Hubei province. Sampled and weighted to match China gen pop 18-65 years.

6. SYNC YOUR RHYTHM WITH RECOVERY BY MARKET

The recovery won't happen at the same time for all Americans. So why should your marketing? Think about geotargeting by state (or metro) so that your rhythm is in sync with their recovery.

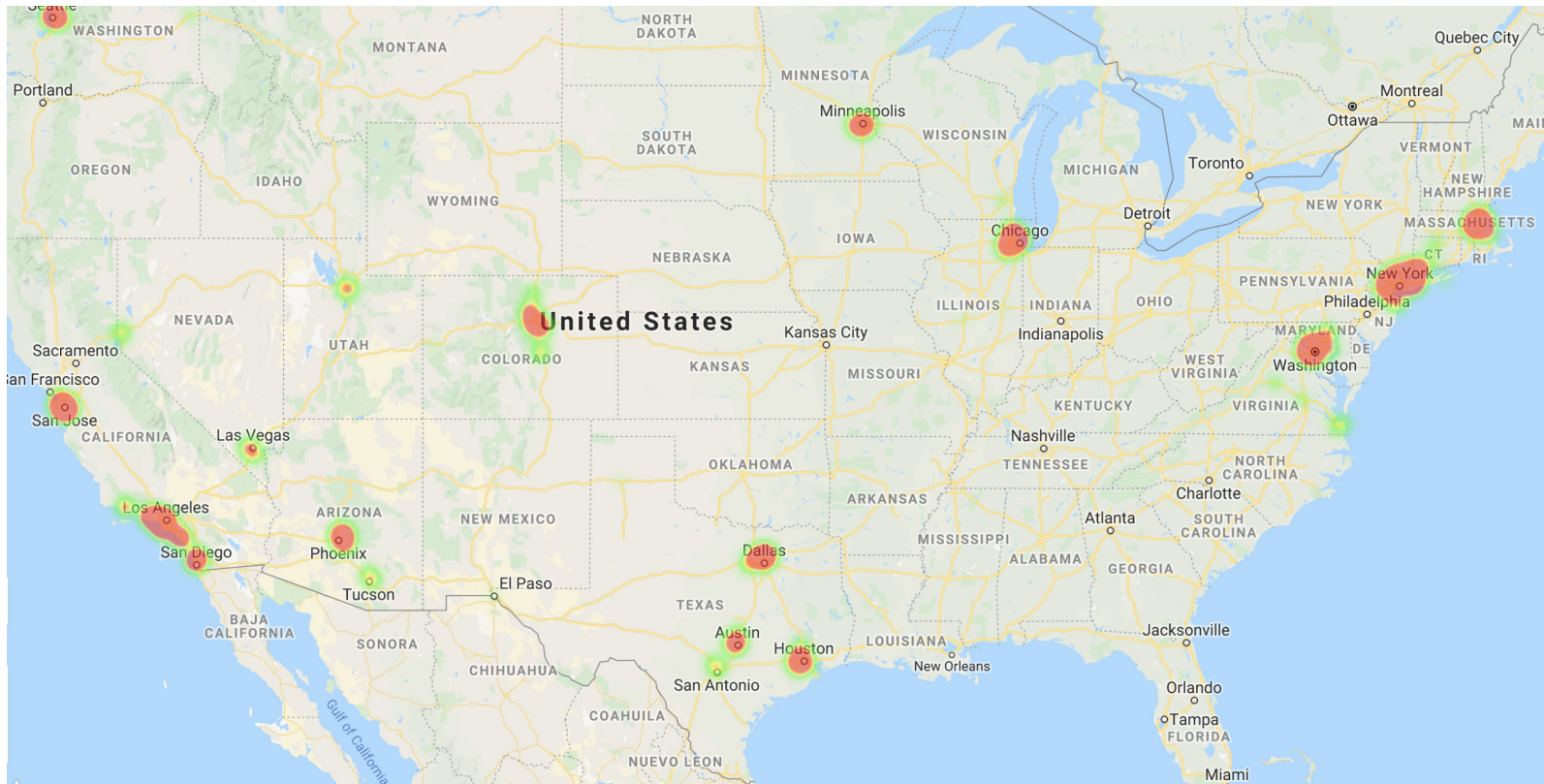
Official cases in the U.S. per state

Excluding NY and NJ, updated as of 3/30/2020



7. LEVERAGE YOUR DATABASE

Find your best prospects with pinpoint precision.

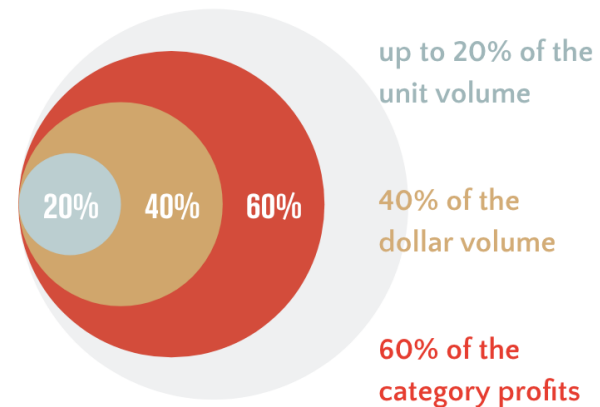


Source: Ramey heatmap based on data sources

8. ENSURE YOUR BRAND COMMANDS A PREMIUM PRICE

A well-positioned strong brand performs at a different order of magnitude in the short and long terms compared to brands with weak positioning, differentiation, and specialness.

High-end brands in any category typically account for:



The 20/40/60 Rule remains valid in both good and bad economies.

9. BUILD CONTENT THAT DECISIVELY GENERATES ENGAGEMENT AND SALES

As brands have migrated to more down-funnel tactics, many have mistakenly focused so much time and effort on these tactics that they often lose focus on the quality of their content — and it requires a “both/and” focus to be successful.



10. DELIVER YOUR CAMPAIGN FLAWLESSLY TO THE EXACT RIGHT PROSPECTS

At this moment in time, you should be employing a cross-channel and cross-device media strategy that allows for in-the-moment delivery.



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DECK AND ADDITIONAL CONTENT AVAILABLE AT:

www.ramey.com/whiz

THANKS FOR LISTENING.