

THE RICH  
COLUMN  
MATTHEW  
VINCENT

“ THE WEALTH INDUSTRY IS  
TARGETING NEW CUSTOMERS  
BY KEEPING TRACK OF THEM ”



**All eyes on the prize**

W here are the customers' yachts?" I've always associated this question with Fred Schwed Jr, who quoted the naïve enquiry – allegedly made by a bemused investor at New York harbour – in his 1940 book of the same name, subtitled *A Good Hard Look at Wall Street*.

I regularly cite it as an example of how wealth managers have successfully targeted clients as sources of income, by charging them more than they generate in returns. When managers protest, I then cite a calculation by economist John Kay that investor Warren Buffett's \$62bn fortune, earned over four decades, would have generated \$57bn in fees had it been "wealth managed" as part of a hedge fund portfolio. This would have left the billionaire with just \$5bn to spend at the boat builders – although, as he still lives in a modest Omaha bungalow, about 1,000 miles from the Atlantic, he might not be too troubled.

I now also associate the question with Simon Brooks, who appears to ask it more in a geographical than philosophical sense, in a press release for his new maritime courier business called Yachting Pages Delivers.

I read it as an equally good example of how the wealth industry has begun targeting new clients – that is, new sources of income – by tracking them at every turn. I have no idea how much Brooks charges for his service – which promises to hand-deliver marketing material to "superyacht captains, crews and customers from Marseille to Livorno" – but I suspect companies will

pay him handsomely for access to the exclusive super-rich.

If this is an old-fashioned method of getting close to potential customers, some others are more subtle and technologically sophisticated.

Take, for example, the lengths to which some luxury goods companies are going to gauge wealthy clients' tastes. A Bloomberg news report last month revealed that five leading fashion brands have increased their in-store head count in order to monitor customers' in-store behaviour more discreetly. The heads in question are not those of the average personal shopper. Instead, they are plastic, filled with cameras and linked to state-of-the-art facial recognition software. Meet the so-called "bionic mannequins" that are being supplied to upmarket shops around Europe by Italian firm Almax SpA.

Uché Okonkwo, executive director of consultant Luxe Corp, says: "It could really enhance the shopping experience, the product assortment, and help brands better understand their customers."

If Okonkwo found herself stared in the eye by a Terminator in a twin set, though, she might start to agree with Luca Solca, head of luxury goods research at Exane BNP Paribas. "It's spooky," he told Bloomberg.

Banks might not yet feel the need to dress up their surveillance systems, but some have been resorting to touchy-feely electronic means of reaching lucrative clients.

In this year's ranking of wealth managers' websites by Swiss research

company MyPrivateBanking, the highest scores were given to those making use of social media techniques. "A new generation of clients lives and breathes social media. Private banks and wealth managers need to open up to these new communication channels," it reports.

Those pressing all the right "like" buttons for MyPrivateBanking were ABN Amro, UBS and RBC Wealth Management. Any notion that they were doing so merely to be sociable was dispelled by the title of this year's rankings: "Wealth Management Websites That Win Clients".

Judging by these marketing ploys, it would seem that the ultimate lure for super-rich clients is a service targeting globetrotting luxury fashionistas/investors. Which is precisely what another new offering is aiming to provide.

Family Bhive, an online marketing platform for businesses servicing the "ultra-high net worth", has added a new social media function that "connects the wealthy with financial and luxury intelligence". Founder Caroline Garnham says: "Each member of the hive can then keep up to date with each other's news and views online, without having to meet so frequently. And when they do meet, the conversation very naturally and easily turns to business."

Might these new client relationships mean the hedge fund managers' yachts get smaller, and the customers' yachts more numerous? I doubt it. Paul Singer, manager of the hedge fund Elliott Capital Management, recently came up with a novel way of claiming large payments he was owed by the Argentine government: he seized one of its naval vessels, the ARA Libertad. He temporarily upped his head count, too: it was crewed by 200 sailors. **15**



WHAT MATTHEW IS READING...

Forecasts for prime London property prices from estate agent Savills (up by "25.6 per cent in the next five years"), and from asset manager Crispin Odey ("I do think the can drop by half"). Matthew knows who he believes...