



The secret
language of
wealth your
company
isn't speaking.

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Why This
Should Matter
To You

*The wealthiest
10% of households
are responsible for
more than half of all
consumer spending.*



Faculty of Change works with established companies to help uncover new sources of growth. In work across retail, financial services and hospitality, our anthropologists have conducted 100s of research activities with high net worth (HNW) and ultra high net worth individuals.

For the purpose of this report, HNW means individuals or families with more than \$1,000,000 in investable assets.

Our research methods are open ended and exploratory. As a result, we uncover unmet needs normal market research misses. Combining these research insights with scholarly research and foresight scanning, our team has reframed what matters most to this desirable segment.



IF YOU ARE...

1 Concerned about your organization's long term relevance,

2 Feel that you have lost your purpose or sense of focus,

3 Uncertain about how your customers and society have changed, or

4 Looking to take advantage of the opportunities change creates,

Reach out at start@facultyofchange.com



INTRODUCTION



Are there any normal people in the Illuminati?

No, of course not. High net worth individuals influence trends and shape the aspirations of broader society. Even if they are not your customers, they affect how your customers think and act.



That is why the competition for the attention of the HNW customer and their loyalty is fierce.

An ad page in Robb Report, a magazine whose average reader's net worth is more than \$3.5M, is 7x more expensive than an ad page in US Weekly.

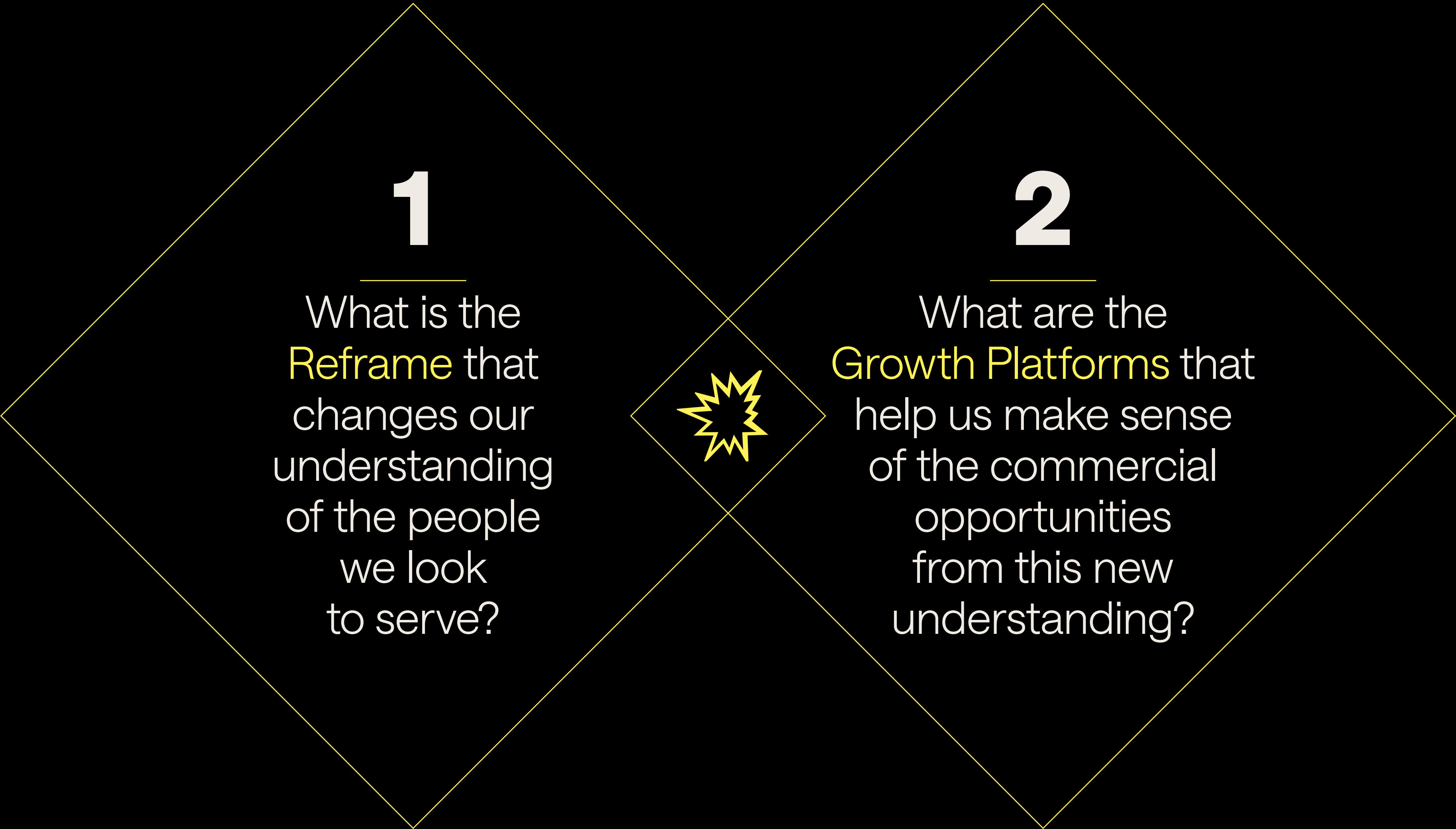


Even though companies understand the value and importance of this segment, HNW customers remain hugely unsatisfied with what is available in the market.

That is because the existing understanding of HNW and their needs is filled with incorrect assumptions and misunderstandings.



At Faculty of Change,
we think in the
framework of
Strategic Renewal.



The biggest motivating factor amongst high net worth individuals is **STATUS**. Status is a complicated concept.

Status is an individual's perceived social position or rank within society.

To understand the HNW segment, you need to understand the ideas of self worth and identity that are contained in the concept of status.

Status is a fundamental concept in sociology and social psychology. It influences how people interact, who gets to make decisions, and how people perceive themselves and others.

There are real world implications to status, it is not just a game. Status dictates access to scarce resources, like the best doctors and college admissions. It even affects how and who we can and do marry.



**Status
comes in
two forms.**

Ascribed

This is the part that is based on factors beyond your control, like age, race, or family background.

Achieved

This is the part that is “earned” through personal effort, skills, or accomplishments.



Status is
how we
understand
“the imagery
of a hierarchy
of positions.”

Economic

Economic Capital

Money, property, wealth.

Cultural

Cultural Capital

Specialized knowledge
(including gossip),
educational qualifications,
artistic consumption
and production.

Social

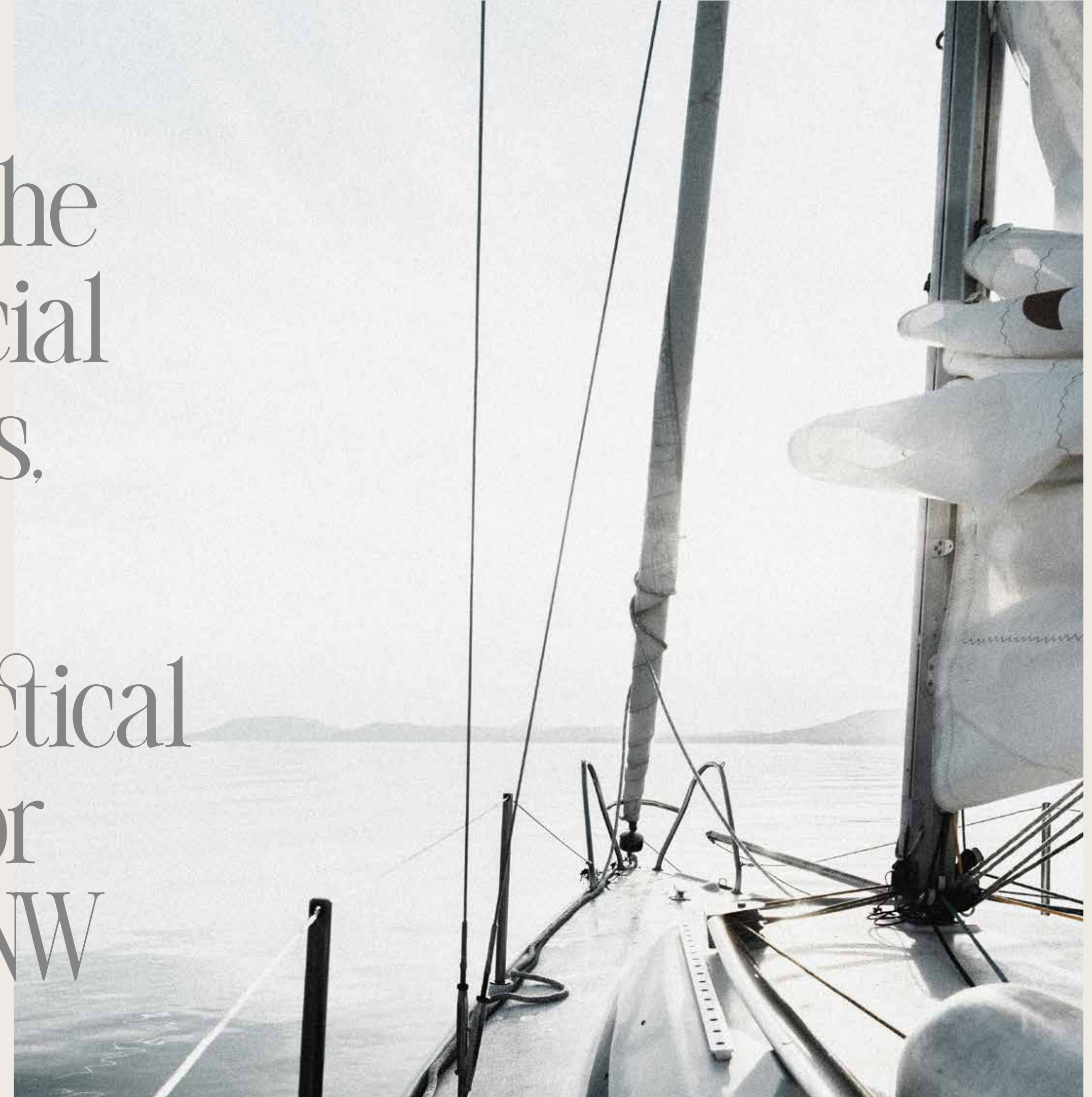
Social Capital

Connections and
social networks.



Status is a short hand for all the complicated dynamics of social hierarchies, power structures, and human behavior.

Status provides the most practical and applicable framework for driving growth across the HNW and UHNW segment.



We apply
our status
framework
to three of
the largest
opportunities
in the
segment.

**The intergenerational
transfer of wealth**

How status affects
the transition
of wealth between
generations.

**Shifting
Values**

How changing
preferences are shifting
the classical markers
and creating
new opportunities.

**Health and
Longevity**

Understanding
the intertwined
dynamics between
wellness
and status.



A blue classic car, possibly a Volvo 740 GLE, is parked in front of a building with large windows. The car is positioned on the left side of the frame, angled slightly towards the viewer. The building's facade is dark and textured, with large, multi-paned windows visible on the right. The overall lighting is soft and moody, suggesting an overcast day or late afternoon. The car's design features a prominent round headlight and a rectangular fog light below it. The wheels have a distinctive five-spoke alloy design.

Heir Conditioning

The Intergenerational Transfer of Values.

The numbers are so large as to be meaningless. “\$84 trillion in assets is set to change hands over the next 20 year”
“\$64 trillion will be bequeathed by baby boomers to their offspring.”

The real question is what are the implications of this kind of transfer and when will it happen?



The current approach is related to the practicalities of the transfer, the mechanics of how to transfer wealth between generations and how to attract the newly wealthy as clients.

The current approach misses out on the biggest concerns of Baby Boomer HNWs. It's not about the transfer of wealth but how to transfer their values around wealth.

From our research, most HNW parents have more than they will be able to spend and would like to transfer it to their children early. When they hold back, it often stems from a fear of "ruining" them.

Ruining is a nuanced concept, but it is a concern that by transferring wealth to their children, parents will limit the willingness to engage in "hard work" and limit their ability to self-actualize through wealth creation (like they did). Even if an HNW inherited the wealth, they consider the work they did over their lives of caring for that wealth hard work equivalent to running a successful business.

What keeps this segment up at night is a fear that the next generation has not adopted the "right" values that will allow them to not "waste" their inheritance or not be "ruined" by it.

These values are not solely geared towards how the money is saved and invested. They also largely apply to how money is spent on outward facing categories like luxuries, travel and education. And sometimes, these differences of value run very deep.

Tying back to the conversation of status, the status of your children and grandchildren is an extension of your personal status. This discrepancy in what each generation feels as contributing to their status is often a point of friction. Why do you care if I go to clown college instead of the family widget business? I am following my bliss.

*"It's not about the transfer of wealth,
but how to transfer the values around wealth."*



Financial Independence is a key interest of younger HNW. It implies being able to live off the income generated by an accumulation of investments without having to work.

For younger generations, not working is a sign of high status associated with prioritizing family and leisure. For the older generation, not working is a low status activity associated with laziness and lack of ambition.



Recommendations

So in fact a transfer of wealth is a transfer of status.

The growth opportunity is to accelerate that transfer by making the experience a chance to elevate the status of everyone involved.

1 Socializing the concept of “giving with warm hands.” – Being able to transfer wealth early is actually a high status activity. It means you have the financial security and prosperity of having enough to share the excess. The “Bank of Mom and Dad” has negative associations but being successful enough to be considered a bank? This creates status around an activity. Making financial actions desirable and assertive, as opposed to neutral, are key here.

Why doesn't my wealth manager/private banker send me my own “Spotify Wrapped” – dollars earned/trades made/taxes avoided/questions answered?

2 Focus on the transfer of values through enabling or creating shared experiences. As FIs or brands, there is little you can do to teach values. Your customers will not trust that you are not doing it out of self interest. Rather you can create environments for conversation and sharing of values. Inviting clients to an opulent dinner to discuss the virtues of frugality might be counterproductive.
Encourage dialogue, not just listening.



The image shows the interior of a private jet. On the left, there is a leather-upholstered seat with a quilted pattern on the backrest. A pair of sunglasses is resting on the seat. The cabin walls are lined with light-colored leather and feature three large, oval-shaped windows. Below the windows, there is a wooden console with various controls and buttons. The overall atmosphere is one of luxury and comfort.

I Can't See Clearly Now

How Status Became a Guessing Game.

The rise of social media and celebrity culture have shifted the real ways status is signified and understood. Even the wealthiest feel the need to document and share their lives. Every one of the Forbes Top 10 Billionaires has an Instagram account. This accelerates the classic cycle of Old Money adopting new signals of wealth, and other groups imitate them to show/elevate their perceived status.



This always-on window into what the Jones's are doing has turned status into an ever shifting part of identity and is a source of anxiety amongst HNW. It used to be you saw the fancy new cars at the annual holiday party or college reunion. Now you see them right away.

Are you going to the “right” places? Do you own the “right” things? What even is right anymore? With the acceleration of trend cycles and the erosion of popular culture/monoculture, it is harder and harder to know where you stand.

Many HNW exist in a “status fog.” Traditional signals, like luxury vacations and designer goods have lost their meaning. Is it higher status to be eco conscious or flying private? When it feels like anyone can go to Italy or own an LV bag, they do not mean the same thing.

We are in a period where status comes from certain lifestyle elements you can not fake. In societies with declining birth rates, the birth rate for HNW families is actually going up (Hopcroft, Fieder, Huber, 2024). Being able to afford four children without sacrificing your lifestyle is a very high status act. You can eat ramen all month to afford dinner at Per Se but no amount of budgeting will enable being a two-nanny household.

“We are in a period where status comes from certain lifestyle elements you can not fake.



The New
Luxury
Pyramid

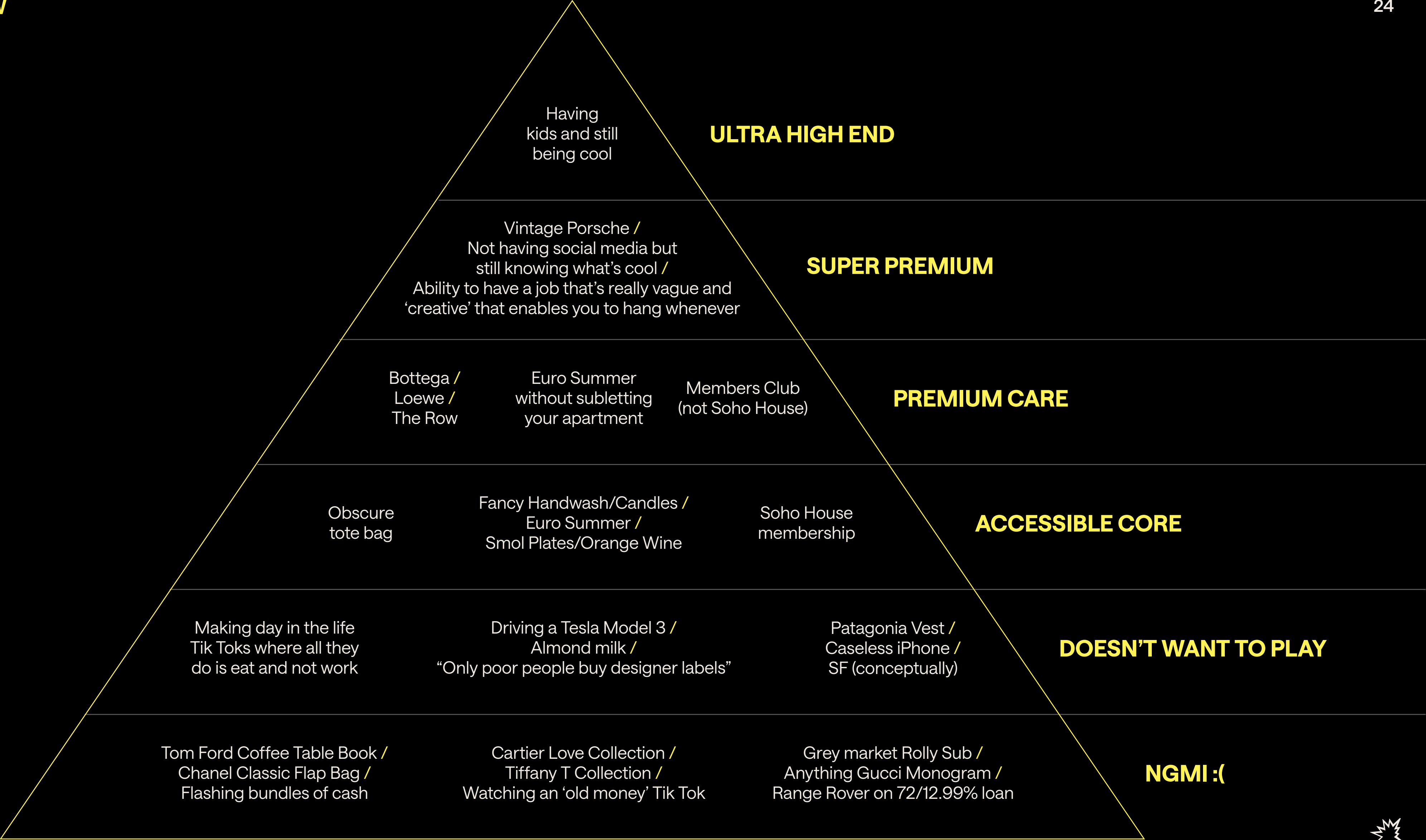


IMAGE CREDIT:
EDMOND
(@NSTLGIAXPRESS)
ON X



Recommendations

In this shifting landscape, there are two ways to add value amongst the uncertainty.

1 Don't impair their status – Brands and companies are investing in cultural relevance for this reason. By working with artists, trendsetters, etc. and sponsoring cultural production, brands wish to signal that being their customer is not below you.

2 Help alleviate status anxiety – Relieving status anxiety happens through affirming decisions and exposing individuals to content and culture that reinforces their sense of self. Do not try and “neg” them to create an aspirational air to your product or service. Instead, be a calming voice. “Your Tesla is just as good as their Land Rover.”





Live Rich or Die Tryin'

Health as the Ultimate Status Flex.

If you have time and money, health is much more than a precondition to existence. It is a playground for self definition (and by proxy, a key element of an individual's perceived status).
There are Pilates Moms, but not Couch Moms.



What is healthy is relative and changes over time. Even in the past 20 years, the ideal (female) body has gone from slim to thicc and trending back to slim again. There was a time not long ago when being fit and tanned was low status. I meant you engaged in outdoor labour, as opposed to indoor leisure.

We are in an era where discipline is the new indulgence. Your body is an advertisement for that discipline. It is just as high status to say no to carbs as it is to afford the drugs that make you not crave carbs or the surgery to make it look like you don't eat carbs.

For HNW individuals, health is a way to live in and define their present. The framework of living and eating "healthy" defines how they conduct their daily life in a way that morality might have in the past. You can see this in the rise of self-diagnosis. The rush to put a label to yourself is just another form of self-expression. We have gone from being punks to being self diagnosed as "on the spectrum."

The major difference with HNW is access to healthcare resources. For them, healthcare is not treatment of disease. It is even more than preventative. It is an investment in the future, just as important as a 401K.

This new world of health is about hyper-individuality and hyper-responsibility. Your body is your problem to solve. There's a new morality here, where aging is avoidable, sickness is a failure to prepare and death itself is a weakness we can – and should – eventually overcome.

“For HNW individuals, health is a way to live in and define their present.



There are very real reasons, beyond vanity, that health has become such a focus.

1

Delayed family formation – traditional life milestones are getting pushed out. The wealthier you are the older you are when you have kids, when you get married, etc.. This has cascading implications on fertility and the vitality required to be active parents.

2

Availability of remedies to every ailment – hair transplants, GLP1s and new cosmetic surgery techniques have created a perception that the only reason to be overweight or look old is because you lack the knowledge or resources to access a solution.



Longevity is a fertile ground for comparison and status accretion. In the past three years, 700 longevity startups have been founded to solve what Bryan Johnston calls “the problem of death” (Wired, Sept-Oct 2024).

This switch is important to understand. We have exited a period of “bad things (like disease) can happen to good people” to one of “bad things happen to undisciplined people.” Being unwell, or seen as sick, is a huge loss of status.



Recommendations

Fear of death is not even in the top 10 of American fears.

1 Taking care of yourself is no longer in the indulgence category, it is a necessity. There is no longer societal judgment about investing in your physical body and appearance. If you choose exercise over desk time, that is a status improving choice.

2 Wellness oriented conversations will be better received as outcomes focused. We have moved beyond the self care and relaxation conversation of the '00s to being results driven. **I will feel better? How much better?**



**Our two
conclusions
are.**

Conclusion #1

Unless your brand is one of the handful that are aspirational, it is very unlikely your customer will perceive working with your brand as adding to their perceived status.

Conclusion #2

You are more likely to make your customers feel that they are losing status than improving it. Understanding that and aiming to be neutral would drive massive growth.



A

For companies serving the HNW segment, understanding status isn't just academic – **it's existential.**

B

At Faculty of Change, we always talk about the opportunities change creates. How status is measured, felt, perceived and attained is going through a once in a generation shift.

C

Winners will be conscious about how their customers are navigating this status fog.

D

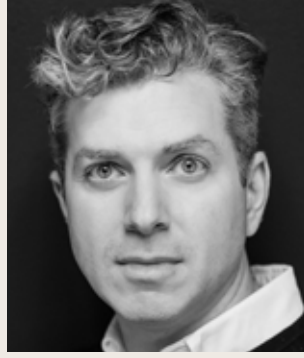
The key insight isn't to focus on building their status, but rather on understanding how they are thinking and feeling.

E

Sometimes the highest status move is making your clients feel secure in who they already are.

In Conclusion





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**With invaluable
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from Dylan Gordon,
Matthew Pettit
and Sarah Phillips.**

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ENDNOTE

Links & Resources

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