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As People Tighten Belts, How Luxury Concierge Firms Are Faring

Rachel Walsh

Even the wealthiest individuals are weighing up how to cut costs as the recession bites so paying a company to book your football tickets, make restaurant reservations or arrange flights to the Caribbean might appear excessive.

As belts are tightened, what future is there for businesses whose very *raison d'être* is not only taking menial tasks off the busy hands of high net worth individuals but finding new and ever more amazing ways for them to have a good time? As the recession rumbles on, will private clients still want to indulge in space tourism or undersea dinner parties?

Businesses devoted specifically to luxury concierge services emerged at the beginning of the decade, offering global access to the kind of lifestyle one expects to enjoy through financial success: effortless, exclusive and often extravagant. A number of the world's largest concierge firms told *WealthBriefing* how they are faring in the current environment - several of which said they are still planning to open new offices in different parts of the world.

"The question is: how do they stay relevant and profitable during these harsh economic times when even the wealthiest have cut back on everything?" says **Milton Pedraza**, chief executive of US-based research firm **The Luxury Institute**.

International concierge services such as **Quintessentially** and **WhiteConcierge** in the UK, **UUU Luxury** in Paris and **Conciant** and **Pure Entertainment** in North America, said they have not experienced a decline in the last year. William Holroyd, managing director at WhiteConcierge, says requests in the first quarter of 2009 rose 30 per cent on the same of 2008 and each company said it is actively expanding due to client demand. Steve Edo, chief executive of Pure Entertainment, says the firm is receiving especially strong demand from the emerging and frontier markets. He even describes the sector as "recession-proof." But all note recent changes in client behaviour.

"The volume of requests from members hasn't changed, just their nature," says **Guy Lawrence**, global chief executive at Quintessentially. "We've seen more requests utilizing our global network, insider knowledge and beneficial rates for travel itineraries, insider city guides, nightlife and entertainment. People are reaping the convenience of having a concierge and the time and money we can save them."

Quintessentially is the best-known and ultimate industry trailblazer. Founded in 2000 by aristocrat entrepreneur Ben Elliot, film producer **Aaron Simpson** and commercial lawyer **Paul Drummond**, seventeen sister businesses, each specialising in different luxury sectors, have grown from the group's core concierge service. Quintessentially, which describes itself as a club first and foremost, is effectively a luxury brand in its own right at this point with 44 offices worldwide and plans to open another five this year.

Steve Edo, of the Montreal-based **Pure Entertainment Group**, says there is less call for basic concierge services such as dinner and hotel reservations and more demand for tailored, comprehensive plans. "Clients are more interested in the bespoke experience which includes more services all in one," he says, comparing his work to that of a Saville Row tailor.

"There has been an increase in requests for unique experiences which are much more personal and deliver service i.e. bespoke wine tasting, unique art tours and the organizing and managing of private events," says Mr Lawrence.

These companies also report increased client requests for price comparisons, a sign of greater hunger for value for money. **Valerie Castle**, a managing member at **Conciant**, which provides concierge services to individuals and corporations on every continent and is soon to open an Australian base, says that for the first time in the company's history members are not shopping for high-end brands. "People seem to be getting back to basics, pragmatic describes the behaviour best. They no longer believe luxury brands justify the cost."

At a time when extravagance may be seen as less acceptable, **James Lawson**, director of international wealth consultancy **Ledbury Research**, identifies a common behavioral trend among concierge clients: stealth wealth. "Individuals, especially in the US, are moving away from conspicuous consumption or overt signalling of their status."

"In an environment where the wealthy are under increasing societal scrutiny, these concierge organisations allow them to operate under the radar so that they can buy those necessary luxuries anonymously," says Mr Lawson.

"Members have become more discreet in their spending - less conspicuous and more savvy," says Quintessentially's Mr Lawrence. The focus now seems to be on getting high quality goods at the best price. As concierge services have the insider knowledge and contacts to get the best deals for their clients in a discreet fashion, this has emerged as one of the key ways they can adapt to the recession.

WhiteConcierge recently launched a "haggling" service to cater to clients seeking the best deals but who are shy about negotiating for them. "The recession has not reduced our business; it has simply made people more careful about what they are buying," agrees **Zakary Chanou**, chief executive of the UUU Luxury group, which operates globally from Paris and plans to open agencies in London, Africa and the Benelux countries in the coming months.

Both Mr Chanou and Pure Entertainment's Mr Edo cite better communication with clients as a key strategy for retaining clients and gaining new ones in recession time.

As new clients are often referred by members, nurturing client relationships is key, and firms are making increasing use of the Web, moving away from simple word-of-mouth contact and referral.

"Listening to what your client tells you is one of the best ways to keep existing business and attract new clients," says Mr Edo. To this end, Pure Luxury and Conciant both emphasise the importance of marketing and social networking online. Conciant says 58 per cent of members now contact their round-the-clock service through an internet portal. Quintessentially's Qube, an exclusive online

community, is well established. "The affluent consumer is a user of technology and you have to adapt," says Mr Edo.

Another survival strategy for concierge services is to partner with other firms to gain new services and discounts for their own clients, while tempting those of other businesses with luxury privileges. This is the concept upon which WhiteConcierge was built. The company evolved from a travel support service that was bought out in 2007 by air entrepreneur **Jonathan Breeze** and Austria's **EurAm** bank.

It partners with over 90 business clients worldwide from a variety of sectors, providing an "added-value" service to these companies' clientele. WhiteConcierge's banking partners, for example, can offer premium financial services combined with the ability to find a fabulous watch that the client's wife spotted on the *Desperate Housewives* television show. This appears to be a strategy for success. "The overall number of registered customers has increased by 15 per cent to over 1 million around the world in the last year," says Mr Holroyd.

Clients get in touch with the company through WhiteConcierge's partners. Indeed, they may be unaware these services are not carried out directly by their bank but rather by a concierge firm. Mr Holroyd calls WhiteConcierge, which operates from a multi-lingual resource centre in Cambridgeshire, a "facilitator". Other concierge firms will partner with a company, such as a hotel chain, to build up their own brands.

Both Mr Pedraza and Mr Lawson believe there is still a market for these services as long as they strategically adapt to clients' needs. Communication, partnerships, expansion and discretion mean this industry may weather the recession far better than the luxury sector in general.

As Steve Edo told *Wealthbriefing*, "People are still willing to spend on things that are meaningful to them and will somehow make their lives better. However, I believe [our business] is about enriching their lives with new experiences, not simply being rich."