

The Rich Keep Spending

The mass affluent plan to cut back on spending

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Overall, wealthy consumers expect the economy to worsen in 2008, according to the [Elite Traveler/Prince & Associates](#) 2008 Affluent Consumer Spending Survey. However, 84 percent of the super rich said the current economic environment represents an investment opportunity, and they will continue to spend more on luxury products and services and increase donations to charitable organizations. The survey also reports that affluent consumers have little faith in the government's ability to "fix" the present economic situation.

The survey, which polled more than 600 affluent consumers with a net worth of at least \$1 million, revealed that 58.2 percent of "Rich" consumers (those with a net worth from \$10 to \$30 million) will increase their spending on luxury goods and services. However, 21 percent of consumers with a net worth of less than \$10 million plan to decrease their spending on luxury goods and services.

"The *Elite Traveler* Affluent Consumer Survey further confirms that the super rich remain insulated from the economic woes that have forced even the mass affluent consumer confidence levels to an all time low," said Douglas Gollan, president and editor-in-chief of *Elite Traveler* and co-author of *The Sky's the Limit, Marketing to the New Jet Set*.

The super rich are not price sensitive as only 7.4 percent report an increase in the cost of luxury products as playing a role in their purchasing decisions, according to the survey conducted Jan. 10-18. However, almost half of the "Mass Affluent" consumers surveyed said cost is a deciding factor when purchasing luxury goods and services in this current uncertainty.

Although most consumers shop around to find the best deal when purchasing an expensive product, that rule does not seem to apply to the super rich. Less than 10 percent of these consumers said they would take more time to purchase a luxury product this year but would otherwise make speedy impulse purchases. Twelve percent of rich consumers reported an increase in the time they would take to make a luxury purchase, while 34 percent of mass affluent consumers would spend more time making a purchase as they balance economic uncertainty and higher costs for everyday expenses.

Nearly 70 percent of the super rich say they will increase their charitable giving this year, realizing their support is needed now more than ever to offset cut backs from those who have felt the pinch from a weakened economy. At the same time, 47.6 percent of the rich will increase their charitable giving. Only 13.9 percent of the mass affluent will give more in 2008.

"With the Super Rich increasing their charitable giving, the good news for luxury providers is that the super rich believe it is O.K. to reward themselves by continuing and in fact increasing their spending on watches, jewelry, luxury autos, fashion, and the like," Gollan said.