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Elite publisher mocks poor AmEx customers

The jeering article posted below was released today in an electronic newsletter published by [Elite Traveler](#), an impressive, glossy magazine that reaches the world's most affluent. The magazine claims that its readers are in over 100 countries and have an average Household Income (HHI) of \$5.3 million. (By the way, the magazine should use a geometric mean or a median figure since Bill Gates throws the average way off.)

The publisher, Doug Gollan, argues that this recession hasn't hindered the super rich at all. In fact, they continue about their Lucullan lives without a hint of cutting back—still flying private planes to obscure places of the world and buying expensive jewelry.

I especially enjoyed Gollan's jabs at American Express's Magazine, *Departures*, a distant competitor of *Elite Traveler Magazine*. **American Express recently released a study that found that 53 percent of its magazine readers worry they could run out of money.** Gollan writes, "I have never thought worried customers were a good target for luxury sellers." **In other words, AmEx customers really aren't that wealthy.**

I found the article quite amusing and somewhat convincing. It must be nice being super rich and virtually unfazed by this economic tumult. Read his article below.

American Express Re-Affirms its Customers Are Worried...

I have never thought worried customers were a good target for luxury sellers. That's why I always make the point that the people flying today by private jet represent the premium target as these folks, by using their jets, are making a statement that they remain relatively unaffected and have a positive view of the future. It also tends to put one in a good mood when they are taking off from Van Nuys, Teterboro or the private airport in Cannes.

American Express of course has been battered as its core Mass Affluent customer base has increasingly defaulted on charge and credit cards and cut back spending, and a new survey demonstrates the extent.

"The Survey of Affluence and Wealth in America," presented by American Express Publishing (*Departures*, *Travel + Leisure*, *Food & Wine*) and Harrison Group, found that 53 percent of its readers worry they could run out of money. Almost three out of four (73 percent) cited a belief that the current recession will last longer than a year. That marks a 10 percent jump from those who felt the same way in December 2008, and a 25 percent increase over September 2008. The same group is deeply concerned that the United States could be headed for a depression.

The study contains further grim news for jewelers: Jewelry has been grouped into the same category as private jets when it comes to items that the rich are not willing to spring for—at least for the time being.

"Our data suggests that in 2009, we'll see a decline in retail spending among affluent and wealthy consumers," says Jim Taylor, vice chairman of the Harrison Group, a Waterbury, Conn.-based

marketing and research consulting firm that co-authors the quarterly study. "The negative outlook is, however, modifying. The rate of decline is now in the single-digit range for everything we measure, except private jets and jewelry. This contrasts with rates of decline in excess of 25 percent last year, in luxury categories."

At the same time, the recession continues to bite deeply into purchasing intent, the survey said. Across the 15 categories measured, the trend line suggests continued, although moderating, drops in purchases in the categories of fashion, automobiles, luxuries and jewelry.

The report also notes that "being in the black is the new black," and that more than three-quarters of those surveyed (76 percent) reported taking pride in their newfound thrifty shopping habits, and another 65 percent now describe themselves as "smarter" shoppers.

"Beginning last Christmas, shoppers--especially women--began to take pleasure in saying no to unexamined consumption," Taylor said. "They began to take pride in their ability to resist the urge to buy and started to examine why they needed a new dress, a new fixture, anything really. And then, they derived pride--self-esteem--from their ability to make careful, reasoned purchase decisions."

During the past 12 months, respondents have also been saving 16 percent more of their household income and increasing contributions to their retirement plans by 6 percent, the study showed. At the same time, they've reduced their financial investments by 7 percent. The dramatic shift toward saving, versus spending, underscores respondents' beliefs that the recession will continue for an extended period of time. More than three out of four said that the real estate and banking crisis has negatively affected their sense of financial security.

The study included more than 1,500 upper middle class, affluent, super affluent and wealthy individuals, and was designed to assess the impact of the current economic turmoil on financial planning and spending. The respondents have discretionary annual incomes of at least \$100,000, ranging up to \$5 million.

Representative of 10 percent of the American population, the group accounts for half of all retail sales, 70 percent of all profit margins at retail and 80 percent of all non-retirement account assets, according to a release on the study."

As mentioned, fortunately for luxury marketers Elite Traveler readers continue to put their money where there mouth is, and support the economy!