

BRAND WEEK

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Clearly, These Are Consumers Worth Banking On

Oh yes, the rich are different from you and me. At least, so it would seem, according to a new survey of the spending habits of Elite and Upper Affluent consumers conducted last fall by *Elite Traveler* and Prince Associates, a Shelton, Conn., consultancy.

The survey polled a representative sample of 431 individuals with a net worth of \$1 million-plus, all with the goal of deciphering the differences in spending patterns between the "super rich" and their "merely rich" cousins. It divided the fat cats into three segments of net worth, \$1-5 million; \$5-10 million and \$10 million-plus.

Interestingly, denizens of the first two echelons behaved pretty much the same. But, the "acceleration point" in luxury spending is clearly those worth \$10 million-plus. And, surprise, surprise, these Elite Affluents tend

to be more optimistic and spend more frequently and in much larger amounts in all categories measured. Makes sense, especially since 98.9% of this bunch has a household income of \$400,000 and nearly two-thirds of them get by on \$1 million-plus household incomes.

Which means that luxury marketers targeting "heavy users" of luxury vehicles, electronics, fashion and jewelry should shoot higher with their ad messages. "A lot of luxury brands may have been shooting too low with their traditional target in terms of household income, aiming for



Luxe life: Donald, have you seen me?

"\$150,000-250,000-plus," said Douglas Gollan, president and editor-in-chief of *Elite Traveler*, New York. "If you're a luxury brand trying to sell \$5,000 watches or \$10,000 bracelets or \$90,000 sports cars, you really have to be targeting a consumer who at the low end is making \$400,000. If you think about it, \$150,000 sounds like a lot

of money but in a major metropolitan market, after taxes, mortgage and car payments, the kids' school and refinishing the deck, how many \$2,200 briefcases is that person going to buy?"

One other distinguishing trait about the elite affluent: apparently, they want to see more advertising—natch—in publications such as *Elite Traveler*, which reaches them on private jets and yachts and is distributed in pro sports team locker rooms and training facilities. The survey said 47% would like to see more fashion ads; 61% want more watch and jewelry ads; and 80% are up for more lifestyle advertising.

But marketers beware. Don't try to reach the elites via direct marketing. These people tend to have others who pay their bills and full-time housekeepers. Less than one in four open their own mail, making them difficult DM targets.

—Sandra O'Loughlin

LEISURE TRAVEL

More than 84% of Elite Affluents (household income over \$10M) plan to spend more than \$5,000 on hotels for domestic and international leisure travel in the next six months, with 49.5% planning to spend more than \$25,000. Travel marketers should be examining strategies to appeal to the Elite Affluent, who are expected to continue spending in 2004 at a luxe pace.

SPENDING	\$1M-5M*	\$5M-10M*	\$10M*	TOTAL
\$0-1K	56.8%	37.3%	1.1%	39.0%
\$1-5K	36.0%	51.5%	14.3%	36.2%
\$6-10K	7.3%	11.2%	15.4%	10.2%
\$11-24K	0.0%	0.0%	19.8%	4.2%
\$25-50K	0.0%	0.0%	41.8%	8.8%
\$50K+	0.0%	0.0%	7.7%	1.6%

* - Household income category

Source: *Elite Traveler*/Prince Associates

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