

# WWD TUE DAY

Ready-to-Wear/Textiles



## Elite Luxury Consumer: A Difficult Target to Hit

By Valerie Seckler

**NEW YORK** — Don't expect to reach the super-rich by mail.

That was one of the findings of new research on the nation's wealthiest consumers by Redding, Conn.-based market researcher and consultant Prince and Associates. The research further found that shoppers with personal net worth north of \$10 million not surprisingly spend much more on luxury goods, including high-end fashion, than millionaires with less wealth, according to new research on the nation's most affluent consumers.

So why not appeal to them via direct mail? Well, it turns out that only 23 percent of the super-rich open their own letters. Nice life.

The study was commissioned by Elite Traveler, a luxury magazine distributed aboard private jets, yachts and in professional sports training facilities. The results reflect phone interviews conducted last October with 431 individuals who have net assets of at least \$1 million.

"The elite affluent are in a class by themselves — there's no doubt about it," said Russ Prince, president of Prince and Associates. "They're spending on luxuries irrespective of the ups and downs of their net worth," noted Prince, author of 25 books on financial strategies for the wealthy. "The elites feel no need to deprive themselves; their attitude is, 'What am I saving my money for?'"

About two-thirds of the elite households polled had annual income of more than \$1 million, while only 1.1 percent had annual income of less than \$400,000. In contrast, only 6.3 percent of households with net worth between \$1 million and \$5 million realized annual income topping \$1 million, while 45.6 percent of those households had annual income south of \$400,000.

For that reason, Prince advised, "Luxury marketers need to shoot higher than their traditional [consumer] targets, who are living in households with annual income of between \$125,000 and \$250,000."

For example, roughly 84 percent of the elites surveyed last October planned to spend more

than \$20,000 personally on high-end men's and women's apparel for themselves in the next 12 months, compared with about 11 percent of those with net assets of between \$1 million and \$5 million and 28 percent of those with net worth of \$5 million to \$10 million.

In addition, about 48 percent of the elites anticipated shelling out \$5,000 or more on a watch for themselves, between October 2003 and this October, versus 1.5 percent of those with net worth of between \$1 million to \$5 million, and 7.5 percent of people with net assets of \$5 million to \$10 million. And around 65 percent of the elites expected to lay out more than \$10,000 personally for men's and women's accessories in that 12-month period, compared with 15 percent of consumers with net worth of between \$1 million and \$5 million, and about 34 percent of those with net assets of \$5 million to \$10 million.

According to Prince and Associates, there are 671,000 people in the U.S. with personal net worth topping \$10 million and aggregate net assets of \$50.2 trillion.

Roughly one-fifth of the survey sample, or 21.1 percent, were classified by Prince as elite affluent, with net worth topping \$10 million; the remaining 78.9 percent comprised 31.1 percent with net assets between \$5 million and \$10 million and 47.8 percent with between \$1 million and \$5 million.

The study further found:

- 77 percent of elites said fashion was "an important part" of their lifestyle that they "are not cutting back on."

- 82 percent of elites said they "shop seasonally for fashion to keep up with the latest styles."

- 95 percent of elites said they "don't have an annual budget for apparel shopping, but buy what they want."

In most cases, those response rates were about twice those given by people with net worth of between \$1 million and \$10 million. The gap was wider, however, to the question of eschewing apparel budgets and buying what they want: Only 13 percent of those with net assets of \$1 million to \$5 million answered in the affirmative, while 22 percent with net worth of \$5 million to \$10 million said so.

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