US expert commentary with Doug Gollan, Group President and Editor-in-Chief, Elite Traveler

What real impact has the fiscal cliff had on luxury consumers?
The continuing fiscal cliff saga feeds the insecurity of the Mass Affluents (Under $400,000 Household Income) and causes them to shy away from purchases of luxury goods and services as it undermines their confidence in home prices and job security. For the UHNWs, the continued political situation will put a damper on things like new yachts and private jets that cost a lot of money regardless of how much money one has.

What are the other issues facing American consumers today?
The Mass Affluent US consumer is still under considerable strain and will be for the continued future. The pure math is that the luxury boom of the early century was built on increasing home prices driving home equity loans and loose consumer credit that provided Mass Affluent extra cash to spend on luxury goods and services. Today the Mass Affluent consumer is operating nearly entirely off of what's left after they cash their paycheck. Any luxury purchases by the Mass Affluent is an either or - either we go to Europe this year or we get the new computer - either I get those two new pairs of shoes or buy 'the look for less' and we fix the deck. What is driving US sales of luxury goods is a combination of international visitors and Ultra High Net Worth consumers. The recent Knight Frank 2013 Wealth Report shows that in the past year UHNWs increased net worth by $566 billion - to put in perspective is enough to buy every Swiss watch exported for the next 25 years and every luxury hotel room and suite in the world for the next decade. Luxury companies need to re-orient their marketing structures to dig deeper into the pockets of UHNWs who are predicted to grow by more than 50% in the next 10 years.