

RSVP



The **Affluent Consumer** is crucial to your business success

Discover who they are, what they are buying, and the buying triggers of the Affluent

The mass affluent represent the wealthiest, most sought-after demographics in all of marketing. This was true when the economy was booming, but it's even more true now as the middle class shrinks and the mass affluent segment emerges as the least affected by price, making them even more desirable than ever.

Begin with the fact that the majority own one and often two homes. This means they travel, buy furniture, yard and patio goods, and remodel their bathrooms and kitchens.

They are also a ready audience for advertisers, who use targeted direct marketing mailed directly into their homes which is aimed squarely at their interests and desires, from fine dining, entertainment and travel to charitable giving.

And of course, by definition, they have money to spend. But the affect of the Great Recession has created a different mindset regarding value, and changed their purchasing behaviors.

This paper cites the latest research on the mass affluent, how and where they spend their money, and insights into how to successfully market and sell to this wealthy and growing segment which is least affected by the recession.

Who Are The Mass Affluent?

Quite simply, the rise of the mass affluent has created a segment of American households that, for marketers, is “where the money is.”



- They are the top 21% of U.S. households (1 in 5)
- These households (24 million households/59 million+ adults) are typically defined as having an annual income of \$100,000 or more.
- They have 60% of total U.S. income and 70% of total U.S. consumer wealth
- 97% are homeowners; 25% own two or more personal residences
- High correlation between education and affluence
- They are twice as likely to buy, and when they do, spend 3.2 times more than the average household in many categories¹

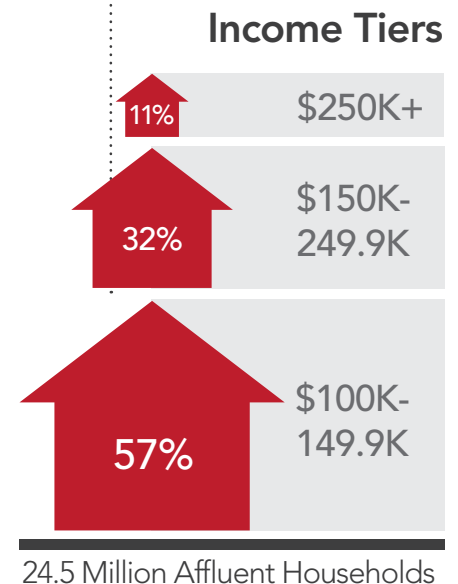
For many marketers, it makes sense and is easier to profit from selling to the 1 in 5, rather than the 4 in 5.

The truth is it takes no more work to attract customers from the explosively growing affluent population eager and willing to pay premium prices.

Value remains a top priority and continues to be prevalent, even among financially successful Americans. The affluent are typically careful spenders that live within their means, and are knowledgeable and sophisticated consumers. Their priorities have always been quality and value when making a purchase decision.

The 2011 Affluent Survey by Ipsos Mendelsohn found that:

- 78% of affluents agreed, “When it comes to quality, I believe you get what you pay for.”
- 60% of affluents agreed, “Even though the recession is ‘officially’ over, I am still spending money much more cautiously than I used to.”
- Only 18% of affluents agreed, “I tend to buy based on price, not quality.”

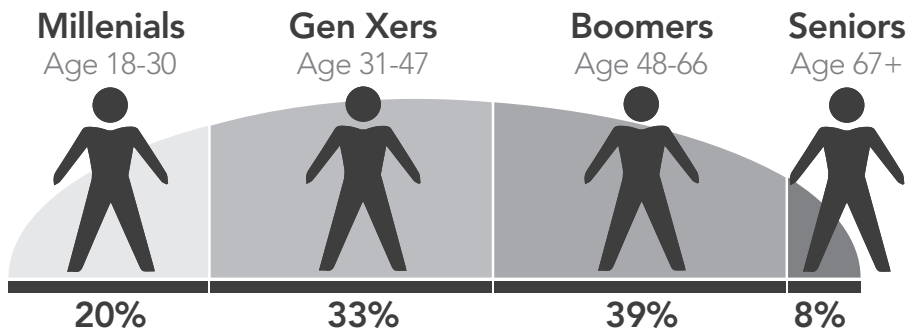


¹ Bureau of Labor Statistics - 2010 Consumer Expenditure Survey; Packaged Facts, *The Affluent Consumer Market in the U.S.* Dec. 2011

Who Are The Mass Affluent?

Research also found this to be true when affluent consumers are considering luxury purchases—for example, 89% agree, “When I decide to purchase a luxury item, I go out of my way to find the best price possible.” Conversely, only 22% agreed, “If a luxury product goes on sale, it lessens the perception of luxury.”

Affluents are generationally diverse².



Affluents are strategic shoppers.

Window shopping, browser, and “shopping as sport” attitudes may all be less prevalent than a few years ago. It’s certainly clear that much affluent shopping is carefully thought through and evaluated. Specifically, among affluents³:



² Mendelsohn Affluent Survey 2012

³ Mendelsohn Affluent Surveys 2011, HHI \$100K+; American Affluence Research Center, Jan. 2012

What Do The Mass Affluent Spend On?

90% of affluent annual spending is in 10 categories:

- Automotive
- Personal Insurance
- Home & Garden
- Groceries
- Education
- Travel
- Apparel & Accessories
- Consumer Electronics
- Leisure & Entertainment
- Charitable Donations

Highlights of AFFLUENT CONSUMER spending and behavior:

Automotive

- 2.7 vehicles owned/leased by affluents (63 million vehicles)
- 18% visited an auto website in the past 30 days

The affluent account for:

- 36% of spending on new cars
- 58% of spending on motorboats

Home-related

42% intend to “redecorate/remodel/renovate outdoors” their existing homes

The affluent account for:

- 70% of spending on second homes
- 61% of spending on kitchen appliances such as dishwashers, garbage disposals, range hoods

Personal Insurance

62% use a financial professional of some type:

- Broker – 26%
- Tax consultant – 23%
- Financial planner – 17%
- Private banker – 6%
- Estate planner – 3%
- Wealth advisor – 3%

Affluents account for at least half to one-third of consumer spending in most of the sub-categories.

Many affluent household garages contain multiple vehicles.

Affluent are big spenders on household furnishings; Home improvement projects part of affluent lifestyle; Many DIYers among affluent consumers

What Do The Mass Affluent Spend On?

% of affluents extremely/very/somewhat interested in these financial offerings in next six months:

- Home/auto – 20%
- Financial professional – 22%
- Mutual fund account – 20%
- Credit card account – 21%
- Checking/savings account – 18%
- Brokerage/stock trading account – 17%

Travel

83% took a vacation/personal trip in the past year

Top U.S. cities visited:

- Las Vegas
 - New York City
 - Orlando
 - Los Angeles
 - San Francisco
-
- 56% read travel magazines
 - 51% visited a travel website in the past 30 days
 - 20% viewed travel TV content in the past week

The affluent account for:

- 76% of spending on cruise-ship fares
- 51% of spending on airline fares and trip lodging

Apparel

The top methods affluents use for researching and purchasing are in-store, online (via computer) and printed catalog. A growing number are using smartphones and tablets.

Interest in new financial service offerings is high, particularly among ultra-affluents.

What Do The Mass Affluent Spend On?

Affluents spend in both mainstream and upscale retail stores, from Wal-Mart, Target, The Home Depot, Best Buy and Kohl's to Nordstrom, Banana Republic and Ralph Lauren.

The affluent account for:

- 66% of spending on men's suits
- 61% of spending on women's suits

Charitable Donations

The affluent account for:

- 68% of cash contributions to churches and religious organizations
- 59% of cash contributions to general charity

Entertainment & Dining

- 31% said they were willing to spend more for gourmet food

The affluent account for:

- 49% of spending on wine
- 39% of spending on dining at full-service restaurants

Computers, electronics

- 47% own a tablet
- 55% own a personal Smartphone
- They spend over 37 hours a week online
- 34% have purchased via a mobile phone
- Growth in apps for games, weather, music, social, books

Gourmet foods attract affluent.

What Do The Mass Affluent Spend On?

The affluent account for:

- 59% of spending on smartphones & Pads (personal digital assistants)
- 37% of spending on online gaming services

Personal Care, Wellness

The affluent account for:

- 32% of spending on cosmetics, perfumes and bath products

Watches & Jewelry

The affluent account for:

- 57% of spending on watches
- 51% of spending on jewelry

Other:

High-income consumers are a crucial component of the pet market.

The affluent account for:

- 65% on non-medical pet services
- 61% of expenditures in veterinary service
- 48% on pet supplies
- 44% on pet food

Affluent women are heavy print consumers, with the highest reach and number of titles and issues read—despite their over-indexing for digital-media devices. The affluent account for:

- 34% newspaper/magazine subscriptions

The affluent are heavy users of digital products and early adopters of technology.

Print is particularly important for affluent women, and traditional media remains highly relevant in their lives.

How Do You Get Affluent Consumers To Do Business with You?

Understanding the affluent woman

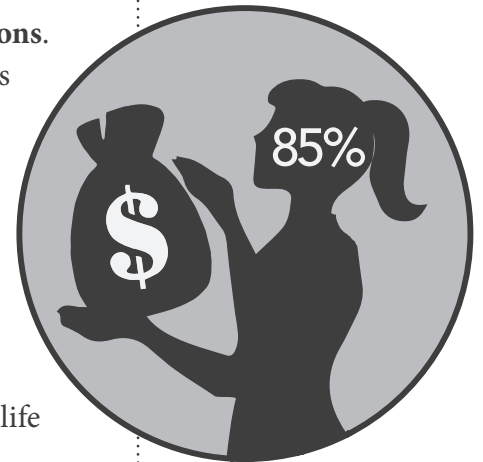
Marketers should be cognizant that in the U.S., **women are responsible for an estimated 85% of consumer buying decisions.** Though this figure varies by industry, women are nearly always responsible for the majority of buying decisions, even in less traditional categories such as banking and new cars.

Where does your product or service stand on her priority list? **The affluent woman has to prioritize purchases,** and you're competing for the discretionary income that's left after mortgages, insurance, savings, tuition, groceries, gas, etc. Marketers need to stress the benefits that add real value to her life and fulfill an elevated need on her "to do" list.

And that leads to another issue: **the typical affluent woman is starved for time,** and they are willing to put that discretionary income to use to try to buy it. That also means she doesn't have time for long-winded sales pitches, long TV commercials or carefully analyzing a long marketing message.

Jeff Willard, chief marketing officer at audio-products company Harman International, noted that **luxury customers are "in information-search mode when they buy products today.** Even though they'll search for information, they don't want to do that much hard work. They want you to **provide the information quickly.**"

And the affluent woman **continues to be concerned about the economy,** even as it improves. "Affluent" is not a synonym for "free-spender." She will spend if it's important to her, but wants to be sure she's getting her money's worth.



Marketers need to stress the benefits that add real value to the affluent woman.

How Do You Get Affluent Consumers To Do Business with You?

The 2012 Mendelsohn Affluent Survey noted that affluents today are more interested in engaging the marketplace, with 65% agreeing that “sometimes I treat myself to something, even though I don’t need it” and 63% agreeing that “I still have some money left over for a little indulgence.” This attitude trickles down into various verticals, where affluents are willing to spend extra for travel, gourmet food, home purchases and brand-name goods if it means they get more comfort, service or a better product.

The affluent are willing to spend extra for travel, gourmet food, home purchases and brand-name goods.

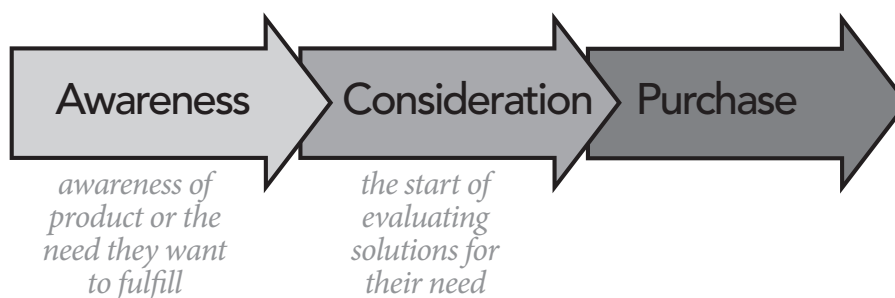
Value remains a top priority and continues to be prevalent, even among financially successful Americans. Affluents are more likely to view themselves as middle class than as rich. They are not bashful about using coupons, buying store brands and going online to do pre-purchase research. They feel that they were smart in making their money, and want to feel smart about how they use it.

- 71% of affluents use paper coupons once a month or more; 47% once a week
- 54% use online coupons once a month or more; 23% once a week
- Coupon interest and usage show little or no drop off in more elite financial groups (\$250K+)

Value remains a top priority among financially successful Americans.

The influence of the customer buying cycle

A basic look at the buying cycle reveals three distinct stages:



How Do You Get Affluent Consumers To Do Business with You?

So how do you adapt marketing to the affluent buyer's stage in the cycle? Consumers will self-identify where they are in the buying cycle by the paths they take, provided you give them the option.

Consumers who are early in the buying cycle should be provided with the means to help them evaluate your product/service: a web page or mobile site, a brochure, educational seminar, or free on-site evaluation are traditional tools that marketers use to aid with the consideration phase. And they're particularly appropriate for affluent consumers, who are heavy users of digital products. Integrate your trigger-specific messaging and content into mobile or online, and move the consumer forward with another strong call to action.

If a consumer still isn't ready to buy, continue nurturing the lead by capturing their email address and staying in touch with them through newsletters, blogs, webinars, success stories, and new offers. For early stage markets where there is a lot of education required, most leads will be very early in the buying cycle and a nurturing strategy is critical.

Affluent consumer purchasing triggers

Consumer purchasing triggers are events that cause a buyer to have a clear need, which usually converts into a sense of purpose and urgency in their buying process. They fall into several categories: emotion, value, expectation, referral, recognition, reputation, familiarity, and need.

Emotion is the foremost reason we buy. Fear, passion, joy, excitement, sadness, hate, and reverence—all can lead to purchasing decisions. How often have you ended up buying something impulsively or at the spur of the moment? For instance, fear can bring emotion to a purchasing decision—fear of gaining weight, fear of a future price increase, fear of growing old—all can lead to buying.

Integrate those concepts, ideas, and words that 'click' into the different cycles of your affluent consumer marketing.

How Do You Get Affluent Consumers To Do Business with You?

Value is another of the strongest reasons that consumers buy. Quantity and quality can excite and incentivize consumers to purchase, with ‘buy one, get one free’ offers or markdowns on high-end designer good.

Referral is a great contributor on buying decisions. Recognizing someone they know or respect has used your product or service and is happy with it can influence consumers. A buyer who is happy with the outcome of the sale often can become your best salesman and provide you with a powerful testimonial.

Expectation is another motivator that works well. Consumers buy based on the end result of the product or service. They are purchasing weight loss, not weight loss pills, or a romantic evening, not a dinner for two at a waterfront restaurant.

Need is one of the most rudimentary buying triggers. (We go to the supermarket whenever our need arises for groceries.)

Most purchase decisions are made with fewer than six variables; often one single differentiator makes the sale.

Build trigger-specific messaging and content

Your marketing should communicate your objective, whether awareness, differentiation, or improving perception. The solution’s USP—its Unique Selling Proposition—is the most crucial step in determining your marketing message.

What problem does your product/service solve? What is truly **unique** about it (no one else has it) that is **important to selling** (differentiated enough to make or break the sale) and **matters most to the consumer** (can rise to their top-of-mind in their decision matrix)?



How Do You Get Affluent Consumers To Do Business with You?

Why should the prospect buy now? What action do you want them to take after viewing? Call, fill out a form, place an order, arrange an appointment, explore the website, etc. Give them a reason to buy now, but be aware that they may still be early in the customer buying cycle and provide them with a way to begin evaluating your product/service as a solution to their need.

Consider what the research told us that affluent women want: **more time, value, and a quick, easy path to information and purchasing.**

Developing advertising that leverages affluent consumers purchasing triggers

Busy consumers decide within 2-3 seconds whether an ad is worth reviewing or passing over. The affluent are no different; they don't want to search the ad for information or savings, so a **clear and simple design is essential to drive response.** In those seconds, the ad must communicate its product or service identity, create appeal (fulfill a desire) and motivate the consumer to respond.

Creative imagery, combined with a headline and worthwhile offer, are the focus for brands that want to execute a direct mail campaign with commerce goals.

Creating headlines and copy that leverage triggers

What are the concepts, ideas, and words that "click" in the buyer's mind? Don't use words and concepts that have been heard a million times before. Strive to be fresh, innovative, provocative and action-stirring. What is the problem that your product/service solves?

Does the headline clearly identify and support the category and the benefit to the ready buyer? Does it create a need or desire in the mind of the consumer?

Consumer response is relative to an ad's design, the offer's appeal, and the perception of value. They are most effective when used together.

How Do You Get Affluent Consumers To Do Business with You?

The role of imagery is to help clearly define the product/service category and its promise or benefit

Images are the second-most important attention-getting device, after headline, and should support the “promise,” or benefit, of the product/service.

Photos are always preferred over illustrations; people like to look at people. Show the consumer using the product/service; or show them enjoying its benefits, although this can be less direct. This approach requires a focused headline to identify the product/service and create relevancy to the image. Before and after photos are another tried-and-true technique.

Images for affluent consumer marketing should reflect and match their lifestyle; for example, home improvement products and services should mirror the quality of the homes they sell to and service. If service personnel are shown, are they professionally dressed and groomed? (Would she want this person coming to her home?) If you're a restaurant, show an upscale couple or group enjoying a meal or drinks, not a plate of food in an empty room—because it's really about enjoying a fun night out.

What's your call to action?

To trigger any action you must have an offer, a solid call to action with a deadline. How this is structured is virtually unlimited.

Common offers include some type of special pricing, free delivery or an extra bonus item; offers can also be about the first to have something in a limited supply of goods. If you are offering a pricing incentive, give a reason for the special.

Full color formats are the most effective at conveying the richness and exclusivity of luxury brands.

How Do You Get Affluent Consumers To Do Business with You?

The Role Of The List In Successfully Selling To The Affluent Market

A great list will buy a good offer, with a mediocre ad presentation. A great list will buy a mediocre offer with a good ad presentation. But a poor list will refuse to buy a great offer even with a great ad presentation. To reach the affluent market, your greatest success comes from “matching” your marketing message to the affluent market using the media they trust the most.

Reaching affluent consumers: multichannel marketing that incorporates traditional media

Affluent consumers, like others, do not look at just one medium; however, don't make the mistake many marketers make in thinking they only look at online media. **Traditional marketing communication channels should not be forsaken, especially if marketers are targeting affluent consumers.**

Print marketing will likely remain a part of luxury advertising strategies because neglecting it means neglecting half of your sales opportunities. An Epsilon Channel Preference Study cited “50% of consumers say they pay more attention to postal mail than e-mail.” It is also easily malleable as new technology comes out. This medium is especially effective in marketing towards baby boomers and older consumers, who are likely more able to afford luxury goods. This is because not only **have they grown up with and prefer print, but is the media they trust.** “26% of consumers rank direct mail as more trustworthy than e-mail...only 6% ranked blogs and social media as trustworthy.”—Epsilon. It should also be noted that with boomers the percentage that pay attention to postal mail over email climbs to 70%.

On the whole, **consumers appear receptive to receiving direct mail, especially if it's personalized.** It's especially effective in reaching

50% of Direct Mail Success is in having the right list to mail to. 25% is in having the right presentation. 15% is in having the right offer. 10% accounts for other factors.

Direct mail is resurfacing as an exclusive method to reach affluent shoppers.

How Do You Get Affluent Consumers To Do Business with You?

the woman in the household, who is typically the one who goes purposefully through it. A USPS study of direct mail reports that **consumers consider mail useful and are more likely to read it if it helps them perform one of these three household job functions:** browsing for new purchases, managing the home and overseeing finances.

According to Episolon, sixty percent of U.S. consumers say they *enjoy* checking the mailbox for mail every day, and like receiving and opening mail, including mail about products and services of interest. The number climbs by another 10% with boomer consumers.

The USPS data as reported in Direct Mail News, cited that 98% of consumers retrieve their mail from the mailbox the day it is delivered and 77% sort through it the same day.

Steve Kraus, chief research and insights officer for Ipsos MediaCT's Audience Measurement Group, said, "Ad-receptivity measures show **print advertising indexes really well because Affluents are consuming it in the time and place where they are open to it.**"

"**Direct mail is what people are comfortable with**, particularly people who are 40 and older and who have a higher income," he said. "These consumers were brought up with catalogs and luxury brands can certainly show their story and imagery much better in print than online.

Direct mail pieces should be incorporated into larger multichannel approaches and should have references that drive consumers in-store or online to gain more information and order certain products. Marketers need to **communicate a seamless experience across all channels** that effectively relays the brand image—especially the high-end ones.

Marketers need to communicate a seamless experience across all channels that effectively relays the brand image to affluent consumers.

How Do You Get Affluent Consumers To Do Business with You?

Author, speaker and consultant, Dan Kennedy, one of the most successful (and highest paid) marketing strategists in the world and expert on marketing to the affluent, says, “As a general statement, the best approach is media integration, offline/online, online/offline, offline-online-offline, online-offline-online.”

Many catalogers haven’t seen a distinct difference between their print and online buyers, because **the same customers alternate between the shopping channels**. “Our relationship is not with the medium, but with the customer,” says Daniel Lally, director of public relations at home goods and gifts catalog Frontgate. “The Website just **gives customers another way to do business with us.**”

Direct mail also helps brands to stick out from the crowded Internet. While mail pieces can still drive purchase with promotion codes and offers, today they can also assist in making a more direct connection through the use of digital tools. Brands can still use print marketing and modernize it with new technology such as QR codes, augmented reality and social media calls-to-action.

Conversely, luxury brands should use other branded platforms to gain awareness and spread the reach of their direct mail efforts. For example, a brand’s Web site should have an obvious link that allows readers to sign up for a catalog.

“Print is always going to be a big part of marketing,” said Greg Furman, CEO of the Luxury Marketing Council, New York. “It’s like when TV came out there was radio and people thought that there wasn’t going to be any more radio, **but new media doesn’t replace the old media,**” Mr. Furman said. “It just means that they have **another channel with which to reach and sell products to consumers.**”

The fewer steps there are for the affluent consumer to take or get to a commerce platform, the better.



About RSVP Publications

Upscale offers for life & home

RSVP Publications offers the ideal advertising medium for reaching affluent consumers where they live. Targeted to the top homes in a market, RSVP reaches upscale homeowners with product and service messages that are proven to resonate with them, such as home improvement, travel, dining and entertainment, professional services, and more.

With a track record of over 27 years, RSVP Publications is a leading, shared mail postcard publication that reaches the top homeowners in over 80 U.S. markets. Our mailings do not target every homeowner; they focus on the 7+ million of the most affluent ones in America, and every homeowner is addressed by name. Our proprietary lists, carefully chosen and screened, and continuously updated, represent the most qualified homeowners.

The average RSVP homeowner...

- Is a top earner—doctor, executive, owner, high-tech professional
- Is highly-educated
- Are primarily 35 – 64 years of age
- Supports arts and charities
- Invests in the stock market
- Dines out often
- Continuously improves their home
- Owns two or more automobiles
- Travels extensively for business and pleasure

Advertisers who wish to reach this lucrative market can buy space in our upscale postcard decks and choose which markets to distribute to. The RSVP team can help develop a postcard that is tailored to this affluent market, and advise on the most effective marketing message to maximize your results.

You can learn more about Kent Rechner at RSVPorlando.com or contact us for more information:

407-982-0468 | kent@RSVPorlando.com

Resources

Ipsos Mendelsohn Affluent Survey 2012, HHI \$100K+

Ipsos Mendelsohn February 2012 Affluent Survey update

Ipsos Mendelsohn Affluent Survey 2011 Annual Report

Packaged Facts estimates based on Bureau of Labor Statistics
Consumer Expenditure Survey data

Bureau of Labor Statistics Consumer Expenditure Survey data

American Affluence Research Center Spring 2012 Affluent Market
Tracking Study

Marketing to Women by Marti Barletta, January 2006

Luxury Marketing Outlook 2012, LuxuryDaily.com

eMarketer Jan 2012 Affluents: Demographic Profile and Marketing
Approaches

TNS study The Power of Direct Mail 2007