

*To media agency executives, media directors and all media committees.*

## **The 2011 Mendelsohn Affluent Survey**

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*The following executive summary was drafted exclusively for the 4A's by the media research company Ipsos Mendelsohn. It is our intention to publish other such proprietary reports for our members. If you are aware of a research company that would be willing to prepare a summary of its recently released study, please contact us.*

*The 4A's thanks Bob Shullman, Steve Kraus and the entire Ipsos Mendelsohn affluent team for developing this summary.*

Donna G. Campbell  
Senior Vice President  
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### **Executive Summary**

Since its founding in 1977, the Ipsos Mendelsohn Affluent Survey has been acknowledged as a definitive source of information on media use as well as on the future plans, passions, behaviors, and attitudes of Affluent Americans. The 2011 Ipsos Mendelsohn Affluent Survey marks the 35<sup>th</sup> consecutive year of the study. It continues to find Affluents to be a critically important market segment, and media to be a larger part of Affluent lives than ever before. Internet access among the Affluent remains essentially universal (98%), while Internet usage rose about 20% in the past year, to more than 30 hours a week. At the same time, usage of traditional media remains widespread and stable. Media use does not seem to be a zero-sum game – rather, Affluents are showing real growth in their media consumption, as their hunger for content and connectivity continues to grow.

### **About the 2011 Ipsos Mendelsohn Affluent Survey**

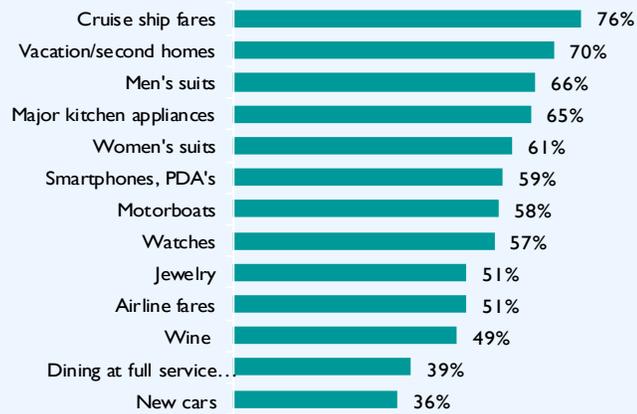
The 2011 Ipsos Mendelsohn Affluent Survey consists of 14,405 interviews with adults aged 18+ living in households with at least \$100,000 in annual household income. For those interested in higher income Affluents (i.e., \$250K+), 3,024 interviews were completed with that segment. For those interested in millionaires in the Affluent marketplace, 4,750 Affluents qualify.

Sophisticated sampling methodologies and high-quality surveying ensure that these respondents are representative of the 58.5 million affluent adults who live in 24.5 million households in the United States. In exchange for a small cash honorarium, respondents completed the 28-page mail survey that explored their media use, their behavior and spending patterns, usage of more than 1,200 name brands, and psychographics. Unless otherwise noted, data in this paper are from the 2011 Ipsos Mendelsohn Affluent Survey.

## The Importance of the Affluent Market

Today's universally-connected, gadget-wielding Affluents offer a window into tomorrow's media paradigms, and have a hugely disproportionate impact on American economic activity. Representing only about 21% of U.S. households, Affluents receive about 60% of U.S. household income, and hold approximately 70% of U.S. net worth. Moreover, they are on average 2.0 times more likely to buy in the 150+ categories we measure, and spend on average 3.2 times more when they make purchases in those categories. In dollar terms, Affluents account for a disproportionate share of consumer spending in a variety of categories (see the chart).

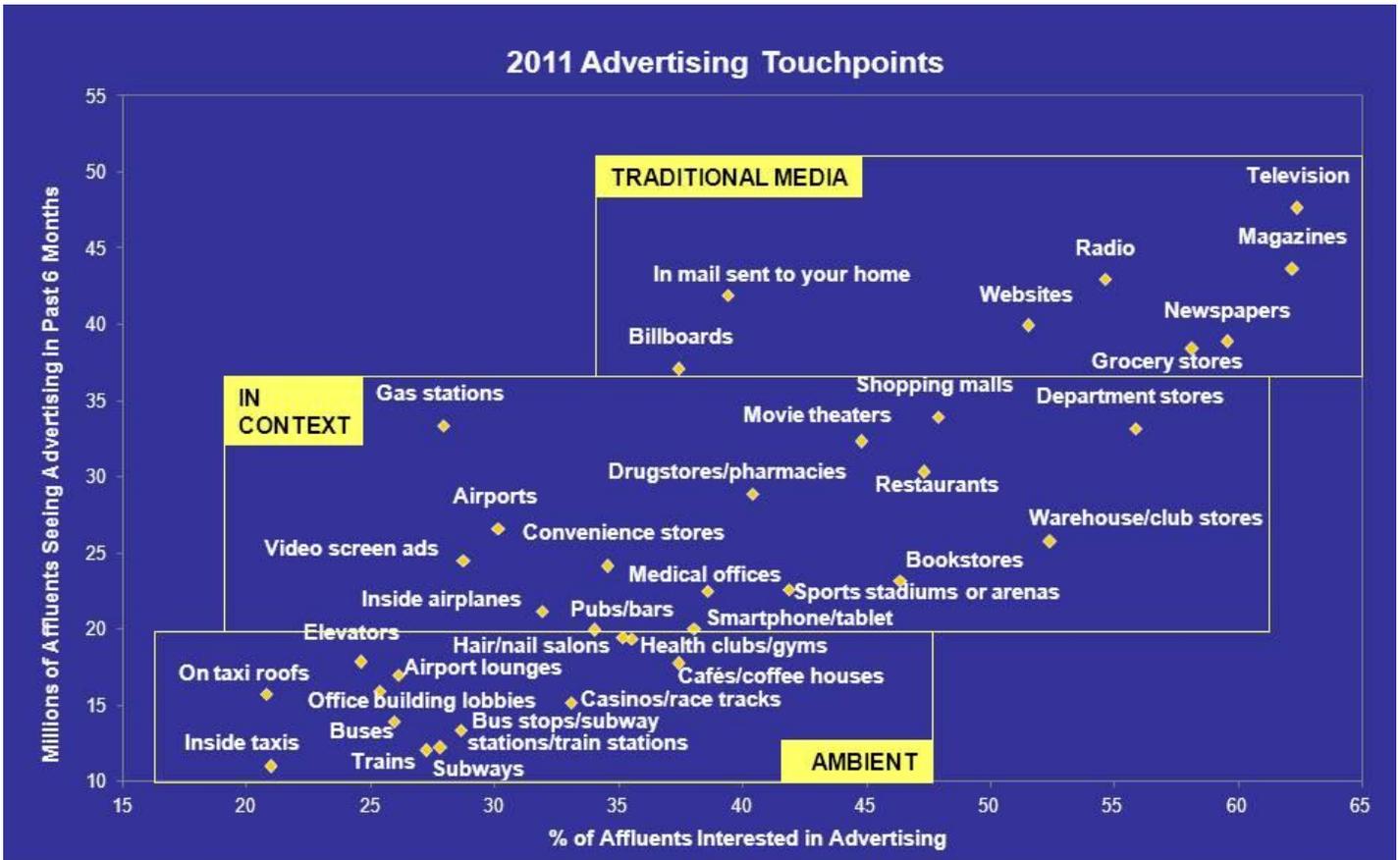
% of total market spending accounted for by Affluents (selected categories)



Source: Ipsos Mendelsohn analysis of 2010 Consumer Expenditure Survey (Bureau of Labor Statistics)

## Touchpoints: How Media and Advertising Intersect with Affluents' Lives

Starting with a broad perspective on how Affluent consumers are touched by advertising, we find first the tremendous reach of "traditional media." The vast majority of Affluents are touched by advertising through television, magazines, newspapers, and radio; moreover, consumers are particularly interested in advertising in those media (see upper-right quadrant of following chart). Web sites are viewed similarly – indeed, in some respects, Web sites are becoming more like traditional media than a new channel. Certainly, many Affluents are touched by, and interested in, advertising in shopping-related venues, such as grocery stores, malls, warehouse clubs, and so on (see middle of chart). Ambient and transit-related advertising (see following chart, lower left) tend to reach fewer Affluents at times when they report they are less interested in advertising.



## Internet Use and Technology Adoption Continue to Grow

Over the past year, the most dramatic changes in Affluents’ media use – and Affluent lifestyles more generally – is their growing consumption of digital media. Their Internet use rose about 20%, or more than five hours per week, to an average of more than 30 hours online in a typical week. On-ramps to the Internet also became more prevalent, with significant increases in Affluent ownership of smartphones, e-readers and tablets. From a content perspective, growing Internet use is evidenced most strongly in sites related to social networking, shopping, and entertainment. In a long-tailed world of niches, digital media provide some of the few nearly universal media experiences, for example:

- 95% used a search engine in the past 30 days
- 90% made an online purchase in the prior 12 months
- 78% have a wireless network at home.

	2010	2011
% using the Internet	98%	98%
Hours online weekly	25.3	30.3
<b>Own a...</b>		
smartphone	33%	43%
e-reader	5%	14%
tablet	2%	9%
<b>% visited in past 30 days</b>		
Facebook	50%	57%
YouTube	47%	51%
Amazon	45%	50%
Netflix	10%	17%
Pandora	6%	11%

Among Affluent Heads of House.  
Results comparable among total Affluent adults

## Media Use Growing, and Not a Zero-Sum Game

Today's Affluents are truly living "media-infused lifestyles." While Internet use has grown, usage of traditional media shows little sign of retreating. More than 80% read at least one of the 152 publications we report, resulting in a total audience of almost 48 million Affluents, and the average Affluent reads more than six different titles. News and travel magazines attract more than half of Affluents across both genders, with 60% to 70% of Affluent women reading publications focused on fashion, beauty and women.

Publication categories read recently			
<u>MEN</u>		<u>WOMEN</u>	
News	55%	Women's	70%
Travel	53	Fashion, Beauty	60
General Editorial	48	News	59
Men's	47	Travel	57
Sports	42	Lifestyle	54
Lifestyle	40	General Editorial	49
Science, Technology	35	Entertainment	43
Fashion, Beauty	32	Shelter	42
Business, Finance	31	Cuisine	41
Women's	30	Fitness, Health	38

Television viewership is similarly widespread and integral to modern lifestyles. Affluents own an average of 3.6 televisions, and among Affluents:

- 98% report watching TV in the past week
- 94% have cable or satellite
- 78% have a wireless network in their home
- 69% have a DVR
- 55% have a TV connected to a game console
- 24% have a TV connected to the Internet.

What is perhaps most remarkable about the widespread use of traditional media such as television and print is that they show little evidence of decline from 2010 to 2011. Media use, it would appear, is not a zero-sum game, in which growing Internet use necessarily comes at the expense of traditional media use. Instead, the hunger for content and connectivity among the Affluent appears strong and is driving real growth in overall media use.

## Social Networking — Online and Offline — Widespread Among Affluents

Six-in-10 Affluents report having visited Facebook in the past 30 days, spending an average of 4.9 hours a week on the site. Twitter currently reaches far fewer Affluents (about 10% in a given month), but for longer periods of time, with the average affluent Twitter user spending more than 6 hours a week on the site. Among Affluent Millennials (those aged 18–29) the figures are even more dramatic: 84% used Facebook in the past 30 days, averaging 7.5 hours per week. One-in-four Affluent Millennials use Twitter, for an average of more than 8 hours per week.

	Total Affluents	Affluent Millennials (18-29)	Affluent Gen Xers (30-44)	Affluent Boomers (45-64)	Affluent Seniors (65+)
<b>% visiting in past 30 days</b>					
Facebook.com	60%	84%	70%	51%	26%
Twitter.com	10%	25%	10%	5%	2%
<b>Hours used per week (average, among users)</b>					
Facebook	4.9	7.5	4.4	3.5	2.3
Twitter.com	6.1	8.3	4.9	2.8	1.3

Of course, Facebook and Twitter aren't the only names in the social networking world. More than half of Affluents visit YouTube each month; 14% visit LinkedIn. And there are significant segments of Affluents using photo-sharing sites, dating sites, class reunion sites, and so on.

Furthermore, it is important to put online social networking in context with offline social networking. Nearly two-thirds of Affluents do some online social networking in a given week, but 92% do offline social networking by telephone, and 86% do so with actual in-person, face-to-face conversations. The dynamics of social networking, both online and offline, differ across generations. Affluent Seniors (i.e., the 5.2 million Affluents 65 or older) may lag in their Facebook usage, but they are far more likely to engage in a variety of social, political, civic and non-profit activities, e.g., more likely to vote, belong to a golf or country club, and serve on a charitable board of directors. And while seniors may lag in their number of LinkedIn contacts, they are more likely to have a variety of business relationships, such as a relationship with a financial advisor.

## Affluent Moods and Mindsets: Finding the Right Tone

Not surprisingly, concerns about the economy remain top-of-mind for most Affluents. Our Ipsos Mendelsohn Affluent Barometer, a monthly online tracking survey of Affluents in America, found that less than half of Affluents were optimistic about the U.S. economy (as of October 2011). But at the same time, economic optimism showed signs of stabilizing.

More important, their concerns about the economy haven't shaken their more fundamental perceptions about themselves. Three-fourths describe themselves as "very happy," and nearly as many describe themselves as optimistic. They continue to live full, active, and vibrant lives.

And they continue to express their needs, desires, and aspirations in the marketplace. Two-thirds treat themselves to the occasional indulgence, spending beyond pure utilitarian need. Value remains a predominant marketplace theme, but it is important to note that the Affluent mindset is better characterized as “value-oriented” rather than “price sensitive” per se. Additionally, there continues to be a widespread openness to new experiences, an enthusiasm for acquisition, and an admiration for excellence.

<b>HAPPY &amp; OPTIMISTIC</b>	I am a very happy person	75%
	I am an optimistic person	73%
<b>ACTIVE</b>	I am almost constantly doing more than one thing at a time	66%
	I am very active and always on the go	63%
<b>OPEN TO EXPERIENCES, SPENDING</b>	Sometimes I treat myself to something, even though I don't need it	66%
	I still have some money left over for a little indulgence	63%
	Owning good quality things brings me enjoyment	57%
	I'm always looking to try new restaurants	55%
<b>VALUE-ORIENTED</b>	When it comes to quality, I believe you get what you pay for	78%
	Good value for the money is more important than price	71%

## The Central Role of Family in Affluent Life

Affluents have many passions and priorities, but family certainly ranks at the top for most. Fully 86% agree “my family is my top priority in life.” Family is, of course, complex and multifaceted; the definition and nature of family differs by generation, by ethnicity, and across many other variables as well. Families with children under 18, for example, tend to be “hyper-connected,” both to one another and to wider social circles — they skew highly on ownership of mobile devices, usage of media as a family activity, social networking involvement, attendance at sporting and cultural events, and so on. Regardless of age or lifestyle, family considerations profoundly affect Affluent lifestyles, aspirations, spending patterns, and media use.

## Luxury: Alive, Well, and Evolving

In September and October 2011, we also used our monthly online Ipsos Mendelsohn Affluent Barometer survey to take a deep dive into evolving conceptions of luxury. First and foremost, this research effort found that luxury has been, and continues to be, an integral part of the lives of virtually all Affluents — 94% had purchased luxury in at least one of the 15 measured categories and 70% intend to buy luxury in at least one category in the coming year. Only 15% told us they simply weren't interested in luxury.

Still, there's no denying the changes wrought by the economic downturn, e.g., 65% of Affluents agree “The definition of luxury today is not the same as it was 5 years ago.” The desire for luxury experiences has not disappeared, but rather has been redefined for a new era — the bar has been lowered in terms of what constitutes a luxury, and expressions of luxury have become smaller, more personal, and more intimate. Fully 92% of Affluents agree “To me, small indulgences can be just as meaningful as purchasing a high-end luxury product.” “Treats” have emerged as a growing sub-category within luxury — more frequent, lower priced and less

dramatic, but in many ways just as satisfying. Indeed, value continues to play a crucial role in today’s conceptions of luxury: 89% of Affluents agree “When I decide to purchase a luxury item, I go out of my way to find the best price possible.” In contrast, less than one-in-four agree “If a luxury product goes on sale, it lessens the perception of luxury.”

The definition as luxury has always been personal and somewhat malleable – 89% of Affluents agree “Luxury is in the eye of the beholder.” When we asked respondents to describe their most recent luxury purchase, the results revealed the tremendous range and personal nature of how Affluents conceptualize luxury today:

- Luxury is often intertwined with brands and their meanings, but not always the brands one would expect. Many cited a Mercedes, BMW or Lexus as their most recent luxury purchase, but for others, luxury meant a new Mini Cooper, or a Corvette, or a Prius.
- Luxury is often highly personal and emotional. Many cited watches or jewelry from traditional luxury brands such as Cartier, Tiffany or Louis Vuitton, but others cited artistic upgrades and repairs to their existing wedding and engagement rings.
- Travel was often cited, both as a personal indulgence, and quite often as an opportunity to bring family together.
- Whether it was a traditional luxury purchase, or a mini-luxury “treat” like a manicure, pedicure or spa treatment, Affluents were ultimately seeking a self-reward to satisfy their feeling of “I deserve.”

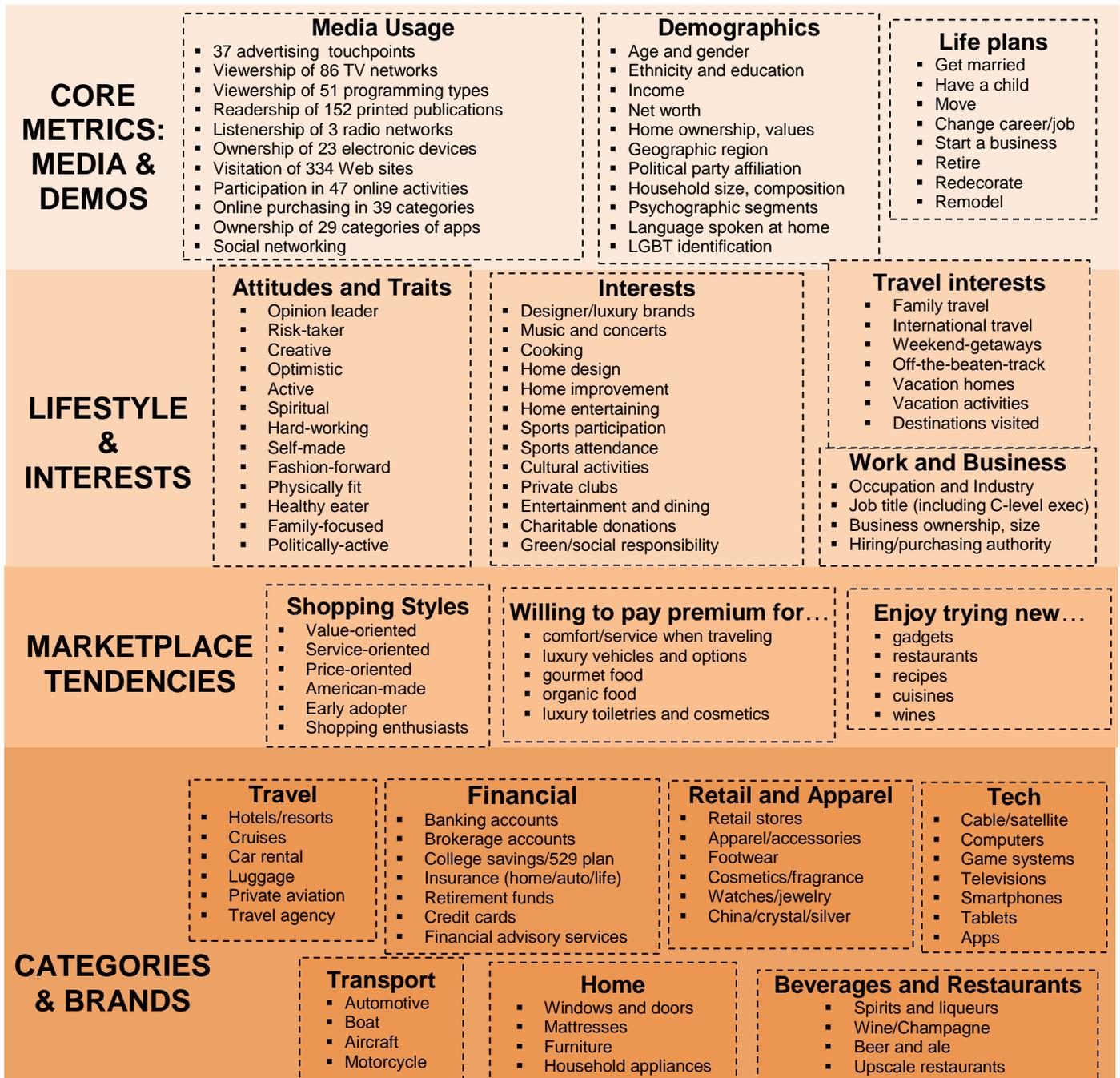
### Drilling Down: Defining, Profiling, and Targeting Segments of the Affluent Market

The portrait painted in this Media Matters of Affluent lives and lifestyles has focused on Affluents in general. Of course, the success of advertising efforts often lies fundamentally in an in-depth understanding of a specific target market rather than of the Affluent population as a whole. Any number of segments comes to mind – the early adopters ... the fashion-forward ... those willing to pay a premium for “green” (or organic ... or luxury). The list goes on. These passions are often category-specific and frequently seem to support the often-cited Pareto principle – the notion that 20% (or so) of customers typically account for 80% of the profits for a given business.

I would be willing to pay more for products that are environmentally friendly	43%
I will seriously consider a hybrid or other alternative fuel vehicle for my next auto purchase/lease	42%
I am usually one of the first of my friends or colleagues to try new products or services	29%
Paying more for organic food is worth it	25%
I am willing to pay more for luxury toiletries and cosmetics	25%
I usually get the top-of-the-line model that includes most of the luxury options offered	21%
I prefer to buy designer or luxury brands	18%

## The Next Step

This paper summarizes selected findings from the 2011 Mendelsohn Affluent Survey, which provides both rich consumer insights and currency-level media planning capabilities. It is merely a starting point for those with an interest in understanding and targeting segments within the affluent marketplace. Based on hundreds of relevant and probing questions, the 2011 Mendelsohn Affluent Survey provides a complete picture of the ever evolving lives, lifestyles, passions, and media habits of today's Affluents.



## **About the Authors:**

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Bob Shullman is President of Ipsos Mendelsohn and leads the Mendelsohn Affluent Survey, a 35-year tracking study of the lives, lifestyles, media habits, and spending patterns of Affluent Americans. A sought-after speaker and media industry veteran, Bob regularly serves as the “voice of the affluent” for media outlets such as CNBC, Bloomberg, *Ad Age* and MediaPost.

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Stephen Kraus is Chief Research and Insights Officer of Ipsos Mendelsohn, and is author of three books on wealth and success in America. His book *The New Elite: Inside the Minds of the Truly Wealthy* (AMACOM, September 2008) was called “indispensable to marketers” by *Publisher’s Weekly*. His most recent book, *Selling to the New Elite* (AMACOM, February 2011), earned rave reviews for its insightful exploration of *passion* as the fundamental principle underlying sales excellence, wealth accumulation, and the world’s most elite luxury brands.