Affluent consumers are more “crisis-proof” than the general population

They’re more insulated from economic downturns and are faster to rebound than the general population.
Yet affluent consumers experience economic anxieties just as everyone else does

And they can last for years, post-crisis, as they did post the Great Recession

Affluent Top-2 Box Agreement on Key Attributes
2009 to 2011

I am very worried about the state of the economy

The economy is more important than the environment

I am very worried about losing my job

Source: Q2 2009 – Q2 2011 Ipsos Affluent Survey
Affluent intent to purchase in many industries took several years to come back, post-Great Recession

Economic reverberations on Affluent caused some categories, from auto to travel to home, to suffer diminished demand for several years post-recession.

Future Intentions of Household 2008 to 2011

- Buy or lease a new car, SUV, or truck: 24% (2008), 26% (2009), 32% (2010)
- Take a trip/vacation outside U.S.: 35% (2008), 37% (2009), 34% (2010)
- Invest in stocks/mutual funds, etc.: 40% (2008), 21% (2009), 19% (2010)
- Redecorate home: 24% (2008), 19% (2009), 21% (2010)
- Remodel or renovate kitchen: 15% (2008), 12% (2009), 13% (2010)

Category expenditure data shows some categories declined more and didn’t rebound as quickly as others:

- Home
- Apparel
- Travel
Affluents are nevertheless better able to weather and bounce back from crises

After an initial hit, affluent consumers bounced back more quickly and have experienced the most growth of entire population since Great Recession

Real Mean Income Growth – 2008 to 2017
(Inflation-adjusted to 2017 dollars)

Top 5% Growth = 14.5%
Highest Fifth Growth = 13.6%
Fourth Fifth Growth = 8.8%
Third Fifth Growth = 7.6%
Second Fifth Growth = 5.1%
Lowest Fifth Growth = -0.3%

During the current COVID-19 crisis, Affluent are staying calm, especially the ultra-affluent

They show preparation and cautious optimism, with those with highest incomes/greatest financial strength feeling overall less anxious, concerned and are prepared to weather the storm.

- Can weather the storm/come out unscathed:
  - Affluent: 76%, 92%
  - Non-Affluent: 93%

- Despite all the changes, I'm remaining calm:
  - Affluent: 53%, 62%
  - Non-Affluent: 78%

- The coronavirus pandemic is extremely serious:
  - Affluent: 43%, 36%
  - Non-Affluent: 60%

Source: Q1-2020 Affluent Barometer
Affluents are strongly positioned to weather the C-19 storm

4 in 5 believe they can weather the pandemic/come out unscathed, compared to just 50% of Non-Affluent. In addition, Non-Affluent 5x more likely to be fearful of a detrimental effect.

Pandemic Financial Preparedness: Affluent vs. Non-Affluent

- Unless US economy completely collapses I have enough to come out unscathed: 52% Total Affluent, 35% Non-Affluent
- Financial position is strong enough to weather any economic fallout from the pandemic: 28% Total Affluent, 15% Non-Affluent
- If economy doesn’t pick up soon I may need to liquidate some savings/investments: 12% Total Affluent, 16% Non-Affluent
- Fearful that financial downturn will have detrimental effect on me/my family: 5% Total Affluent, 26% Non-Affluent
Affluents also more likely to be continuing to spend/invest during the crisis

Their economic strength and overall confidence has them continuing to engage in the economy more than others. Non-Affluent also much more likely to no longer make those purchases they delayed during the pandemic.

Affluent are...

1.6x more likely to say now is a great time to invest/buy stocks than non-affluent.

1.5x more likely to say they’re ordering more take-out/delivery than non-affluent.

2.5x more likely to say they’ve bought more alcoholic beverages than non-affluent.
Affluent consumers have moved into a more progressed stage of the COVID Emotional Journey

*Beyond initial stages of grappling with and settling into new routines and moving on to anticipating what’s next*
Nevertheless, there is not a single, monolithic Affluent set of attitudes

Dualities and contradictions are evident across the affluent audiences and across time. It’s important to understand these differences and nuances.

More Aggressive investment approach

More Conservative investment approach

Optimistic about US Economy

Pessimistic about US Economy

36% Agree and 39% Disagree

“Think that things will never get back to normal and that our lives are changed forever”

Source: Q2-2020 Affluent Barometer
Implications: Affluents represent a material opportunity target for marketers during and immediately after the coronavirus crisis

However, it’s important they truly understand the nuances of the audience and their varied mindsets. Be careful not to communicate to someone seeking financial safety with a message about a risk-laden opportunity, or vice versa.

Brands need to have solutions and engagement opportunities that fit both the anxious and the calm sides of the affluent audience – and ensure they are targeted as best as possible.

It’s important to uncover insights into affluent consumers during this phase of their journey. Monitoring customer behaviors during times of upheaval can reveal short term wins (e.g., innovations, messaging) for companies and brands to stay in step with customers. And, it sets the foundation for identifying the emerging behaviors and attitudes that will have lasting impacts.
Affluent purchase dynamics evolving through COVID-19 crisis
The “Unattainable Effect”

A key difference between the Coronavirus crisis and other financial crises is that the current one is **literally and physically preventing consumers from purchasing or experiencing**. This appears to be driving up both interest and demand among affluent consumers in many categories.
Increasing number of affluent consumers saying they enjoy the types of things they can’t do right now – with fewer saying they dislike things like parties and malls

**Affluent Top-2 Box Agreement on Key Attributes**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Pre-Covid (December - March 18)</th>
<th>Post-Covid (After March 18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would rather spend a quiet evening at home than go to an event or party</td>
<td>64%</td>
<td>61%</td>
</tr>
<tr>
<td>Travel publications and television programs inspire me to seek out new experiences</td>
<td>47%</td>
<td>52%</td>
</tr>
<tr>
<td>My fashion represents who I am as a person</td>
<td>45%</td>
<td>47%</td>
</tr>
<tr>
<td>I don’t enjoy the experience of going to the mall</td>
<td>45%</td>
<td>41%</td>
</tr>
<tr>
<td>I often go to sporting events</td>
<td>28%</td>
<td>35%</td>
</tr>
<tr>
<td>I regularly see movies on opening weekend</td>
<td>20%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: Ipsos Affluent Survey, December 2019 – April 2020
For the Affluent, plans for future purchase have increased across a number of categories

Pent-up demand is forming around things Affluents want to buy but cannot

- **63%**
  - Plan to or have rescheduled a trip
  - VS 39% Non-Affluents

- **42%**
  - Plan to redecorate/remodel/renovate home during/post pandemic*
  - VS 36% Pre-Pandemic

- **34%**
  - Plan to buy/lease a new vehicle during/post pandemic*
  - VS 28% Pre-Pandemic

- **34%**
  - Plan to buy sporting equipment during/post pandemic*
  - VS 27% Pre-Pandemic

Source: Ipsos Affluent Survey, December 2019 – April 2020
While all consumers say they’ve delayed purchases, Non-Affluent more likely to wait for promotional pricing – or just not make the purchase at all

Affluent awaiting signals for start of economic rebound to make delayed purchases

What do you think will make you comfortable enough to make the major purchases that you’ve cancelled or delayed?

- I probably won’t make the purchase now: 4% (Affluent), 12% (Non-Affluent)
- If the company offers promotional pricing: 8% (Affluent), 13% (Non-Affluent)
- When the economy starts to rebound: 20% (Affluent), 14% (Non-Affluent)
Lower anxiety, plus anticipation and restlessness, are leading Affluent to desire to go shopping again

What do you miss most?

“How going out, eating, shopping…”

59-year old female

43% of Affluents feeling claustrophobic and cooped up
With most stores closed, Affluents using digital means significantly more to do their shopping

+19% increase in Affluent’s amount of time using digital means since lockdown

+19% increase in Affluents’ ‘liking’ brands/products since lockdown

+8% increase in Affluents’ amount of time using the internet since lockdown
Implications: Brands and marketers need to understand the new dynamics in the paths to purchase for their categories

It is clear that the digital channel’s role in discovery, inspiration and research has only been accelerated during a time where brick-and-mortar channels are closed to consumers – thus brands need to provide more digital shopping tools and experiences that parallel that growth and feed consumers suffering from the “Unattainable Effect.”

Data also shows the rising importance of social media for all consumers, especially affluent ones. Brands should find ways to leverage it for engagement, recommendations, and influence.

Remember that many affluent consumers are aching to go back out and shop/visit the mall, as soon as the restrictions are lifted. It’s important to leverage an omni-channel approach to transition/link brand relationships from digital to physical channels. In addition, the initial in-store experiences will be critical, as bad ones may accelerate a move away from brick-and-mortar stores.

Finally, brands will need to ensure consumers feel safe visiting their stores upon re-opening them. Sanitization, appropriate distancing and other actions will likely remain important for some time.
An invitation for brands

With a caveat
Affluents are overwhelmingly receptive to brand communication during COVID-19

In the absence of normal shopping channels, affluent consumers are more receptive to brands than they were before

Q How do you feel about most brands and companies reaching out with messages about how they’re handling the coronavirus pandemic?

Source: Q2-2020 Affluent Barometer

Total Positive Reception 72%

Glad they are responding/showing they care 45%
Helpful when they have a relevant offer/message 27%

Total Negative Reception 28%

It’s annoying that they’re using this to try to sell me stuff 21%
It’s stupid and irrelevant 7%

45%
27%
21%
7%
They’re not just open to COVID-related messaging, they’re more willing to engage with brands in general

Even openness to sharing their data and receiving personalized messaging is significantly increased – another manifestation of the desire for useful shopping and buying information
But Affluents are also exhibiting higher level of scrutiny for corporate responsibility

The quid pro quo they expect is that brands behave more responsibly

A company’s commitment to social/corporate responsibility is important to me when I buy products/services

- Pre-Covid (December - March 18): 43%
- Post-Covid (March 18 and beyond): 50%

I regularly make the effort to investigate a company’s environmental and social responsibility record

- Pre-Covid (December - March 18): 30%
- Post-Covid (March 18 and beyond): 33%

Source: Ipsos Affluent Survey, December 2019 – April 2020
In first phase of COVID-19 marketing, Affluents happy to hear about brands’ cause-marketing and crisis contributions

Types of Message Affluents Prefer

“I like the message from brand xxx. They are putting action behind their words and helping to manufacture masks.” (Female 57)

 “[Fashion brand] sewing much needed masks.” (Female 38)

 “[Telco brand] has given me 15 extra GB for no extra cost. If we’re all communicating by phone it definitely helps us out.” (Male 68)
But that is likely to evolve as affluent consumers move to the next phase of the COVID journey – and begin to follow through on their purchase intentions.

Likely to lead to desire for more purchasing-related messaging.
Implications: Brands have an opening to engage with affluent consumers more closely, during and after the lockdown

While some consumers may view product-focused advertising during the crisis as “tone-deaf”, there are many others who are hungry for product benefit/information that adds value to their buying motives.

At the beginning of the crisis, a unified message of “we’re all in this together” may have fit the bill for brand engagement. But Brands need to pivot and start to deliver content and engagements that coordinate with the multiple stages of a consumer’s purchase journey.

Consumers are currently giving Brands the opportunity to better personalize their messaging. They should leverage digital content to match the signals consumers provide as to their purchase stages.

Finally, affluent consumers are 40% less likely to say promotional pricing would get them to make a purchase. So, while there is a need for immediacy once restrictions are lifted, brands targeting affluent consumers should be less focused on deals and offers – and more focused on being helpful and adding value.
Ipsos Audience Intelligence

Ipsos Affluent Survey
The longest running, most widely used, largest scaled study of Affluents anywhere in the world (Affluents = Adults 18+, HHI $125k+). We help hundreds of media brands/companies, advertising agencies and brand marketers define, understand, activate against and monetize their audiences.

Ipsos Kids and Family
A syndicated study that taps into the stand-alone youth (kids 6-17) and combined family media experience (parent’s co-entertainment with child 0-17) of today’s American family for an unprecedented look at the genesis, development and intersection of media and technology and how it manifests within families.

TV Dailies
Recognized as the industry standard for tracking new and returning series in the US, TV Dailies has been conducting interviews every day for 15 years, providing insights into title level awareness, intent to view, network/service attribution and more, for over 10,000 seasons of content from 140 different media networks or services since its inception.

(New) Streaming 360
New multi-client research product that helps clients refine platform positioning, enhance marketing strategy, and improve audience targeting and acquisition. It also delivers robust metric tracking of the ever-evolving streaming landscape. The cornerstones are customizable advanced analytics and insight delivery through powerful, predictive models and online tools.
THANK YOU.

For more information, please contact:

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