



How brands can tap into affluent Americans' pent-up demand and reinvigorate the economy

An Ipsos Point of View



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Tony Incalcaterra, Chief Research Officer, Ipsos Affluent Intelligence • September 2020

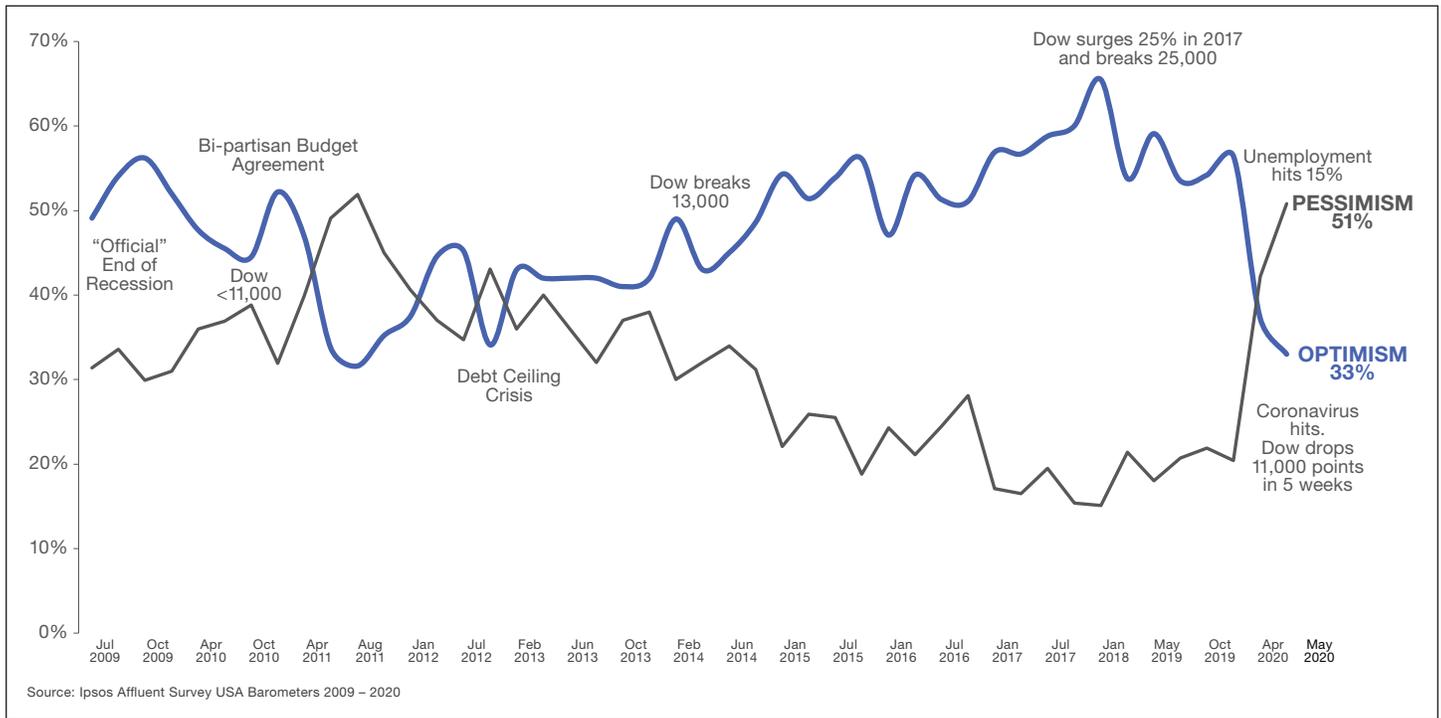
Affluent Americans have long been a driving force in the U.S. economy—driving markets through their purchases, supporting innovation through early adoption of products, and holding the dominant share of household net worth.

We have always known that Affluents are a major force in the economy—although they represent only a fifth of U.S. households, they account for a third of all apparel, entertainment, and personal care product spending. They also account for more than half of all spending on education, personal insurance and pension. Overall, Affluent households spend 2.5 times what non-Affluent households spend. Affluents also possess three-quarters of the total net worth in the U.S. It is this financial advantage that makes Affluents the most critical segment in reigniting the U.S. economy. It is more than just having the wherewithal to spend—it's the desire to own and experience things that have been out of reach for some time. So to begin, we need to understand the current mindset of Affluents and their pent-up demand.

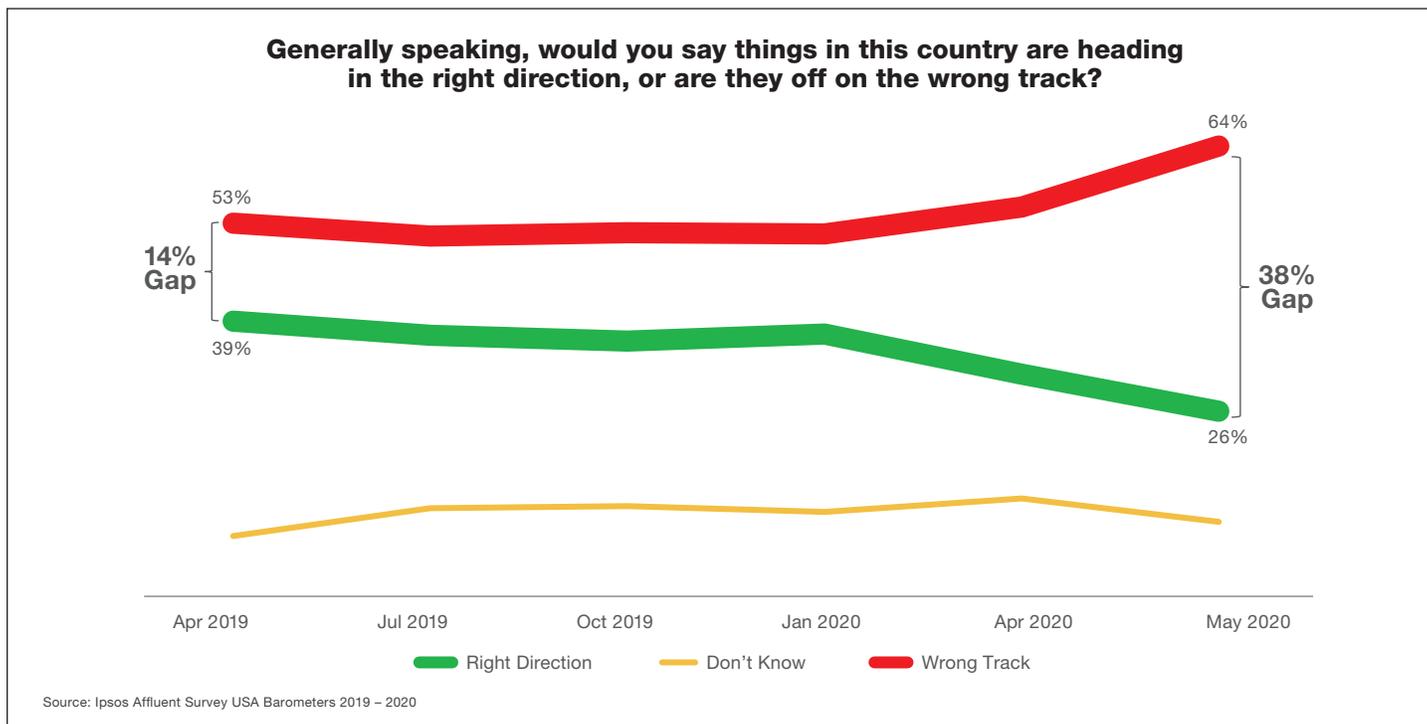
The Mood Darkens

Longer working hours, covering for laid-off coworkers, working from home, and shelter-in-place orders have added a layer of stress in affluent lives. At the same time, many normal vacation and time-off opportunities have been taken off the table, so it's not surprising that we are seeing the mood darken.

Affluents generally have a positive view of the U.S. economy. However, pessimism leapt over optimism as the country plunged into lockdown and the Dow dropped 11,000 points in five weeks. Optimism is now at the second-lowest level since we began measuring this in July of 2009.



Over the last few years, even when economic optimism was well above pessimism, a growing number of Affluents said they felt things in this country were heading off on the wrong track as opposed to the right direction. The difference between right direction and wrong track is what we call the “satisfaction gap.”



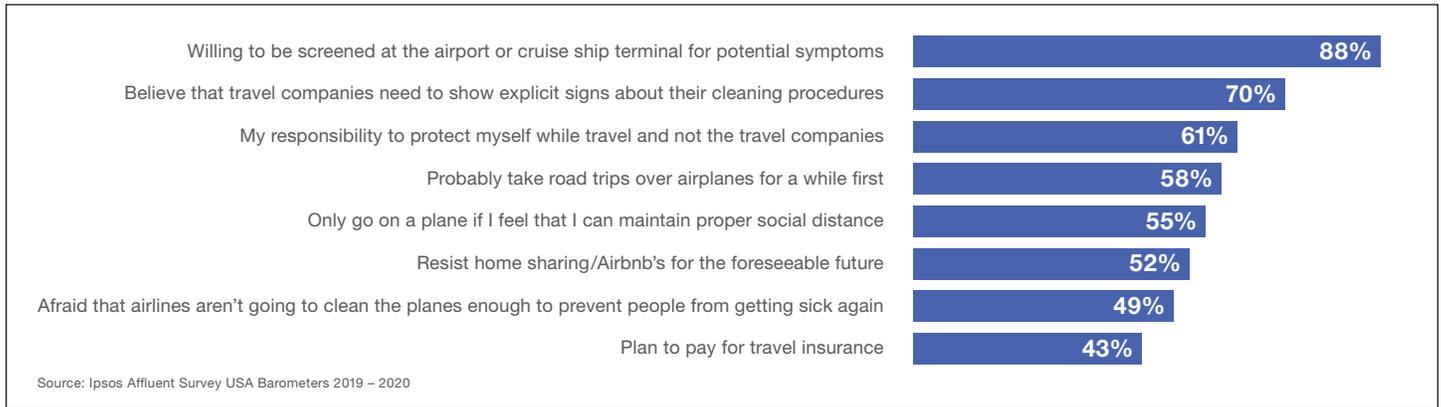
The satisfaction gap has been heavily skewed based on politics—Republicans overwhelmingly felt that the country was heading in the right direction, while Democrats felt that things were off on the wrong track. However, during the double hit of COVID and the aftermath of George Floyd’s murder, we saw a strong decline in positive Republican sentiment. As a result, the overall gap between Affluents who felt the country was on the right direction or the wrong track more than doubled to 38% in just over a year. By comparison, before the last presidential election four years ago, we saw a satisfaction gap of 27%.

However, Affluents have the resources to be resilient. After several months of COVID restrictions and concerns, almost 90% of Affluents say they have settled into new routines, started to do some things that used to be restricted or are ready to move on. That’s not to say that they’re ignoring the realities of the pandemic. Half of Affluents have a somber feeling about the longer-term effects of the coronavirus and the resulting economic fallout.

The Return to the Skies

Travel is the number one pent-up demand for Affluents, with more than half of all Affluents saying that they will travel domestically as soon as they can. The average Affluent takes 8.9 trips in a normal year and having had their wings clipped for months has been unpalatable for many. But the reality is that the desire is blunted by real concerns about safety and cleanliness. Almost 9 out of 10 Affluents say that they’re willing to be screened for potential symptoms and 70% feel that it is up to the travel companies to show explicit signs about their cleaning procedures.

Fully half of all Affluents say they would only fly if they feel they can maintain proper social distance and an almost equal number fear that airlines aren't going to clean the planes enough to prevent people from getting sick. Given those concerns, it's no surprise to see that a majority say that they'll probably take road trips over flying for a while.



How Brick & Mortar Can Win Back Ecommerce Gains

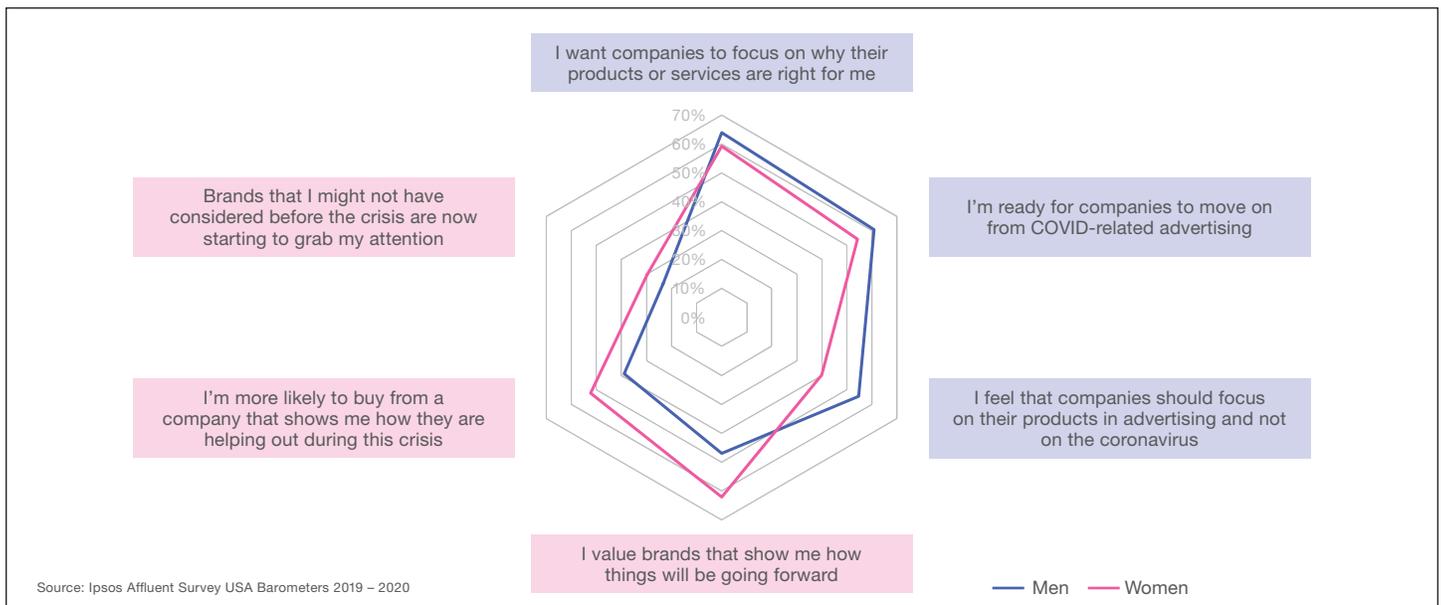
With retail outlets closed or sparsely stocked, many Affluents found new alternatives. Slightly more than half of Affluents say they're buying items online now that they previously bought in store. While no one will be surprised that the younger generations are the most likely to do so, the fact is that 44% of Boomers/Seniors have joined the online evolution.

Fewer than half of Affluents are looking forward to returning to physical retail stores, though women are far more likely to say so than men. On the bright side, local businesses will likely benefit from the return as nearly three-quarters (72%) of Affluents say they will support them "more than ever to help them recover."

Connecting with the Right Messages

One-in-four Affluents are attentive to brands that they may not have considered prior to COVID. Whether you're a tried-and-true favorite or a new entry, it's important for companies to make sure that their messages are on target and being absorbed.

It's time to move on from COVID-themed advertising messages—especially for men. They are more likely to want advertisers to focus on product benefits and explain why their offerings are right for them. At the same time, women are more likely to want to understand how companies helped out during the pandemic and how things will be going forward.



What's Next

We know that Affluents will fuel the economic recovery as soon as they are able to alleviate their pent-up demand for goods and services that have been out-of-reach for the last several months. They are ready to spend, providing that we can get over the barrier of concerns regarding safety and cleanliness. This is also about the importance of brand and marketing communication. Marketers need to do as they say and say what they do. If they are to win their rightful share of Affluents' wallets, they must address the most important things on their minds—safety, hygiene and health.

About the Ipsos Affluent Survey

The Ipsos Affluent Survey USA has been measuring Affluents' purchasing and media behavior for more than 40 years because this relatively small group of people has a disproportionately high impact on spending. Affluents, currently defined as adults (age 18+) living in households earning \$125,000 or more annually, make up roughly 20% of all U.S. households. As a group they control three-quarters of the total net worth of the U.S. and outspend their non-affluent counterparts by more than two to one in every category except tobacco products.

The Ipsos Affluent Survey USA is part of a global network measuring high income households in more than 45 countries.

For more information on subscribing to the Ipsos Affluent Study, please contact Amy Hunt (amy.hunt@ipsos.com) or Dave Giunta (david.giunta@ipsos.com).

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GAME CHANGERS

