

# FOR AFFLUENTS, IS IT TIME FOR OPTIMISM?

An Ipsos Point of View



GAME CHANGERS



# FOR AFFLUENTS, IS IT TIME FOR OPTIMISM?

Ipsos' widely cited study on the spending habits of wealthy Americans has new guidance for marketers as spring approaches and vaccines are deployed.

Affluents' optimism and their "financial insulation" is going to carry them through the last phases of the COVID-19 pandemic, a trend that has major implications for marketers.

This key influencer group drives the changes in nearly every marketing category. Ipsos' exclusive insights into the group the past year helped companies who needed to quickly revamp their branding and strategy during a time of unprecedented upheaval.

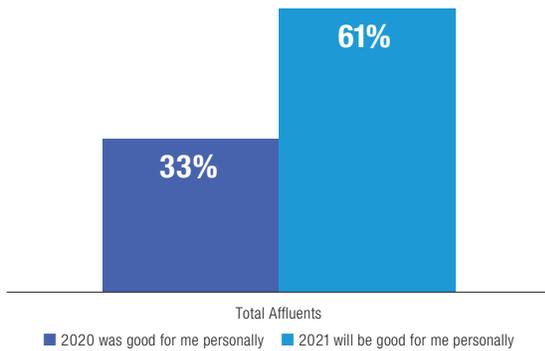
Now as we are entering a phase of increased vaccinations, there is a collective sigh among Affluents as they look forward to a return to normalcy. Marketers should focus on the positive expectations of Affluents as their expectations of the recovery are strong.

Here's what Ipsos recently discovered.

## OPTIMISM ABOUNDS

Affluent optimism is a bulwark against short-term difficulties as we enter the pandemic's end phase. Ipsos finds that 61% of Affluents believe 2021 will be good for them personally, almost double the number who felt that way about 2020, and substantially higher than non-affluent Americans.

### 2021 Looking Better—Affluent Optimism



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It helps that despite a difficult year for many, 4 in 10 affluent Americans saw their wealth increase in 2020, including 66% of those with a household net worth of \$5 million or more. Keep in mind that Affluents possess three-quarters of the total net worth of the U.S.

Extending beyond their personal well-being, we see a sea change in perspective and an easing of the extreme polarization that plagued us in 2020. The data show us that Affluents are more optimistic about the direction in which the country is heading. For the first time in five years, more Affluents feel the U.S. is heading in the right direction than feel we are off on the wrong track. Marketers should take note of Affluents' increased willingness to see the good in others, easing the perils of cause marketing.

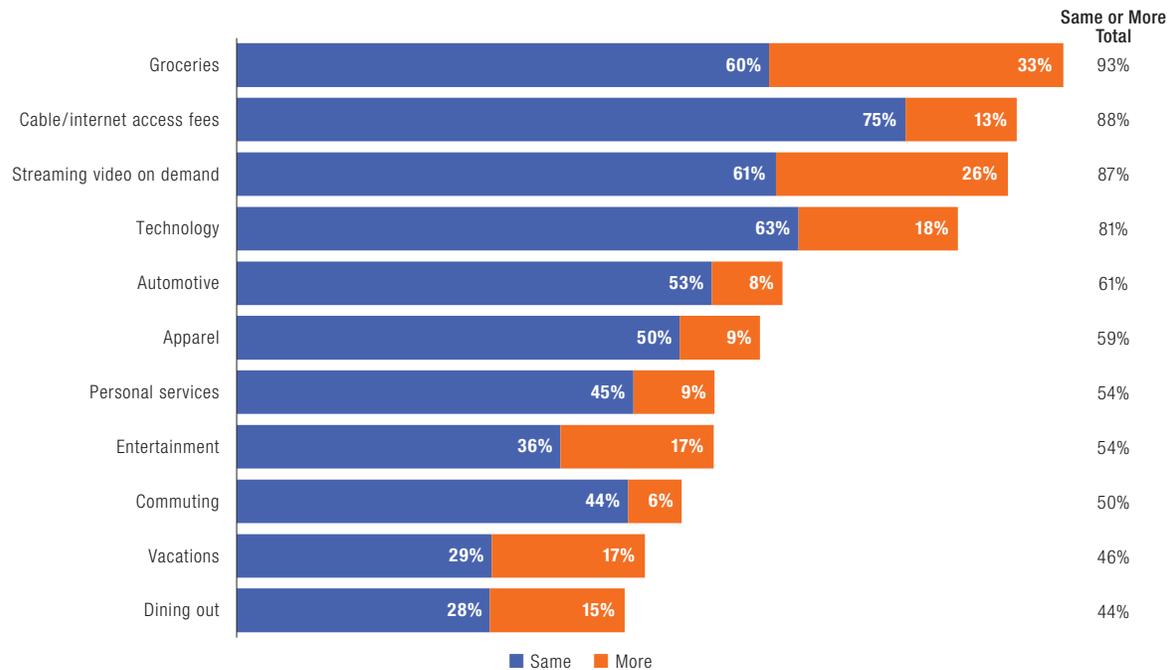


## PURSE STRINGS REOPENING

This upcoming year also offers a new opportunity to marketers.

Affluents spent less last year across a number of categories, especially those there were out of reach due to shutdowns. As restrictions ease and more people are vaccinated, Affluents will break out of their spending shell. A significant number of Affluents expect to spend at least as much or more in the coming year across a number of categories.

### % of Affluents Planning to Spend More in 2021 Than Pre-Covid Years



© Ipsos | Source: Ipsos Affluent Barometer, Q1 2021

Almost half of Affluents (46%) see themselves spending at or above pre-COVID levels in the coming year. Taking a trip or vacation is the top activity Affluents will seek out once businesses return to normal, according to our research. In the meantime, marketers should recognize the frustrations associated with the inability to live life as it was and offer Affluents the joy of experiences. As one survey respondent put it, “I haven’t been able to spend money on things like vacations that I wanted, and I intend to make up for that as soon as possible.”

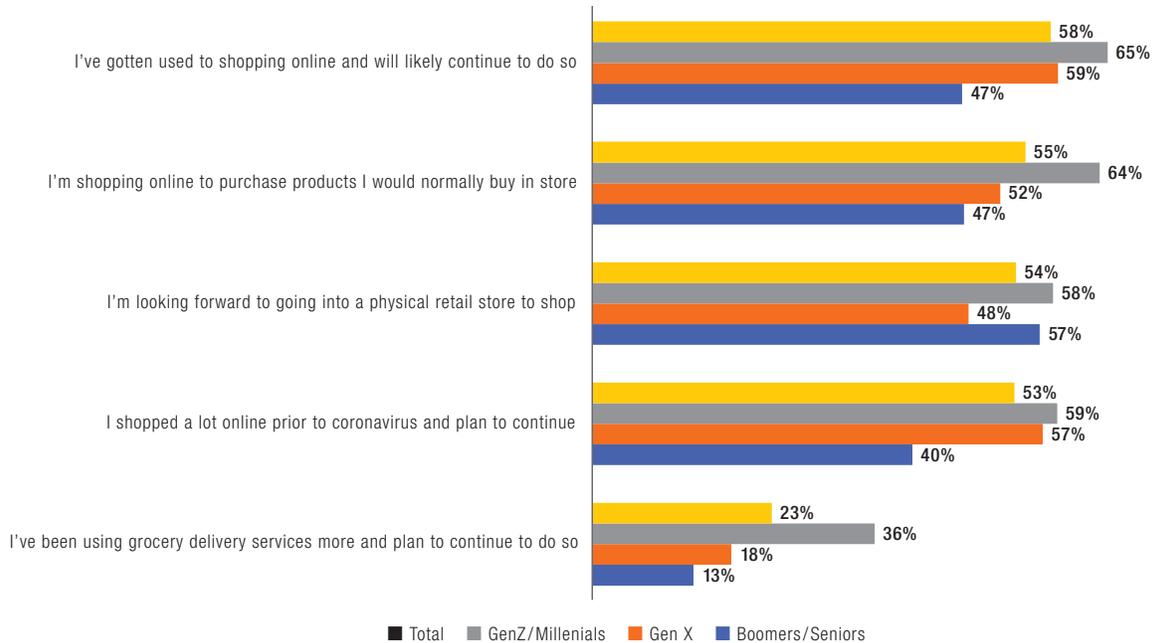
Many Affluents are planning to get back on the road. Those planning to travel soon have told us that they are using many sources of information for pre-travel planning. On average, Affluents planning travel have told us they’ve already consulted 2.9 different sources, with search engines and airline sites/apps leading the way.

Affluents remain somewhat concerned about the virus and its impact on the U.S., and I expect them to spend more for categories centered around the home. Around nine in ten Affluents expect that they will spend as much or more on groceries, cable/internet access fees and steaming video on demand (SVOD) services in the coming year. This is a continuation of the pattern we saw in 2020 as Affluents spent more on cocooning entertainment during the pandemic.

# ENTICING AFFLUENTS BACK TO BRICK AND MORTAR

Affluents, across all generations, have become accustomed to online shopping. More than half of them (55%) have said that they are shopping online to purchase products they would normally buy in store. Even Boomers and Seniors have embraced ecommerce, with 47% of them saying they've gotten used to shopping online and will likely continue to do so.

## Affluent Attitudes About Shopping—% Agreement



© Ipsos | Source: Ipsos Affluent Barometer, September 2020

Retailers will need to work harder to entice shoppers back into their stores. The good news for brick-and-mortar retailers is many Affluents say they are looking forward to going into a physical retail store to shop. Strategies that focus on the changing consumer experience and health and safety measures will thrive.



## WHAT'S NEXT FOR AFFLUENTS?

Wealth will continue to build at a steady pace. As mentioned earlier, Ipsos finds that four in ten Affluents increased their net worth in the past year, thanks to investment growth and fewer opportunities to spend. Two-thirds of Affluents expect their investments to be steady in the coming year, while one-in-four feel that their investments will grow 5% or more.

Big-ticket items will be more easily in reach for Affluents. Their savings may go to improvements in their homes; thirty-one percent of Affluents plan to redecorate or remodel their homes in the short term. New cars, laptops and other tech products will also likely see lifts.

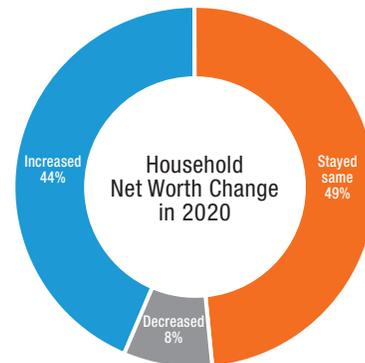
### About Ipsos

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### 2020 Affluent Net Worth Changes



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