



Inside Affluent America

Insights from the Fall 2016

Ipsos Affluent Survey USA

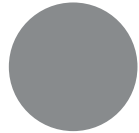
Today's Agenda



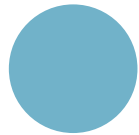
About the Ipsos Affluent Survey



The Importance of the Affluent Market



12 Key Trends Reshaping Affluent Life



Looking Ahead: Insights into Action

We Are Ipsos

80+

Countries
with Ipsos Offices



100+

Countries
we do research in

16,000+
employees, around
the world

We know how to
manage & service
brands at global,
regional and local
levels

Benchmarks,
norms & guidance
on what good looks
like

7,500 ads tested
and tracked per
year

We combine the insights & intelligence of a boutique consulting firm with the scope and resources of a global leader...

Industry-Standard Study Entering Its 40th Year



The Ipsos Affluent Survey is a *currency study* – an objective source of audience measurement information used as the starting point in the buying and selling of advertising.

**Our clients are vibrant ecosystem,
spending hundreds of millions of
dollars based on our information**

Agencies

100+ leading advertising agencies. Key application: media planning



Advertisers

Leading brands in financial services, automotive, travel, & fashion. Key applications: consumer insights, market sizing, target profiling







Media

Dozens of leading media companies, spanning print, television & digital. Key application: advertising sales



Data Access & Beyond: How We Work With Clients

	Offering	Widely used by...
	Data access & syndicated deliverables	<ul style="list-style-type: none">• Media companies for ad sales; ad agencies for media planning; advertisers for consumer insights
	Custom analysis & insights	<ul style="list-style-type: none">• Advertisers seeking customized insights from existing syndicated data; examples include market sizing, target profiling, segmentation, and category deep-dives
	Recontact research	<ul style="list-style-type: none">• Clients seeking custom research on Affluent consumers, bolstered by our extensive existing data on 24,000+ Affluents
	Custom research in our areas of expertise	<ul style="list-style-type: none">• Companies seeking custom research on Affluent consumers, media use, luxury markets, high-end financial services, etc.

The Fall 2016 Ipsos Affluent Survey at a Glance

HHI \$100,000 or more
75.5 million Affluent Adults
N=24,424

Fall 2016 data fielded
June 2015 – July 2016

Two-part survey with
rotations, randomization
& visual cues

14 sample partners
Bi-weekly quotas
Weighting & ascription

\$250K+ HHI (N=3,076)
\$5M+ Net Worth (N=1,115)

Continuous fielding reduces
seasonality effects

Expanded content; minimal
positional bias; improved recall

Improved representativity;
more accuracy; less variability

Comprehensive Cross-Platform Measurement

What?

- Magazines
- Newspapers
- TV Networks
- Websites
- Radio
- Streaming video

When?




- Yesterday
- Past 7 Days
- Past 30 Days
- More than 30 Days ago
- Number of Issues Read

How?

- Printed copy
- Digital edition
- Traditional TV
- Over-the-air radio
- Podcasts
- Web browser
- Mobile App
- Social media
- Other electronic form

292 media brands measured on 2+ platforms

Survey Content Details Money & Mindsets Across Categories

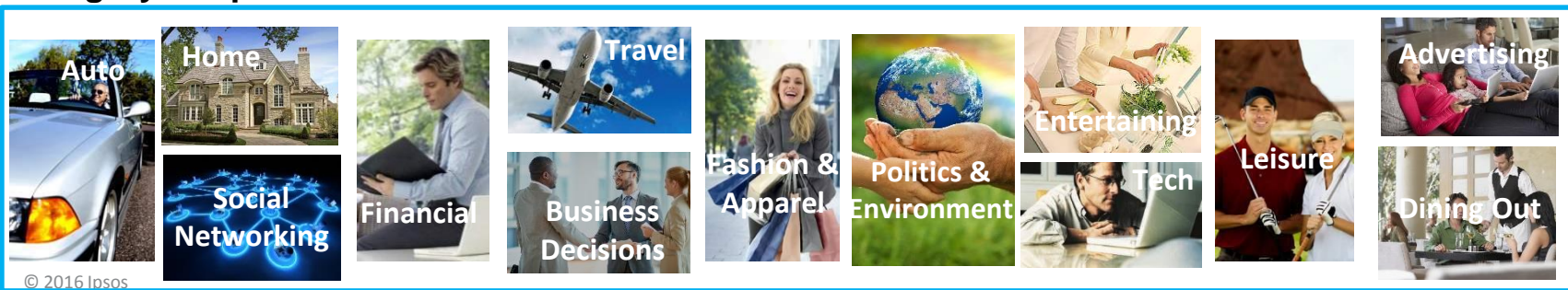
Lifestyle {    } 12 public activities done
16 major sports followed
47 planned life events
50 types of video content watched

81 sports and leisure activities
134 psychographic statements
1,400+ brands measured

Marketplace {     } 150+ categories of expenditures
Household & personal incomes
Net worth and liquid assets
Occupation, title, industry

Age, gender, education
Ethnicity & culture
Household composition
Marital status

Category Deep Dives

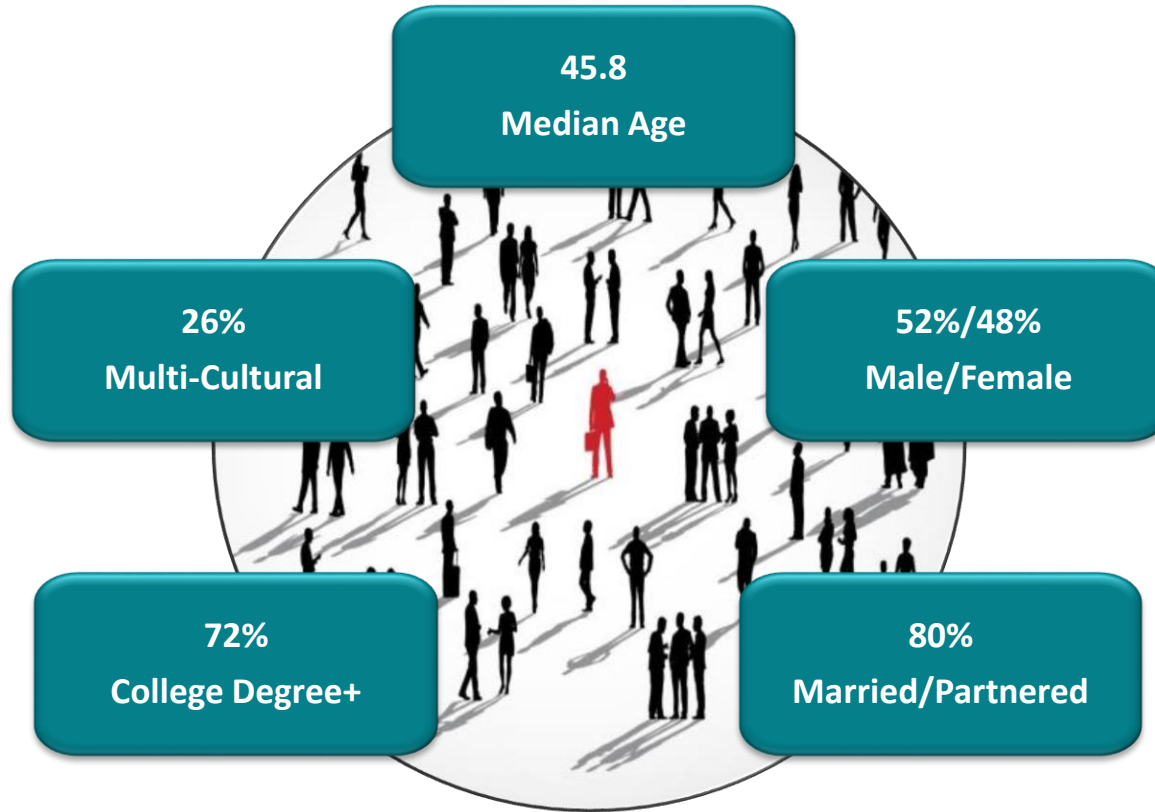


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Core Financial Metrics Comparable to Spring 2016

	Affluent Spring 2016	Affluent Fall 2016	Change
Median HHI	\$146K	146K	0%
Median net worth	\$689K	\$679K	-1%
Median value of principle residence	\$411K	\$415K	+1%
Median value of securities owned	\$291K	\$274K	-6%

Core Affluent Demographics Consistent Over Time



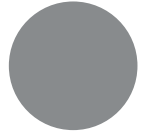
Looking Ahead



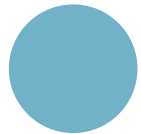
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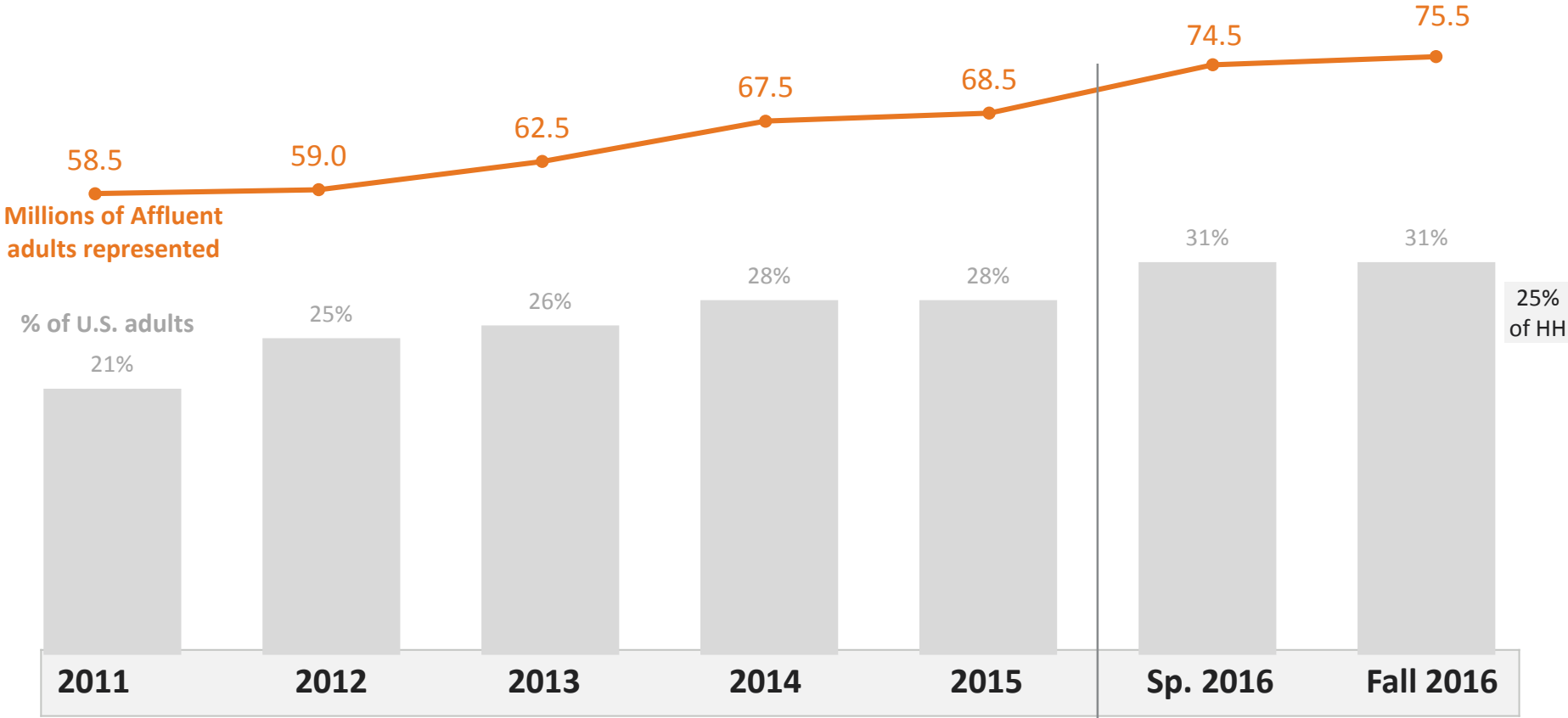


12 Key Trends Reshaping Affluent Life



Looking Ahead: Insights Into Action

The Affluent Population Has Continued to Grow



© 2016 Ipsos Affluent = \$100K+ HHI for each year shown

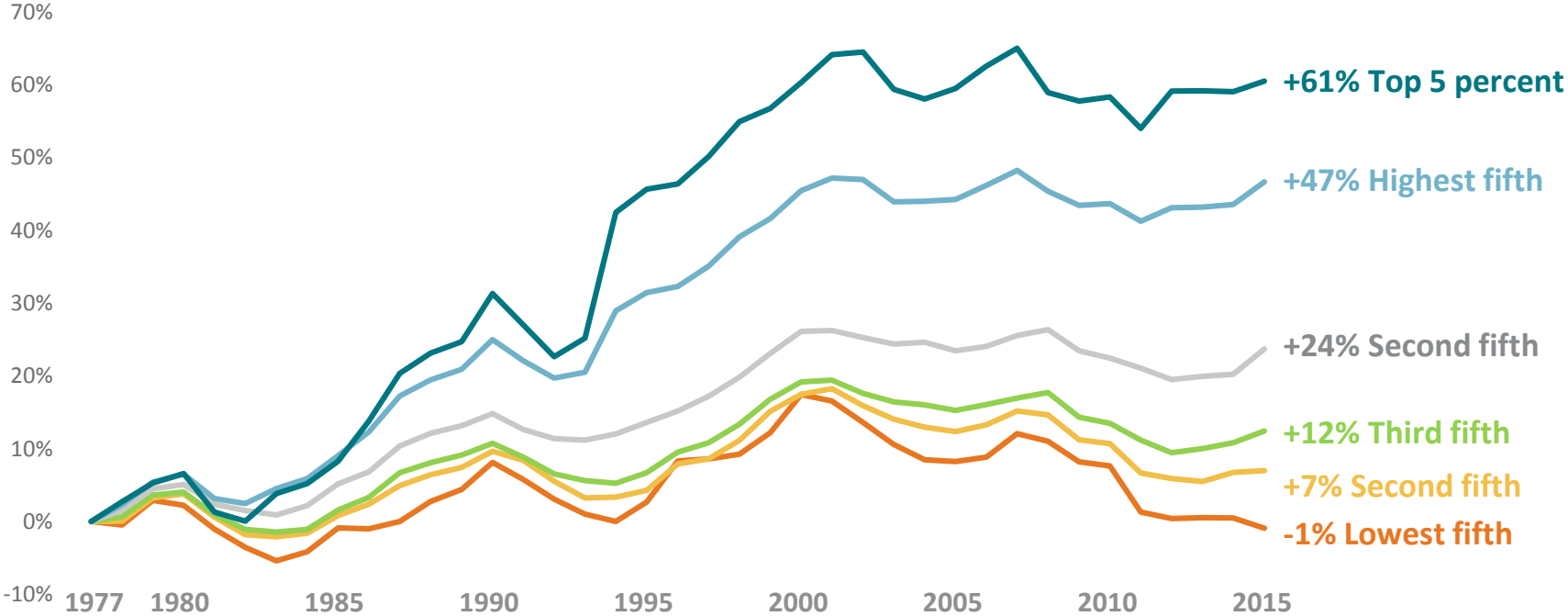
CPS redefined HHI



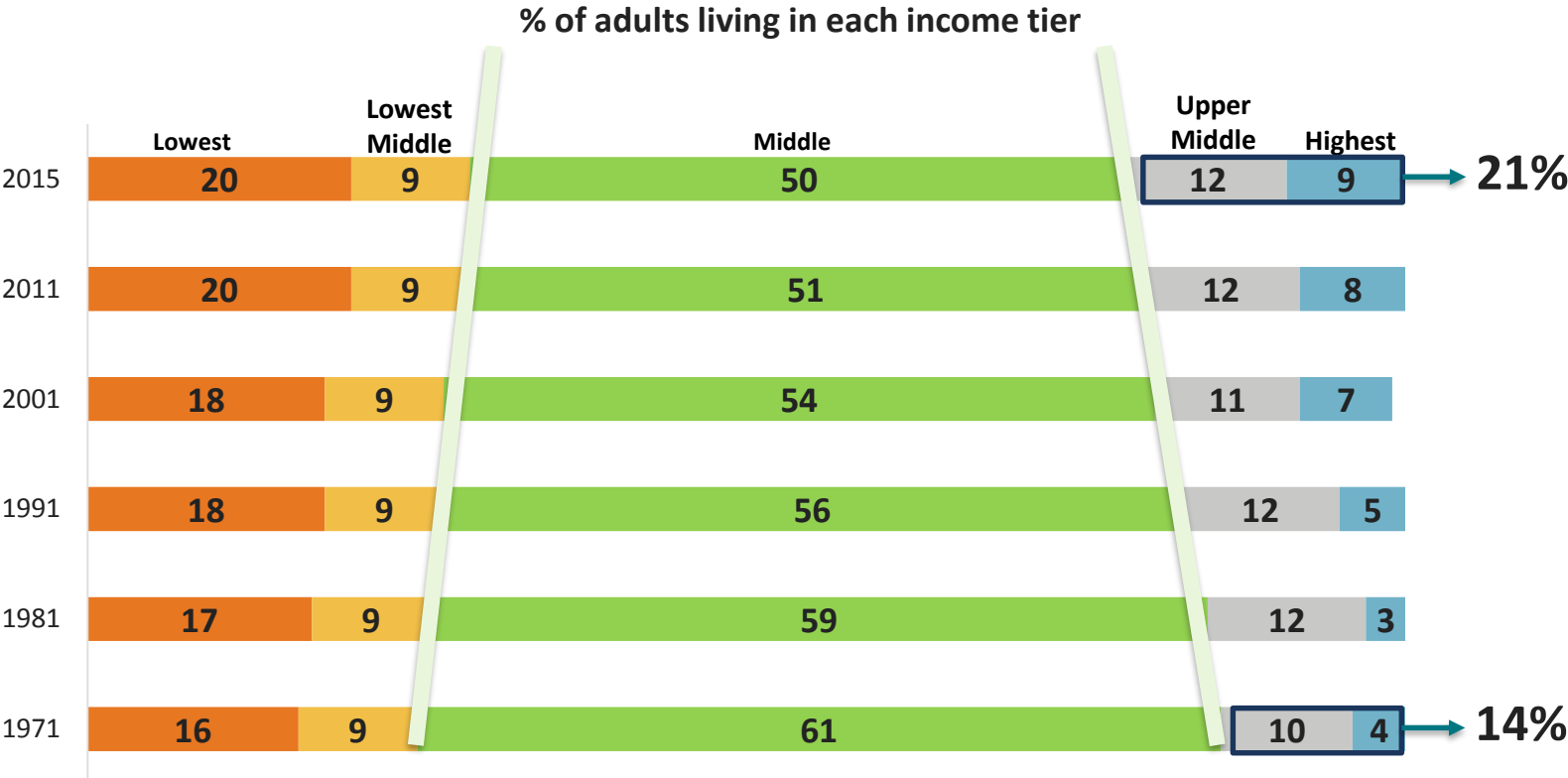
Source: Ipsos Affluent Survey USA, adults 18+, HHI \$100K+

Affluent Income Growth Has Surged as Economy Bifurcated

Real Mean Income Cumulative Growth, 1977-2015



The Middle Class Shrank, While the Ranks of the Affluent Grew



© 2016 Ipsos Note: Adults are assigned to income tiers based on their size-adjusted household.
 Source: Pew Research Center analysis of the Current Population Survey: Annual Social and Economic Supplements

Affluents Are Now Critical in Every Category, Not Just Luxury Ones

Affluents outspend non-Affluents in

92%

of categories

Exceptions: non-Affluents spend more on cigarettes, rent, Medicare, coin-operated laundries

Based on 617 categories.

U.S. Affluent households spend 2.5 times more than non-Affluents

Affluent
\$104,000

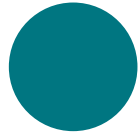


Non-affluent
\$40,500



Average Annual Expenditures

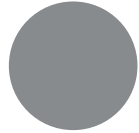
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Looking Ahead: Insights Into Action

1978 Mendelsohn Affluent Survey Reflected Modern Sophistication



Affluent Universe

- \$40K+ HHI
- Top 4%
- 5.4 million adults
- Probabilistic sampling from 82 million records in address-based sample frame



Data collection

- 4 targeted mailings to 6,000 adults
- \$2 incentive + \$1 with reminder
- 48 states
- 144-cell weighting design (gender, age, education, region,



Results

- Most returned QREs below HHI threshold
- N=1,936; 62% completion rate
- Same AIA measures & calculation as today
- Paper reports and “computer tapes”

44 Publications Measured in 1978; 30 of Those Still Measured Today



Source: Ipsos Affluent Survey USA

Across the Decades, Four Key Long-Term Trends Stand Out

Obviously, the questionnaire and methodology of the Ipsos Affluent Survey have changed dramatically over four decades, making “apples-to-apples” trending difficult

Still, at a conceptual level, four key trends stand out...



**The “Democratization
of Luxury”**



**The Broadening
of Tastes**



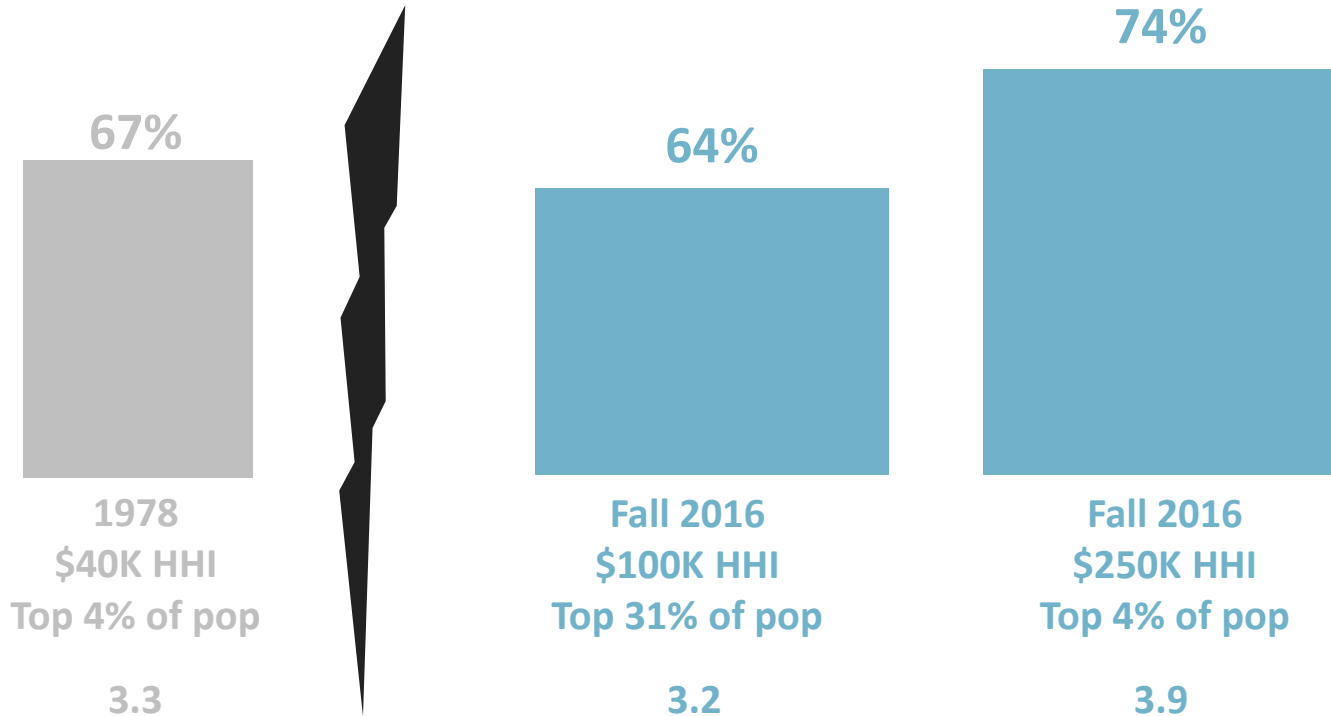
**An Abundance
of Options**



**The Transformation
of Technology**

“Democratization”: Today’s “Mass Affluent” Travel Like 1978’s “Elite”

Air travel for domestic vacation in past year



Mean # of trips:

3.3

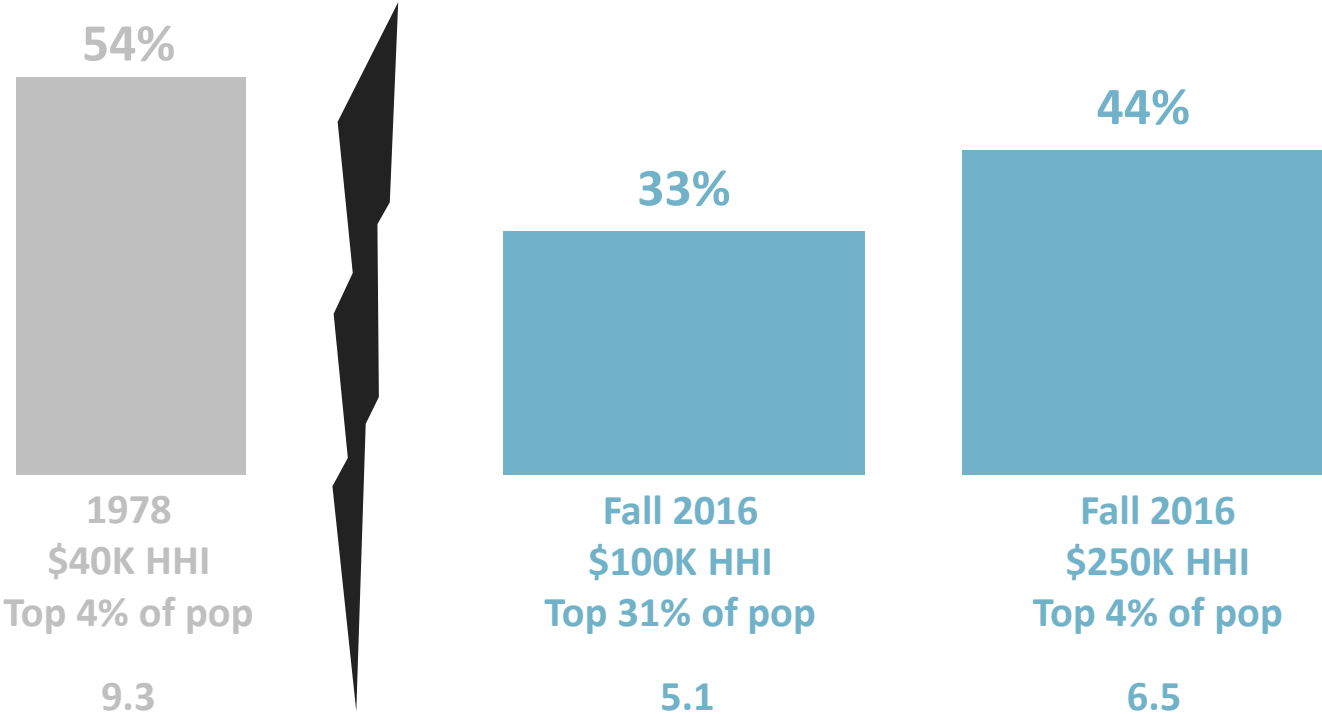
3.2

3.9

Interpret trending directionally -- methodology and question wording differ across studies

Technology Has Transformed Business & Personal Lives

Air travel for domestic business trip in past year



Mean # of trips:

9.3

5.1

6.5

Interpret trending directionally -- methodology and question wording differ across studies

Options Have Expanded, and Tastes Have Broadened

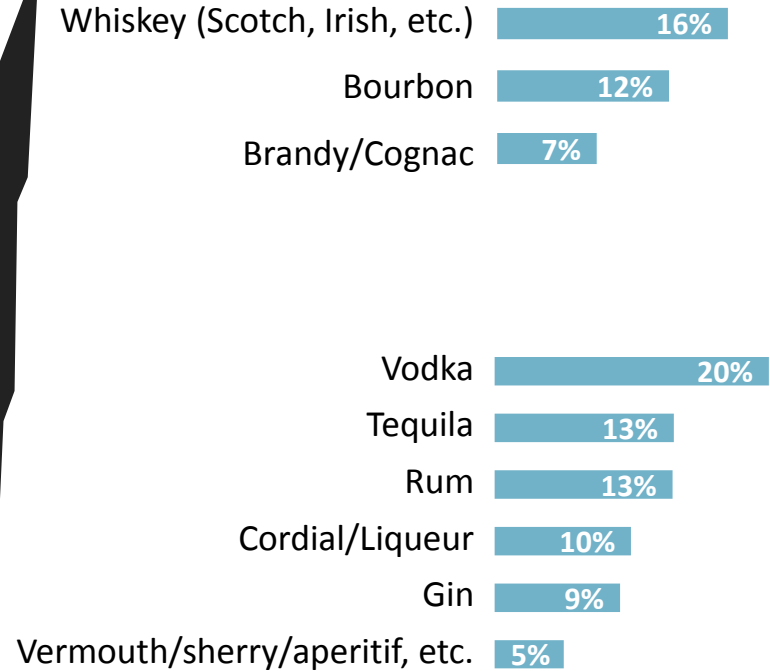
1978: Consumed or served in past week



\$40K+ HHI

© 2016 Ipsos

Fall 2016: Consumed in past week



\$100K+ HHI (comparable rank order for \$250K+ HHI)

Interpret trending directionally -- methodology and question wording differ across studies

In Recent Years, Four Emerging Trends Have Maintained Momentum

No longer 'new trends on the block,' these relatively recent changes in Affluent mindsets continue picking up steam



**Divergent
Optimism**



**Interest in
Experiences**



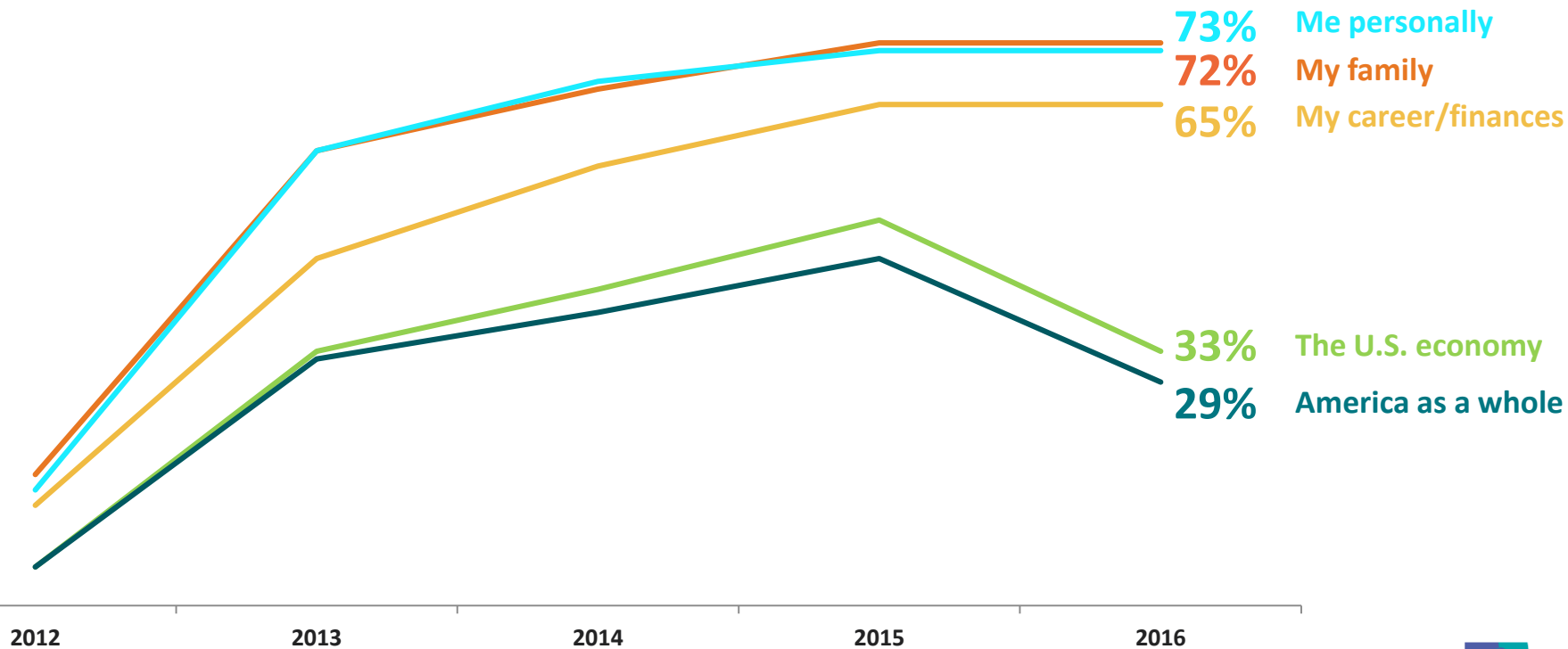
**Rising Up the
Hierarchy of Needs**



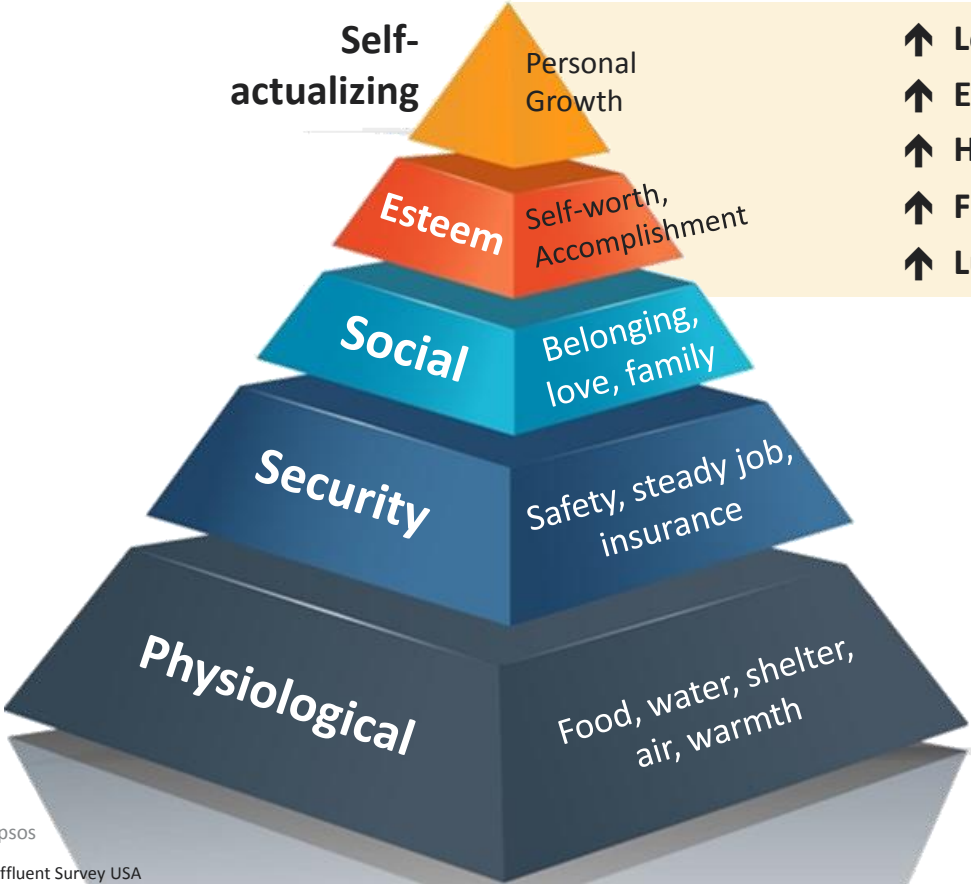
**The Evolution
of Luxury**

Divergent Optimism: Micro-Hope & Macro-Unease

I believe this upcoming year will be good for...



Affluents Rising Up the Hierarchy of Needs



- ↑ Leisure/spare time
- ↑ Entertainment
- ↑ Hobbies & interests
- ↑ Food & beverages
- ↑ Luxury

- ↑ Experiences
- ↑ Future-focus
- ↑ Bucket lists
- ↑ Meaning
- ↑ Self-discovery

Maslow's hierarchy of needs (1943)

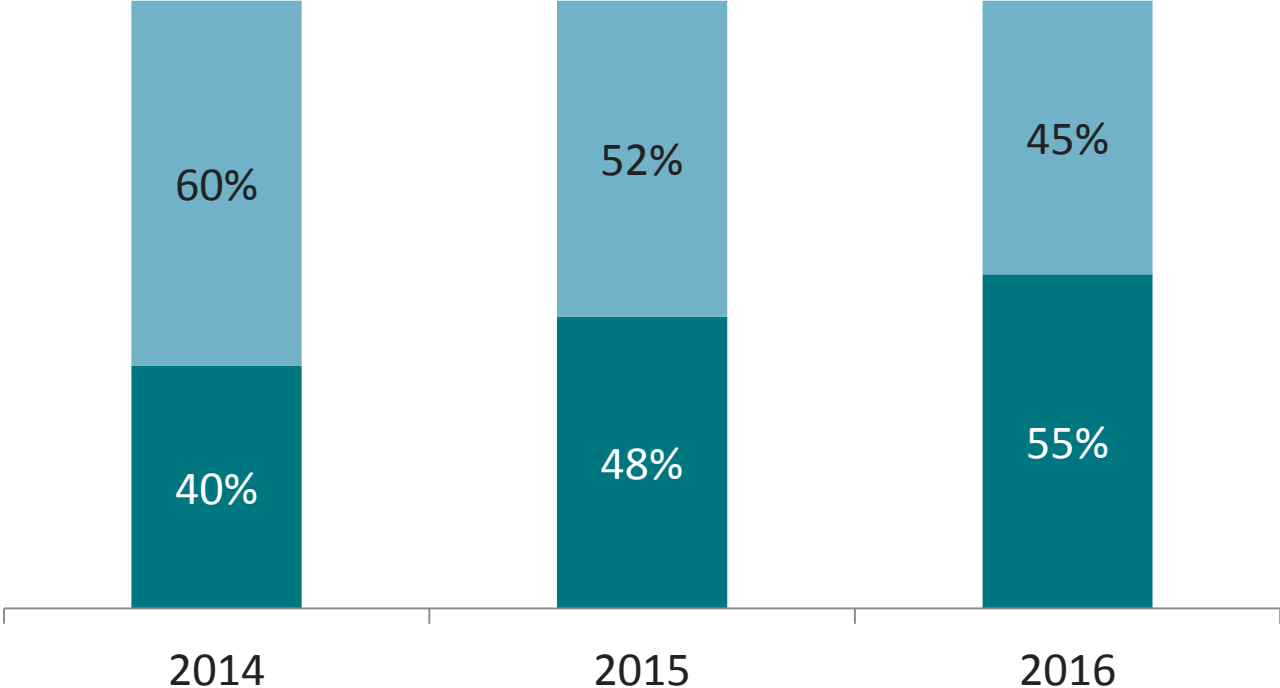


Interest in Experiences on the Rise

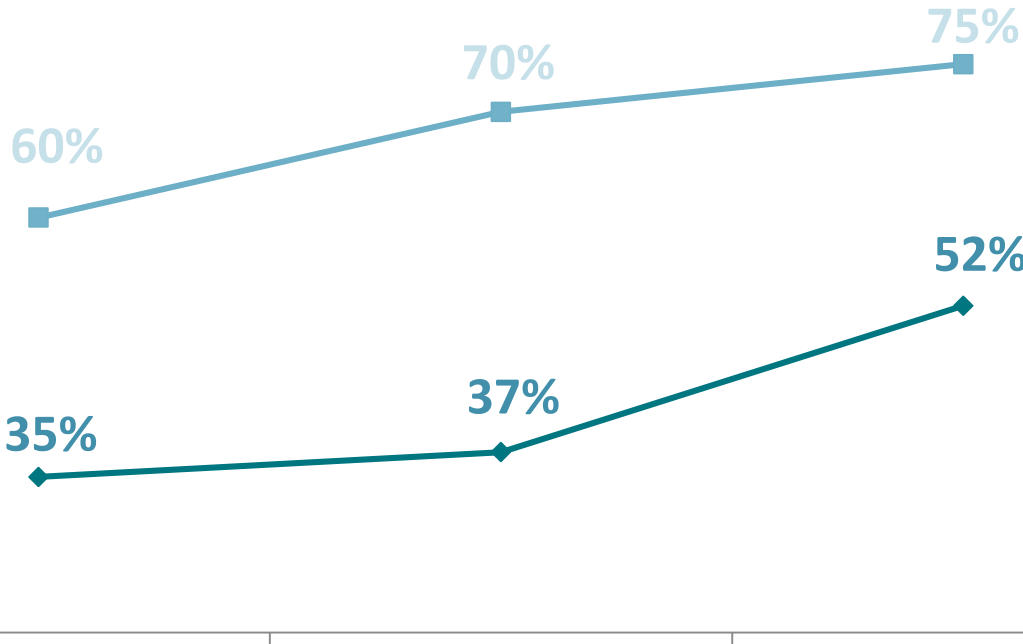
Would you rather have two extra weeks of...

Salary

Vacation time



Investing More Time, Money & Emotion in Leisure



These days, I am making a greater effort to enjoy my spare time

I am more willing to spend money on leisure activities than I was a year ago

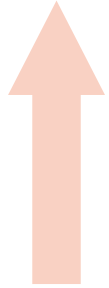
2014

2015

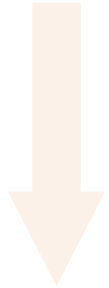
2016

The Evolution of Luxury

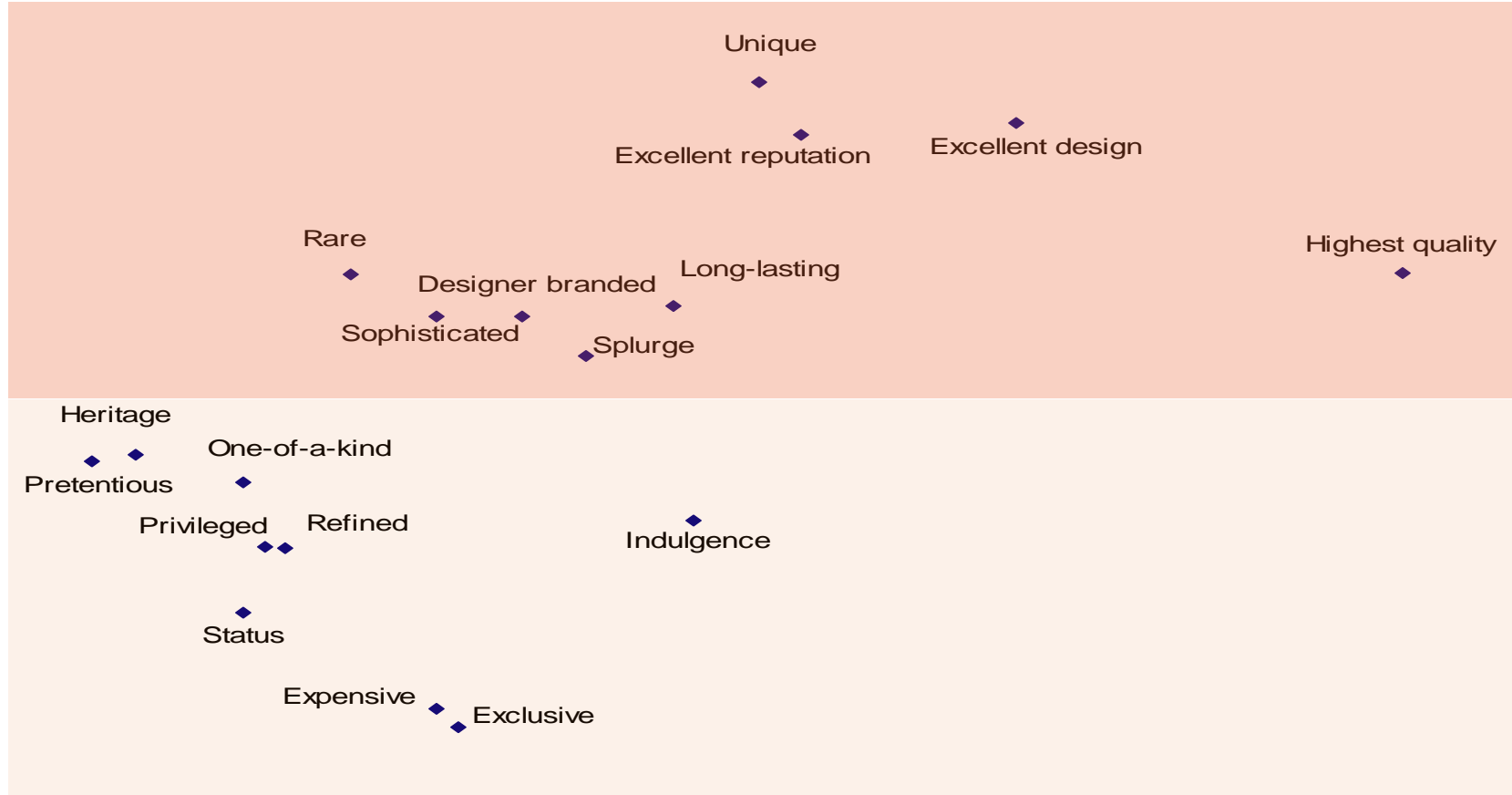
Rising



Trend



Falling



20%

40%

60%

% associating each term with 'luxury'

Our Latest Data: Four Trends Reshaping the Affluent Media Landscape

Latest data: Our Fall 2016 Ipsos Affluent Survey USA highlights four significant changes from our Spring 2016 release.



Continued Digital Growth



Interest in ads rising for social/mobile/ambient

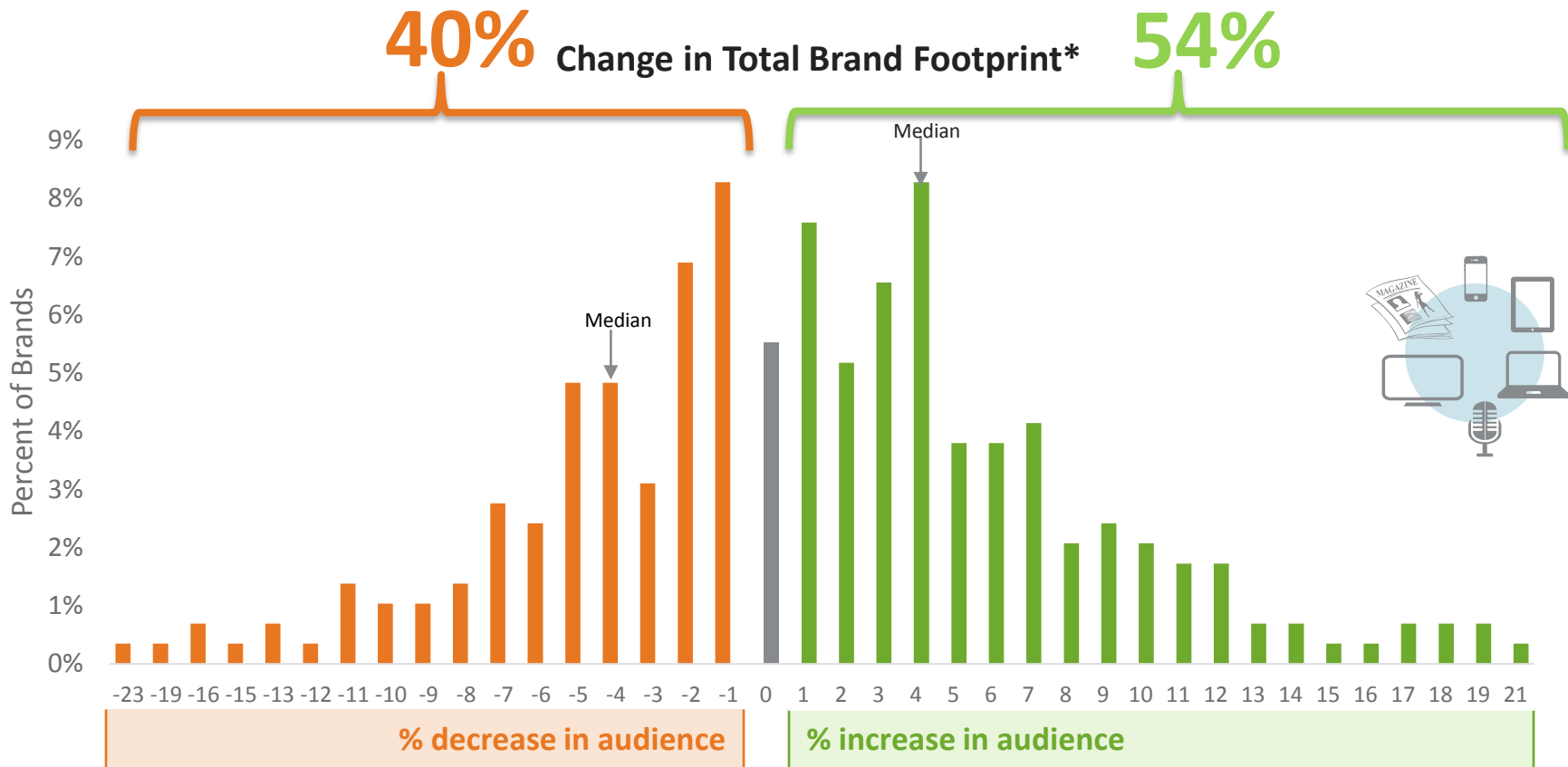


Relative stability of traditional media use



Generational Changing of the Guard

54% of Media Brands Experienced an Audience Increase During 2016

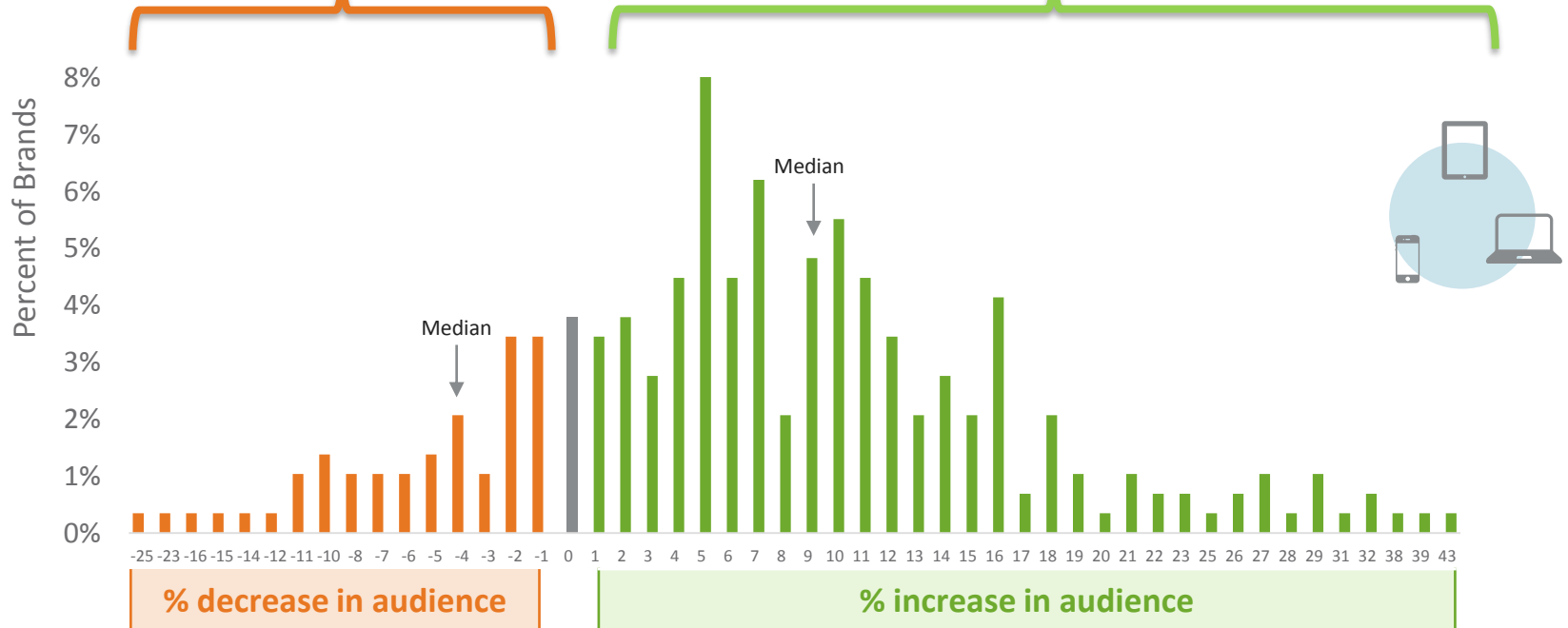


77% of Digital Properties Saw Audiences Increase During 2016

19%

77%

Change in audience: Total Digital Brand Footprint*



Today, Media Use Is Complex & Cross-Platform

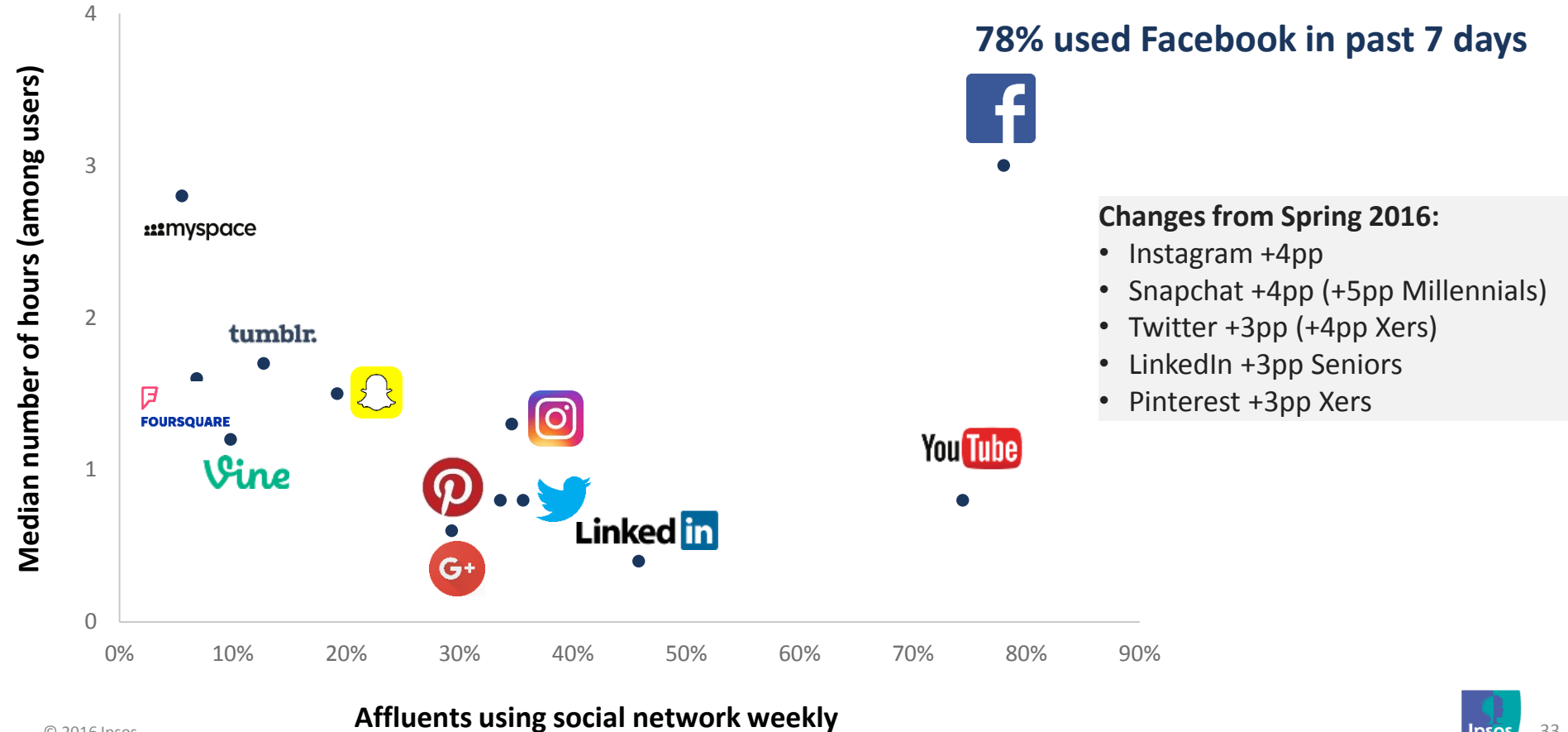
292

brands measured
on more than one
platform

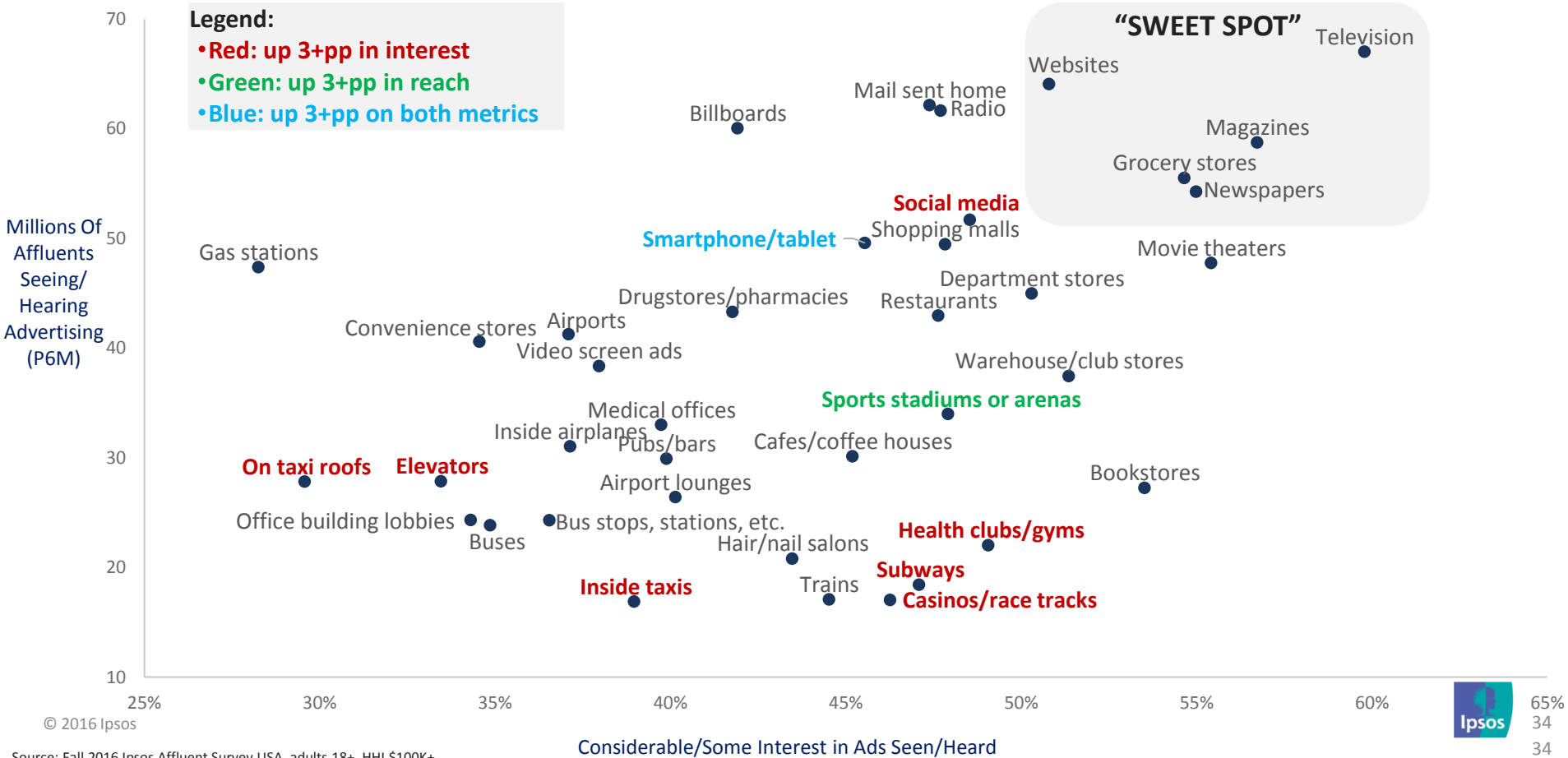
+19%

average extension
beyond core platform
(+16% in Spring 2016)

Facebook Leads Social Media Properties in Reach & Usage

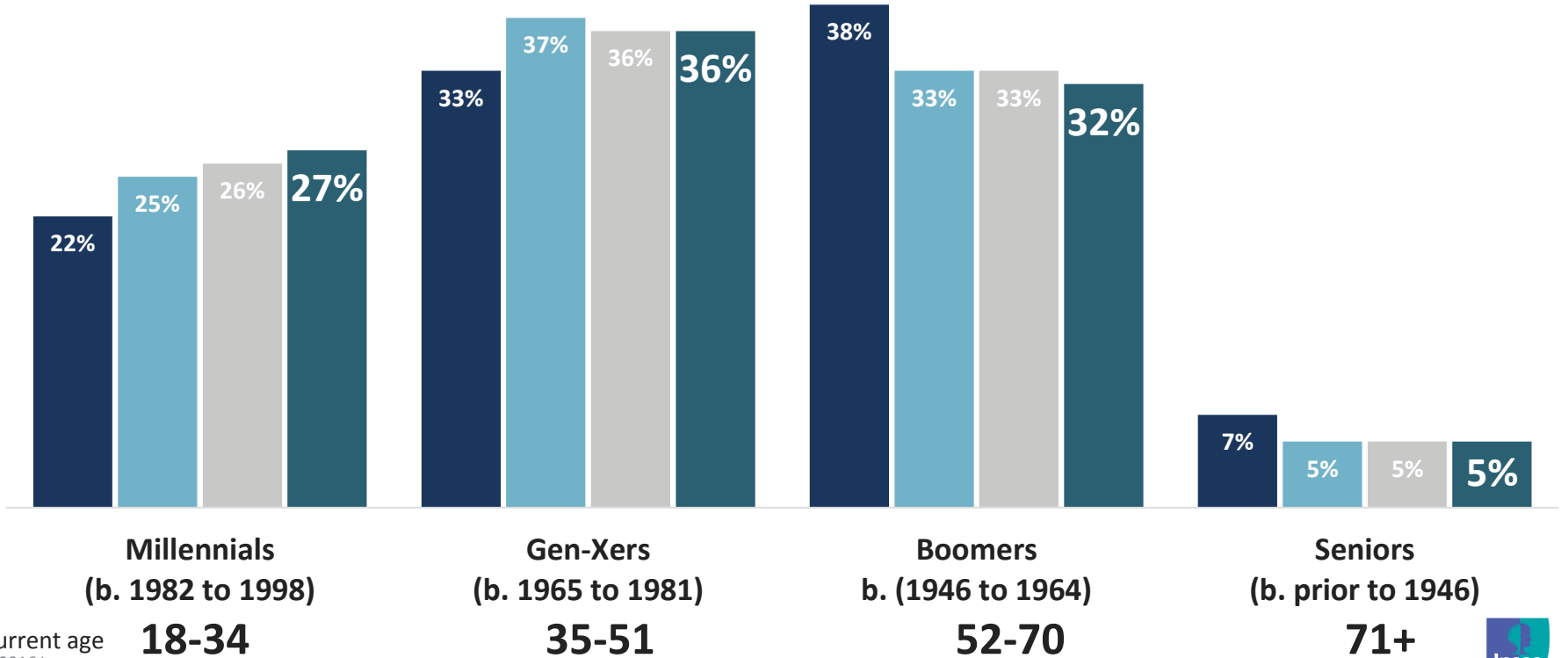


Traditional Media In Ad “Sweet Spot,” but Digital & Ambient Rising



Today, Generational Changing of the Guard Moves Inexorably Forward

■ 2014 ■ 2015 ■ Spring 2016 ■ Fall 2016



Current age
© 2016 Ipsos

Today's Agenda



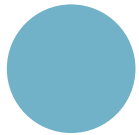
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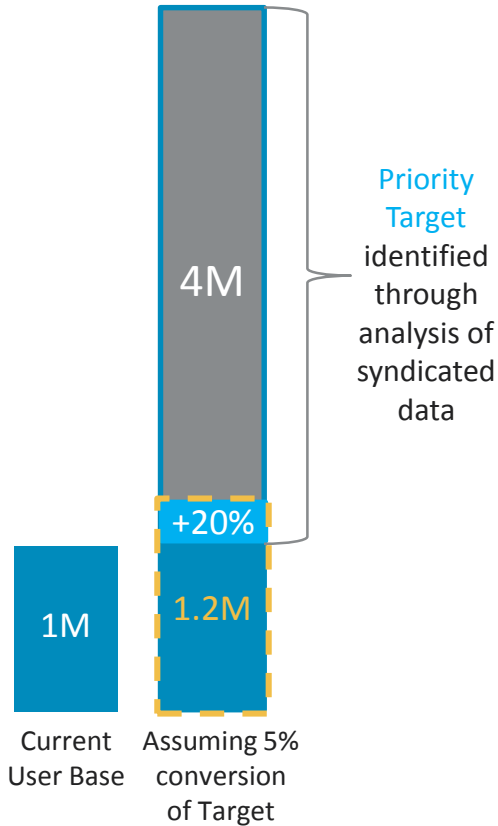
Looking Ahead: Insights Into Action



Start With a Firm Grounding in the Marketplace Context

- The democratization of luxury
 - The transformation of technology
 - An abundance of options
 - The broadening of tastes
-
- Divergent optimism
 - Rising up the hierarchy of needs
 - Continued interest in experiences
 - The evolution of luxury
-
- Digital growth driving increased media engagement
 - Streaming rising, social broadening
 - Greater interest in social/mobile/ambient
 - Generational changing of the guard

Case Study: Premium Skincare Brand



- Conducted deep **profile** analysis of current users and regression **modeling** to assess potential among non-users
- **Sized** and profiled the current and potential markets
- Key driver analysis revealed that **category spend** was best predictor of being a user
 - It is easier to move category enthusiasts to your brand than it is to boost category engagement among the indifferent
- **Segmentation** analysis identified two segments within the priority target
- Targeted **re-contact** of respondents identified by the segmentation for concept testing & qual research
 - Immediate activation: Integration of the key new consumer segment into brand's strategy via refinement in ad agency's creative & targeting

Thank You!



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Steve brings more than two decades of experience in understanding human behavior, and his insights on media use and consumer behavior are regularly cited in the media. Author of three books on affluence, Steve holds a Ph.D. in social psychology from Harvard University.



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With over 10 years of applied research experience, Maria's background is in quantitative analysis, including segmentation, predictive modeling, and other statistical methods. An ARF award winner, Maria holds an M.A. in psychometrics from Fordham University and a B.A. in economics & psychology from the University of Pennsylvania.



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