The Affluent Outlook, 2016

IPSOS AFFLUENT SURVEY
AFFLUENT USA
Media and Consumer Insights Survey

The Longest-Running, Most Widely-Used Study of Affluents

Unless otherwise noted, all data in this deck are among Affluents: $100K+ HHI

IPSOS AFFLUENT SURVEY
USA 2015
Media and Consumer Insights Survey

- **39 consecutive years; 250+ subscribers**
- **N=15,267 Affluents (adults 18+ with $100K+ HHI)**
- **Extensive re-contact capabilities**
- **Quarterly Ipsos Affluent Barometer**
- **Complementary studies in 50 additional countries**

Director & Chief Insights Officer
Ipsos Affluent Survey

Extensive survey content includes…

MEDIA

8 radio networks
11 streaming services
12 social networks
38 advertising touchpoints

102 television networks
105 independent websites
150 printed publications
300+ media brands measured cross-platform

LIFESTYLE

12 public activities participated
16 major sports involved in
47 planned life events
50 types of video content watched

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

MARKETPLACE

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

Household & personal incomes
Net worth and liquid assets
Occupation, title, industry
Plus many more

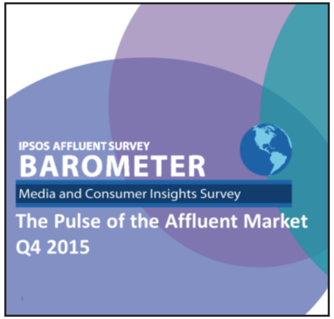
The Essence of Our Outlook

Key Take-Aways from 2015

Our Perspective on 2016

Janus: Two-headed Roman God of doorways and beginnings; namesake of January

Insights Throughout 2015



White Papers

POV Forums

Looking Ahead to 2016: Affluent Outlook ~ Q1 Ipsos Affluent Barometer ~ March IAS release

The Starting Point

"PREDICTION IS VERY DIFFICULT, ESPECIALLY IF IT'S ABOUT THE FUTURE."

ATTRIBUTED TO NIELS BOHR

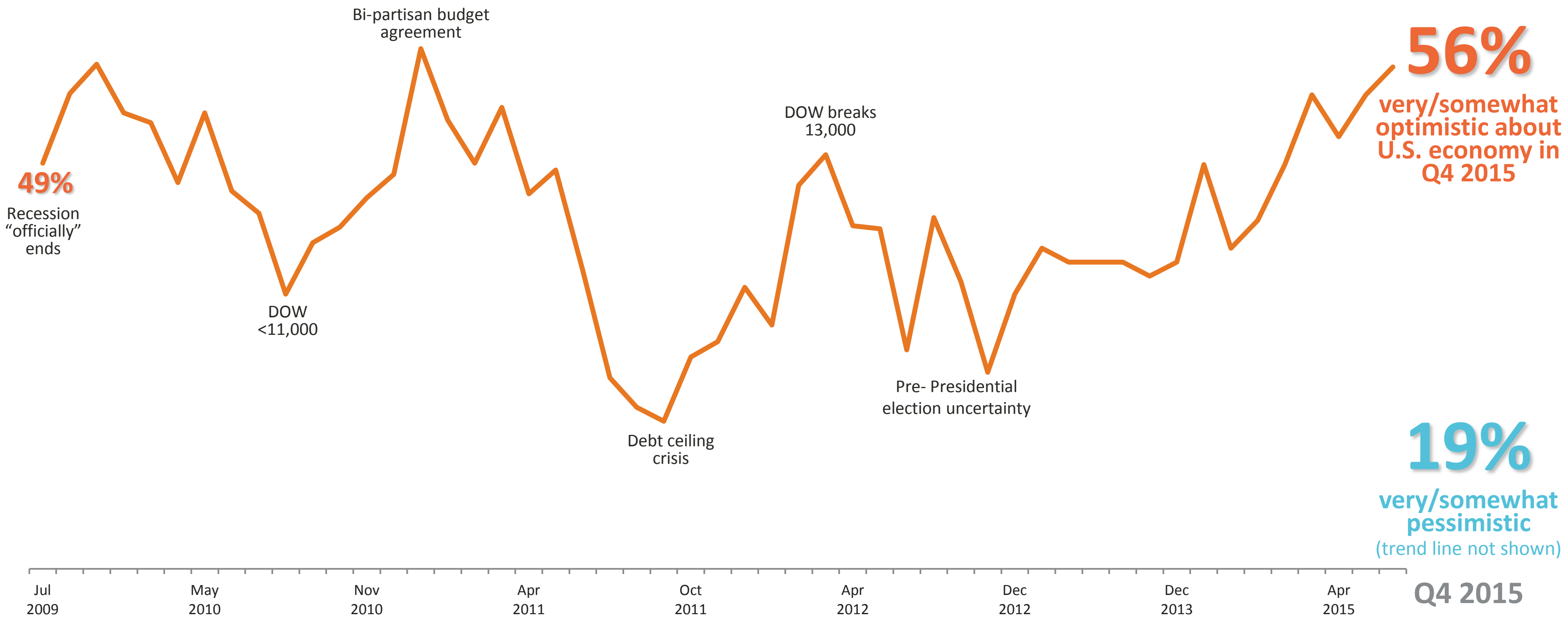
“If I could predict the future like that, I’d be at the race track.” Keith Kraus

Retrospective: The Evolution of the Affluent Mindset

2013 Restarting the engine	2014 Expansion without dilution	2015 Maintaining momentum
↑ +6% population growth ↑ HHI & net worth ↑ Discretionary spending ↑ Charitable giving ↑ Boldness & influence ↑ Pre-purchase research	• +8% population growth • Income, spending and influence remained stable or rose	• Q1: Aggressive investment attitude • Q2: Engagement with leisure up • Q3: Auto purchase intentions up 2-3X vs. 2013

IPSOS AFFLUENT SURVEY
AFFLUENT USA
Media and Consumer Insights Survey

Q4 2015: Affluent Optimism About Economy Hits Five Year High



Source: Ipsos Affluent Barometer

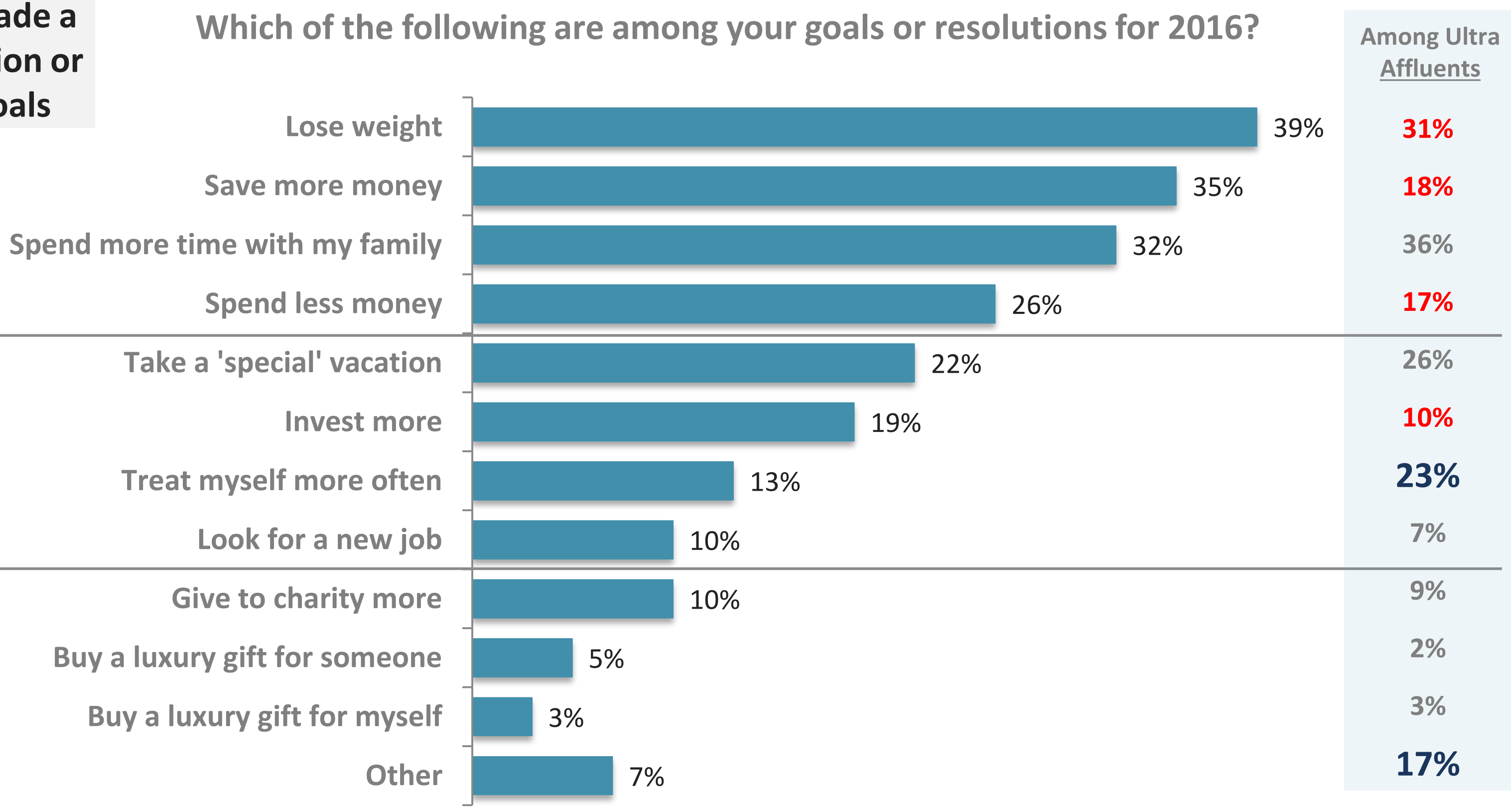
But… investment aggressiveness moderates, holiday spending intentions flat

IPSOS AFFLUENT SURVEY AFFLUENT USA Media and Consumer Insights Survey

Losing Weight & Saving Money Top Lists of Resolutions (again)

77% made a resolution or set goals

Which of the following are among your goals or resolutions for 2016?

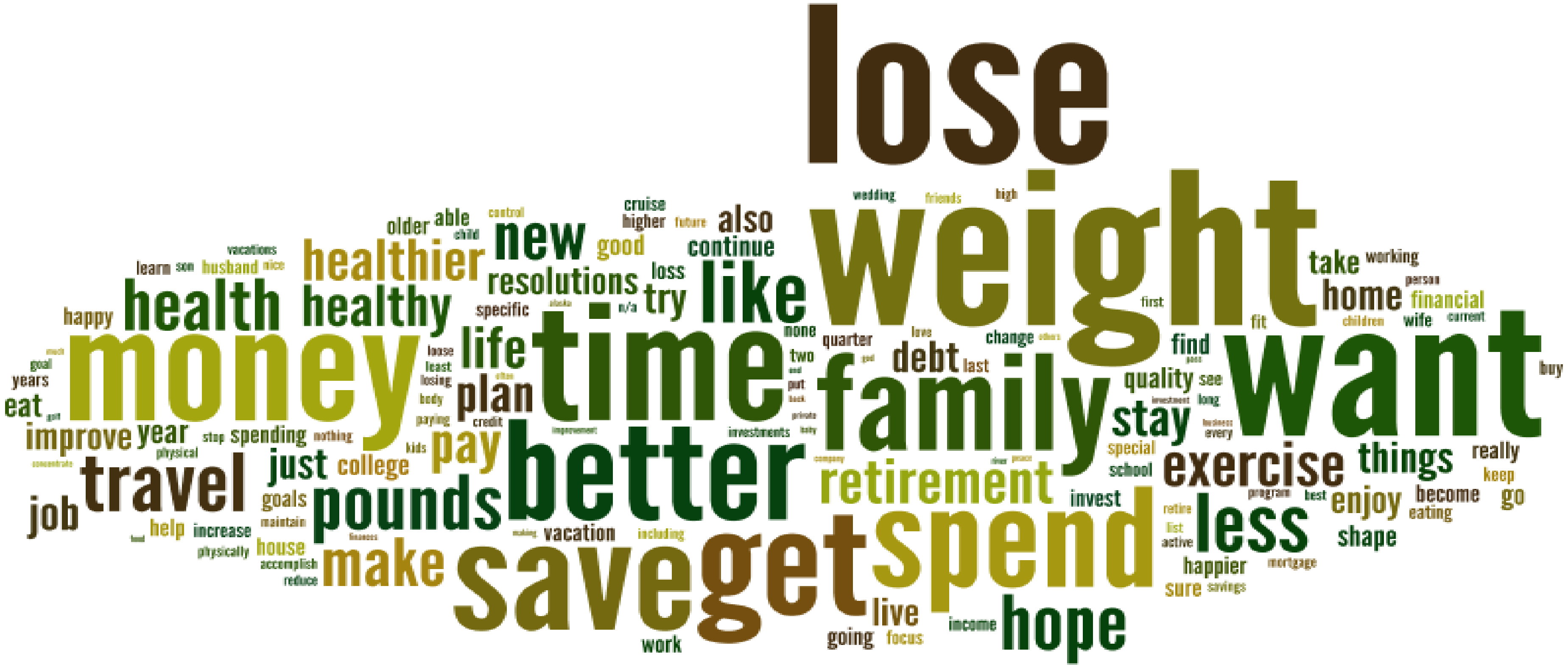


Source: Ipsos Affluent Barometer

No significant changes from previous years

IPSOS AFFLUENT SURVEY
AFFLUENT USA
Media and Consumer Insights Survey

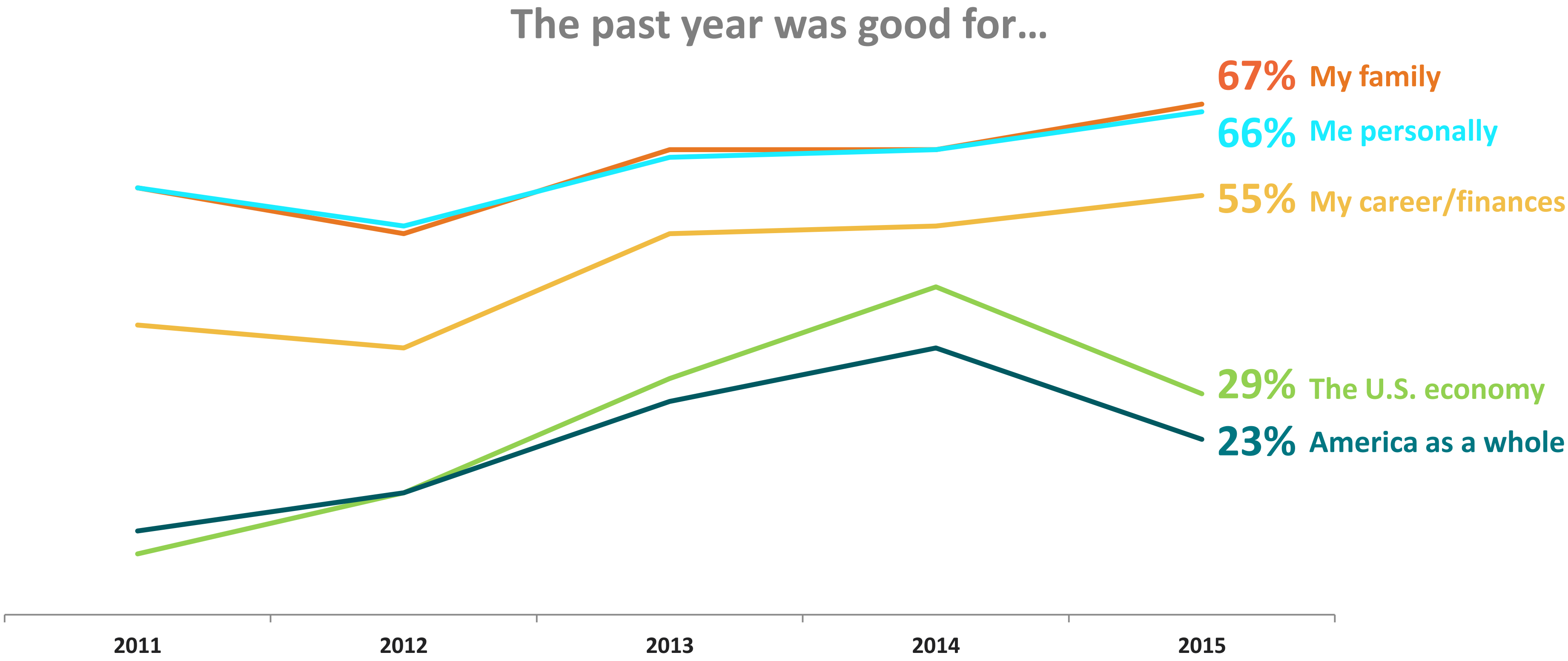
2016 Resolutions & Goals: In Their Own Words



 Source: Ipsos Affluent Barometer

IPSOS AFFLUENT SURVEY
AFFLUENT USA
Media and Consumer Insights Survey

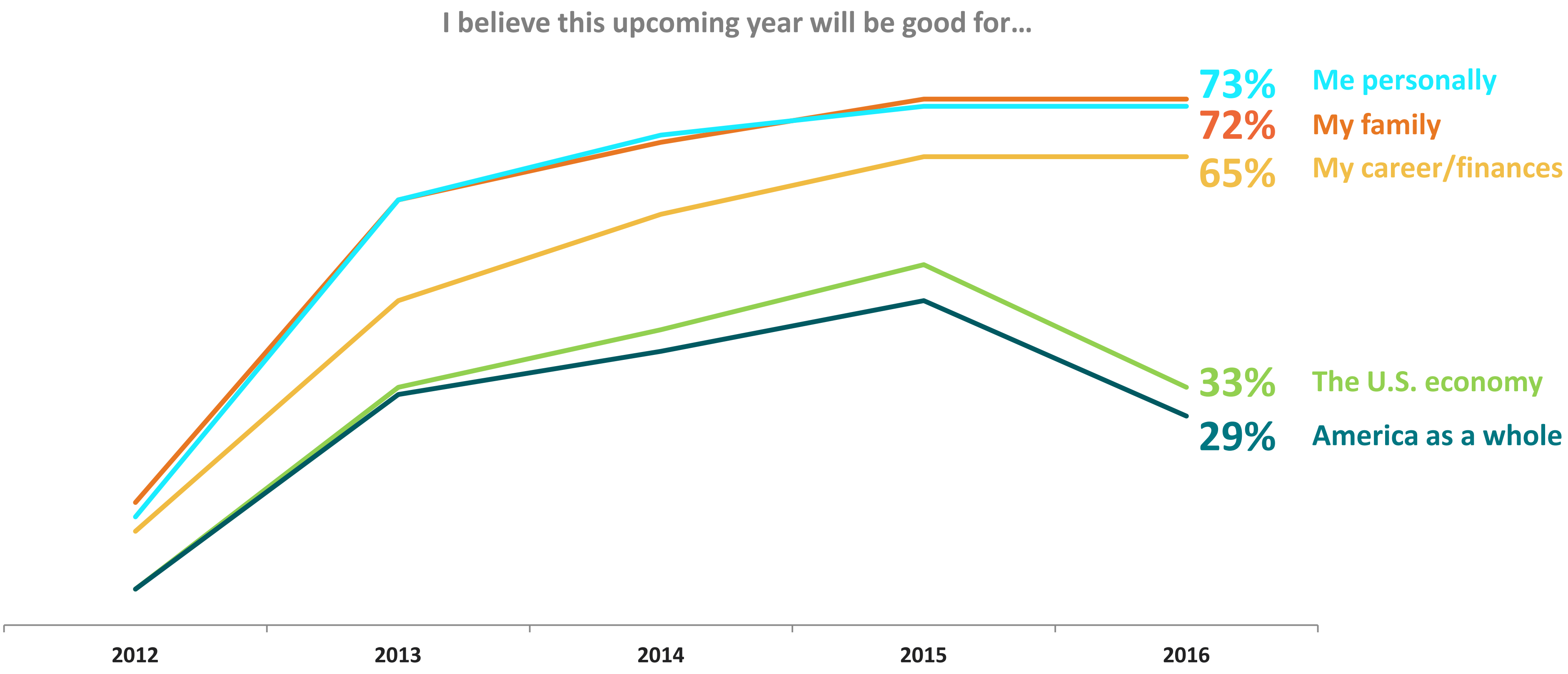
In Retrospect, Affluents Considered 2015 a Mixed Bag



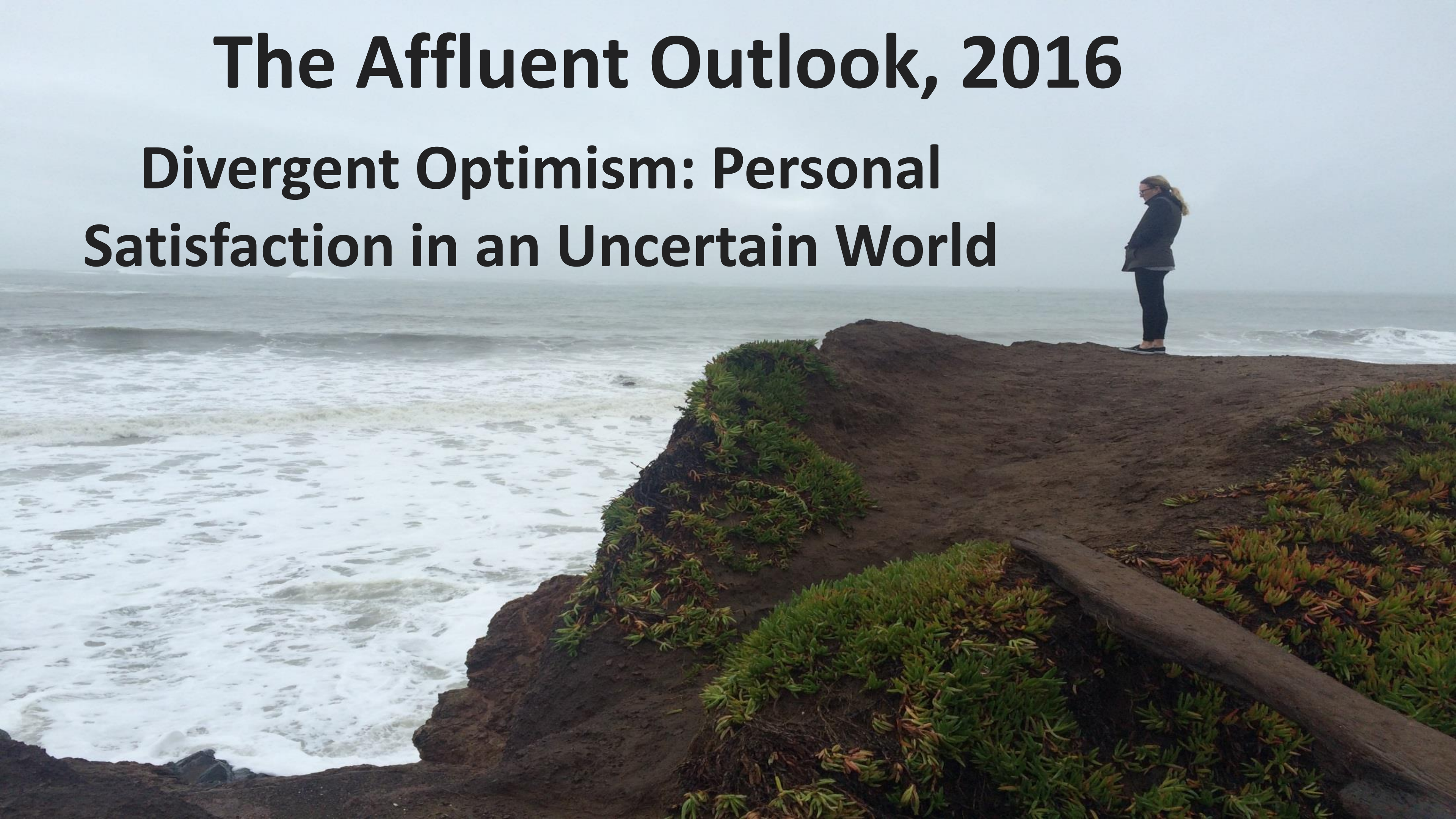
 Source: Ipsos Affluent Barometer

IPSOS AFFLUENT SURVEY AFFLUENT USA Media and Consumer Insights Survey

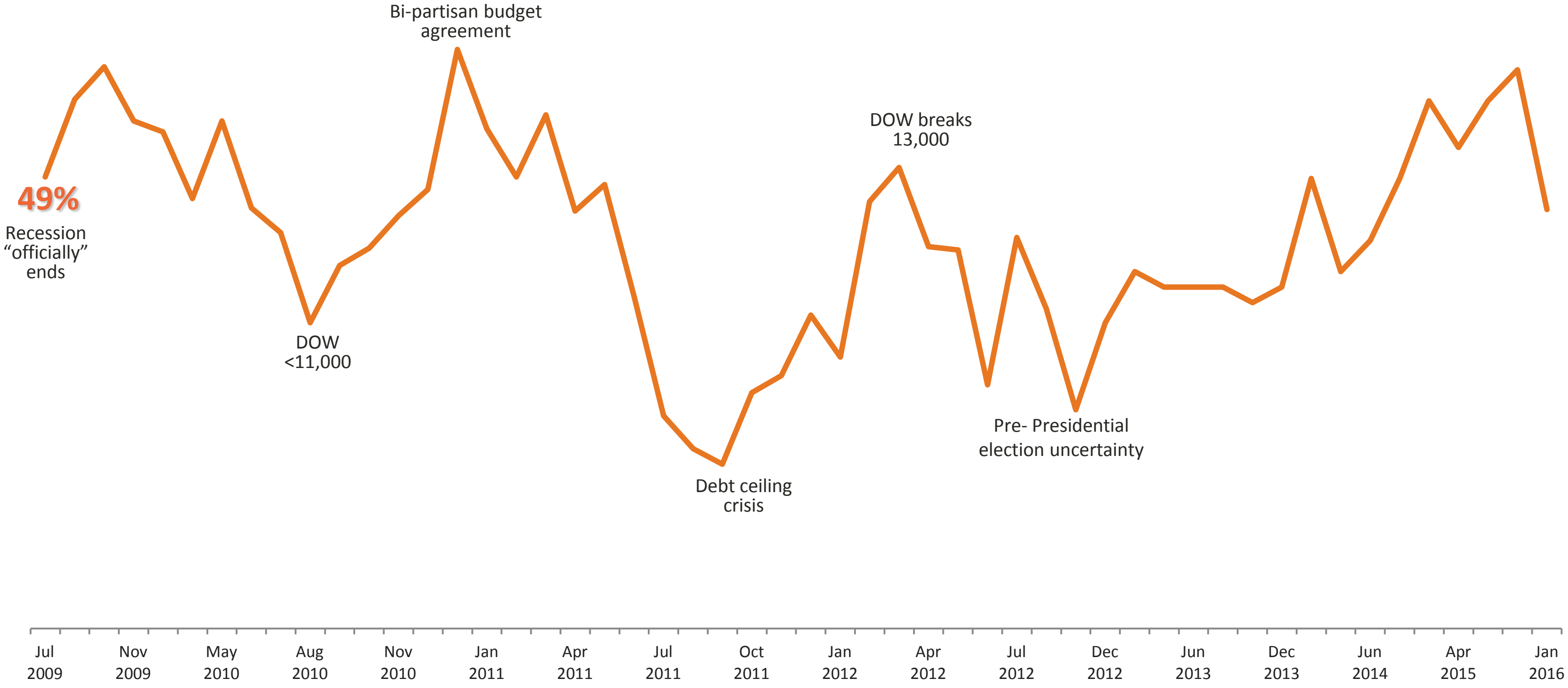
Divergent Optimism: Micro-Hope & Macro-Unease



Source: Ipsos Affluent Barometer


The Affluent Outlook, 2016
Divergent Optimism: Personal
Satisfaction in an Uncertain World

Q1 2016: Economic Optimism Tumbles Nine Points



47%
very/somewhat optimistic about U.S. economy in Q1 2016

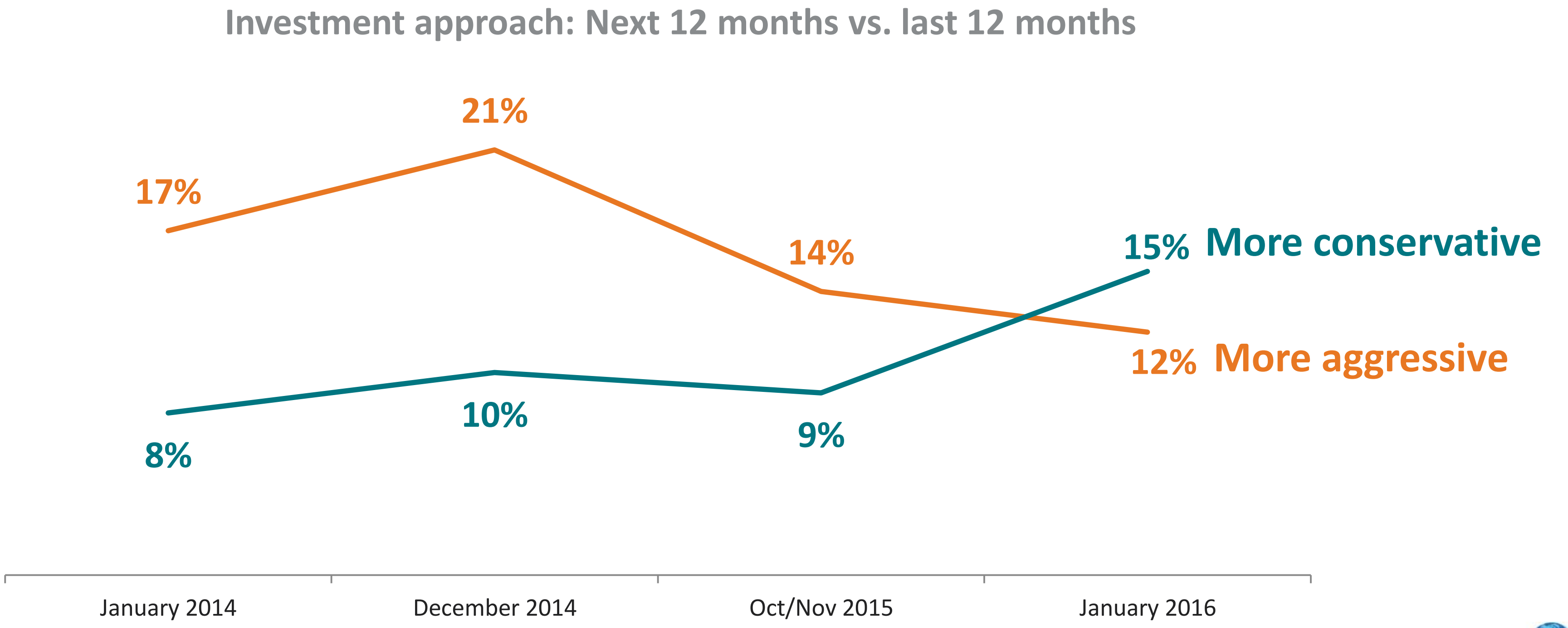
24%
very/somewhat pessimistic
(trend line not shown)

Q1 2016

 Source: Ipsos Affluent Barometer

IPSOS AFFLUENT SURVEY AFFLUENT USA Media and Consumer Insights Survey

Market Losses Temper Aggressiveness



Source: Ipsos Affluent Barometer

IPSOS AFFLUENT SURVEY
AFFLUENT USA
Media and Consumer Insights Survey

Unease Fueled by Negative Narratives

Voice of the Affluent: How Will 2016 Be Different from 2015?

Do more travelling, possibly buy a new home

I will focus more on fitness and health.

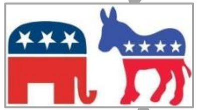
PERSONAL SATISFACTION

More travel, more fun.

My personal financial situation will improve due to my wife's business growing. I will obtain a master's degree

Personally, I plan to semi-retire and travel. I have achieved most of my life goals.

Election year politics will stress our sanity.



[the country's outlook] entirely depends on who is elected president.

For the country/world, I have no idea, but it's not looking good.

Chaos

Volatile

Harsh

Unsteady

Too much hate

Turmoil

Scary

Escalating tensions

Crazy

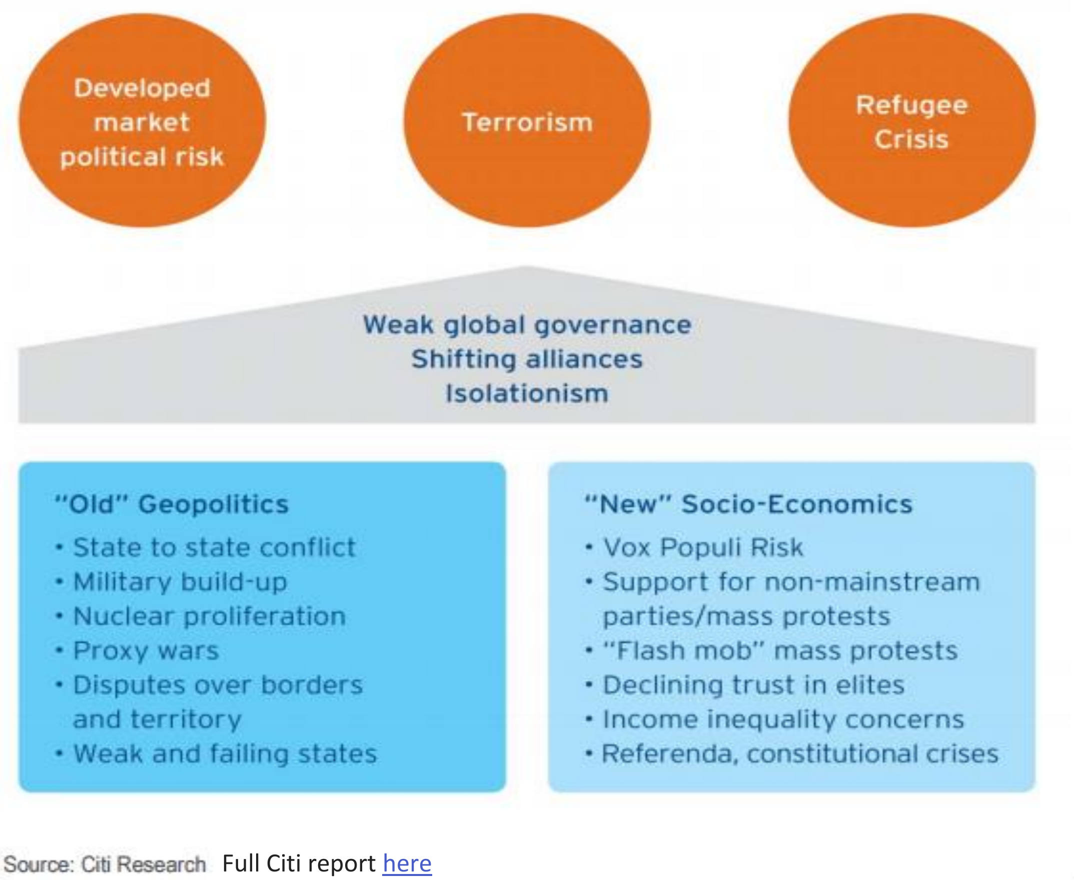
 Source: Ipsos Affluent Barometer

IPSOS AFFLUENT SURVEY
AFFLUENT USA
Media and Consumer Insights Survey

New Report: Citi Sees a Power Void Fueling Uncertainty

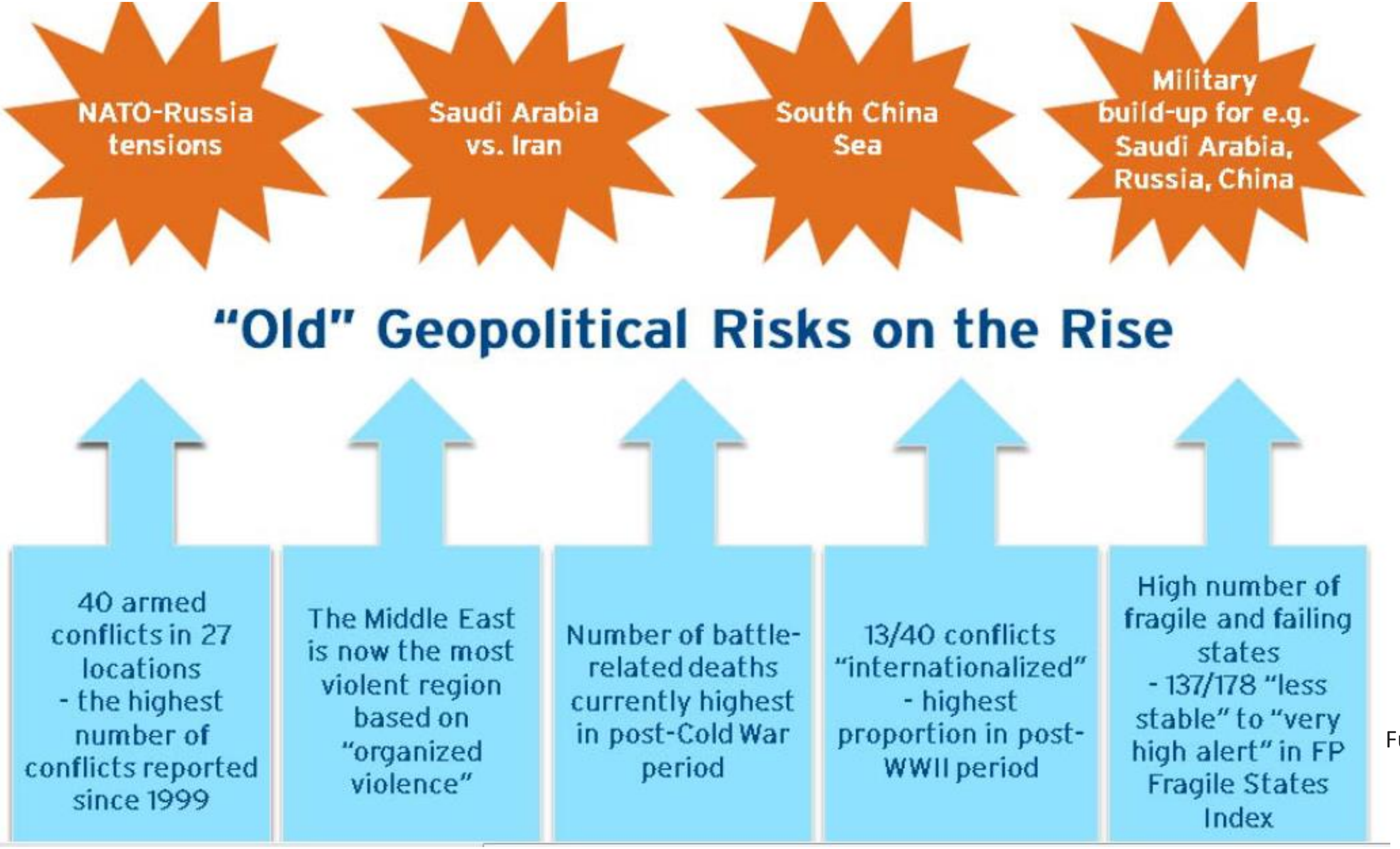
“Pax Americana: A post-World War II global order that relied… on American military, economic and diplomatic power to guarantee relative political stability and economic development.”

“Great Power Sclerosis: Pax Americana has not been effectively supplanted by another system of global order… its ability to resolve crisis, foster compromise, discipline rogue players, and defuse regional and local conflict is greatly diminished.”



Full Citi report here

Citi Quantifies the Volatility of World Events

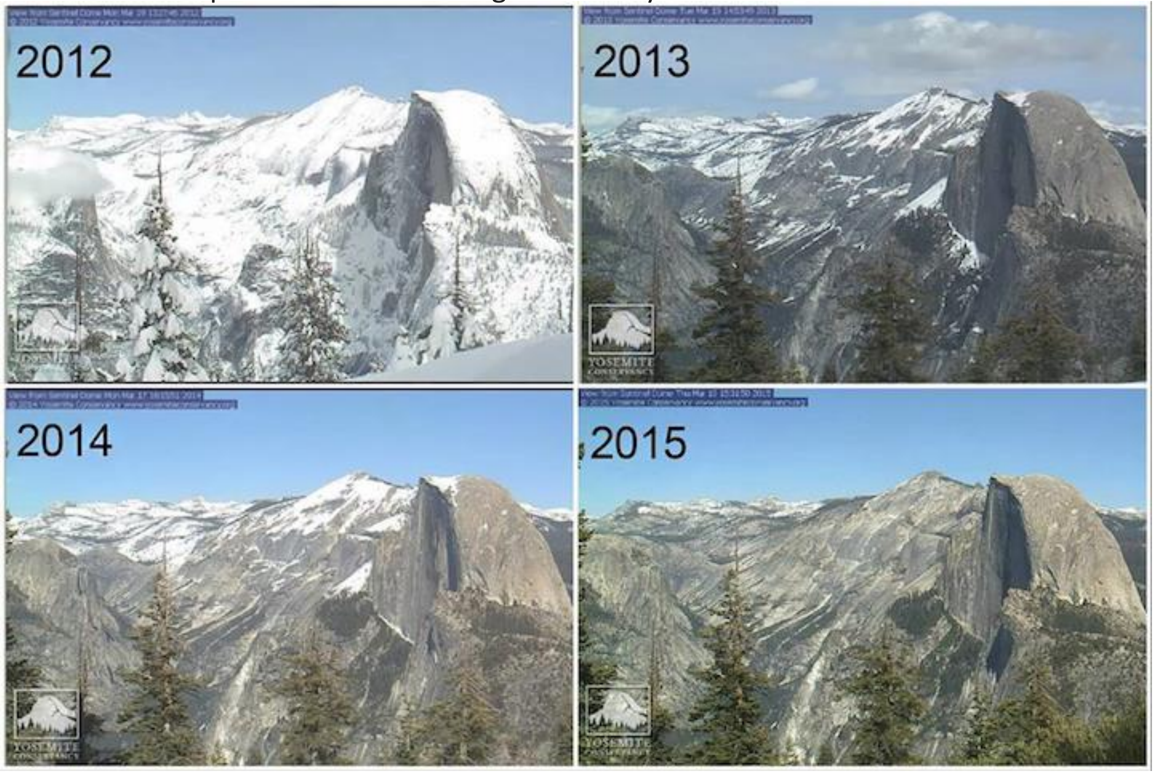


Full Citi report here

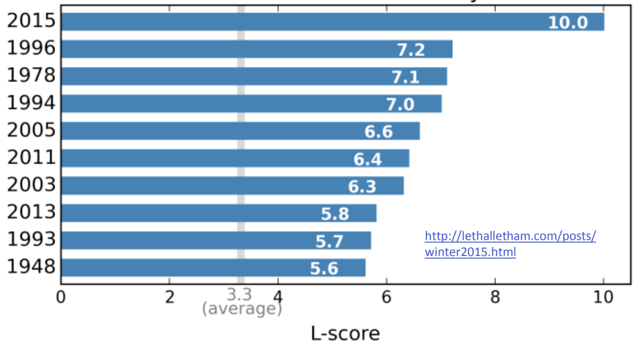
IPSOS AFFLUENT SURVEY AFFLUENT USA
Media and Consumer Insights Survey

2015: Warmest Year in History, with Unpredictable Extremes

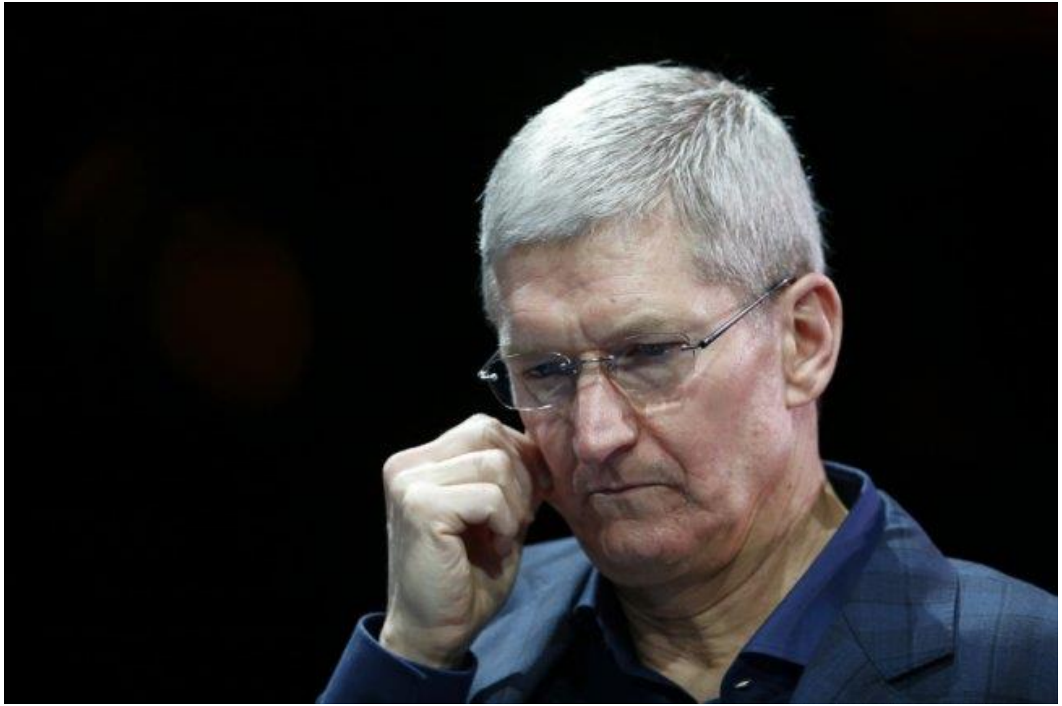
California snowpack amid worst drought in 1200 years



The 10 worst winters in the history of Boston



The Future Is Now



January 26, 2016

Apple missed expectations with $75.9 billion in revenue for Q4. Tim Cook explained a major factor was…

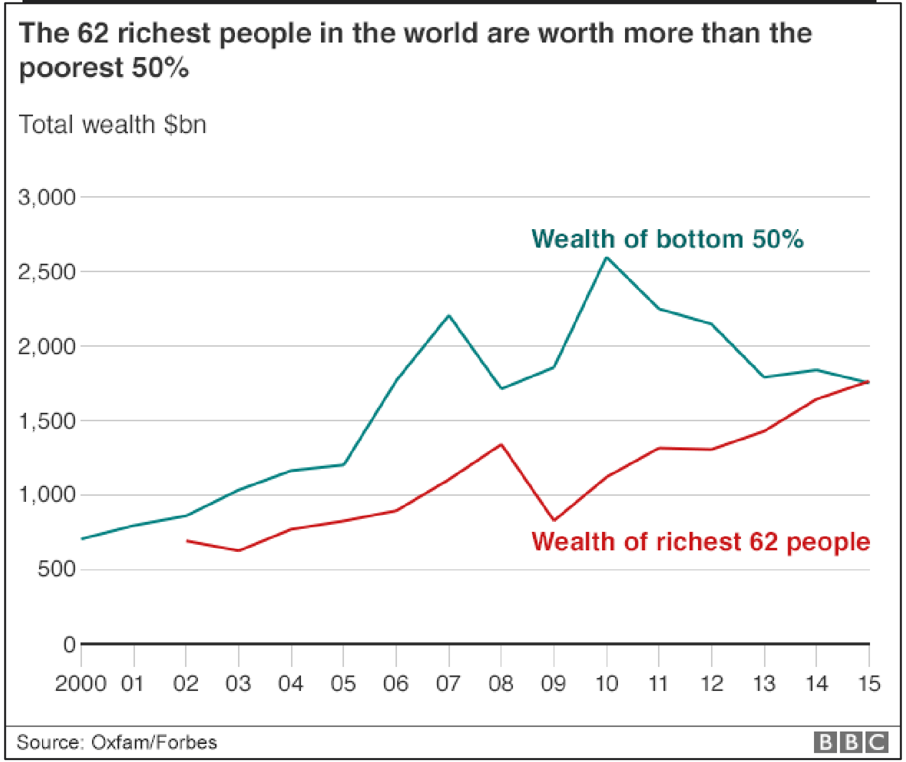
“the turbulent world around us… We're seeing extreme conditions unlike anything we have ever experienced before”

IPSOS AFFLUENT SURVEY AFFLUENT USA Media and Consumer Insights Survey

Continued Wealth Concentration

Wealth Growth Concentrated at the Very High-End

Oxfam: Top 1% now own more than the bottom 99% combined



Money isn't the only metric of "progress"

"Global inequality of life expectancy and height are narrowing… showing better nutrition and better healthcare where it matters most." Adam Smith Institute

From Poverty to Subsistence & Self-Reliance (if not wealth)

"Our Big Bet for the Future: The lives of people in poor countries will improve faster in the next 15 years than at any other time in history. And their lives will improve more than anyone else's." *Bill & Melinda Gates*

ONE: HEALTH

CHILD DEATHS WILL GO DOWN, AND MORE DISEASES WILL BE WIPED OUT

READ NOW

TWO: FARMING

AFRICA WILL BE ABLE TO FEED ITSELF

READ NOW

THREE: BANKING

MOBILE BANKING WILL HELP THE POOR TRANSFORM THEIR LIVES

READ NOW

FOUR: EDUCATION

BETTER SOFTWARE WILL REVOLUTIONIZE LEARNING

READ NOW

IPSOS AFFLUENT SURVEY
AFFLUENT USA
Media and Consumer Insights Survey

Affluents & Ultra Affluents Perceive Top 1% As "Further Away"

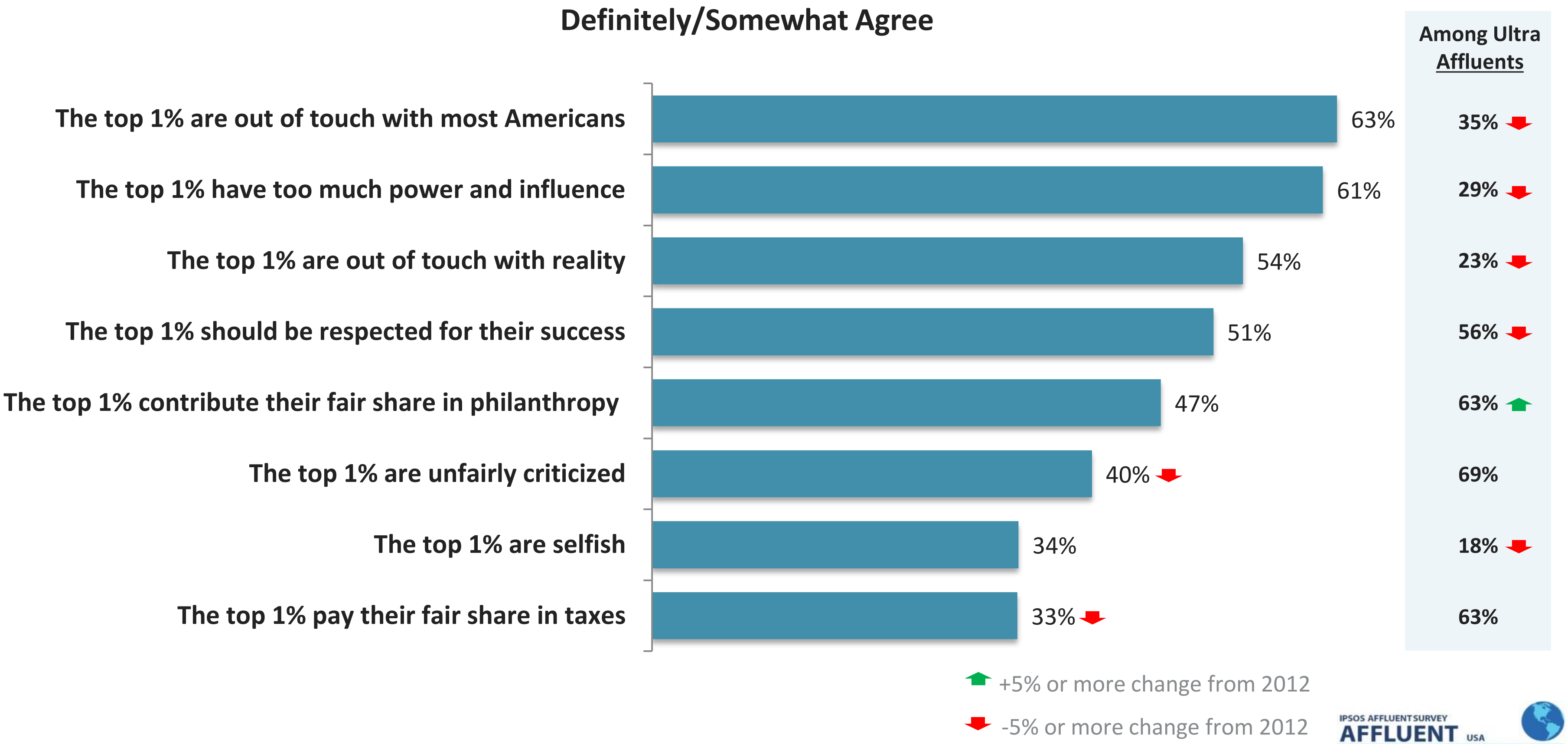
	Affluents		Ultra Affluents	
	May 2012	Q4 2015	May 2012	Q4 2015
Do you believe you are currently in the top 1%?	6%	7%	25%	15% ↓
If not currently…				
Do you expect to be in 1% someday?	15%	8% ↓	37%	28% ↓
What % do you believe you are in?	38%	38%	21%	27% ↑

80% agree: "These days, the rich just keep on getting richer" (Ultra Affluents: 50%)

Source: Ipsos Affluent Barometer

IPSOS AFFLUENT SURVEY AFFLUENT USA Media and Consumer Insights Survey

Shifting Opinions of the Top 1%

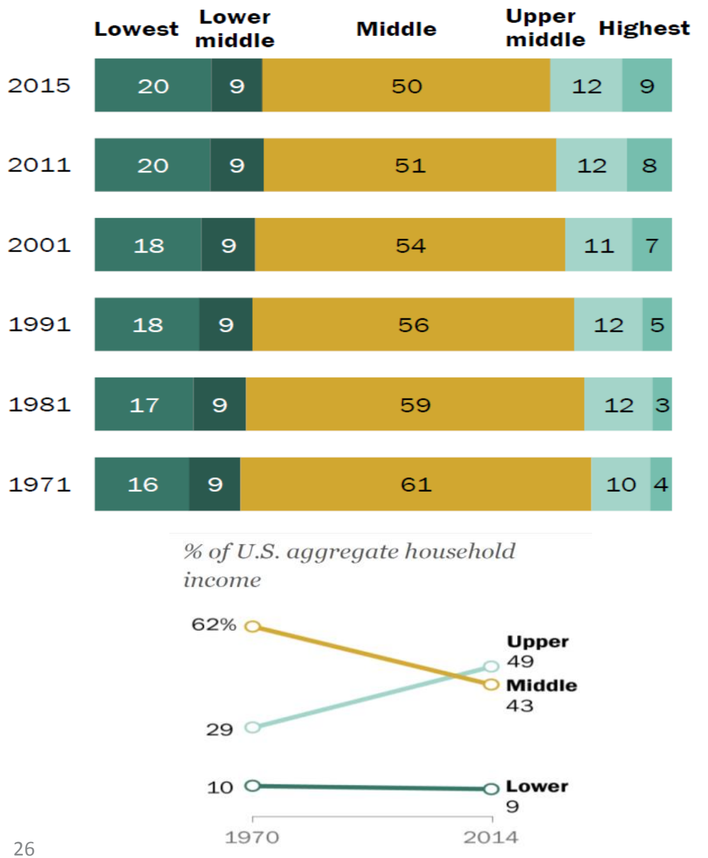


Source: Ipsos Affluent Barometer

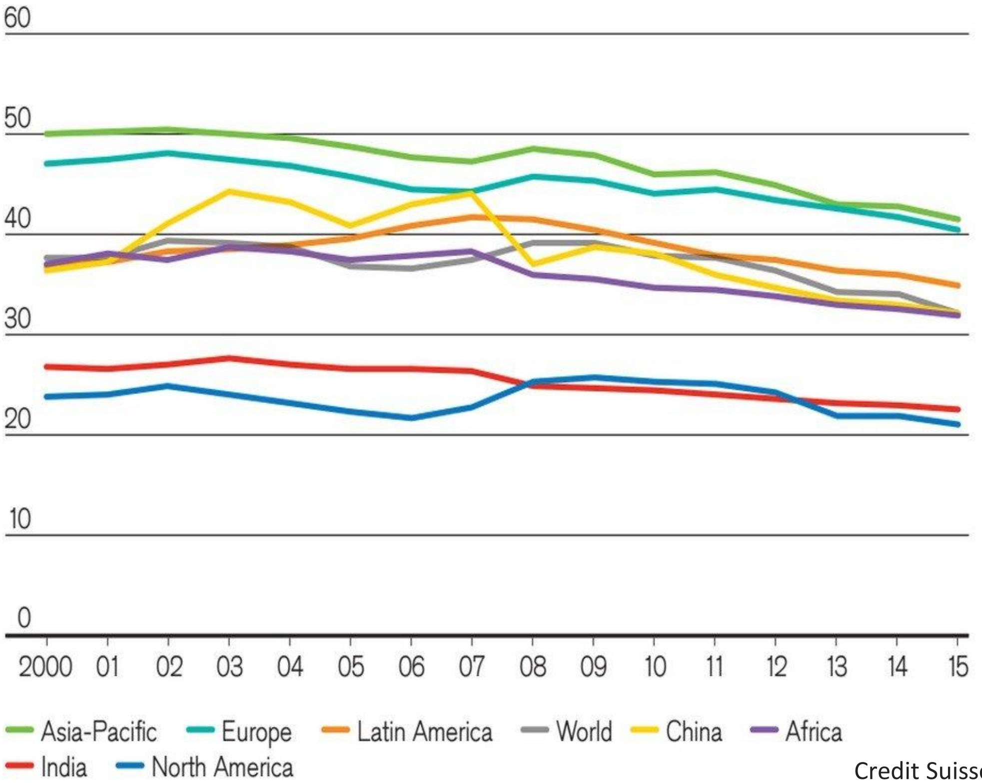
IPSOS AFFLUENT SURVEY AFFLUENT USA
Media and Consumer Insights Survey

The Middle Class Squeeze Continues

% of Americans by income tier



Percentage of wealth owned by middle-class adults, 2000–2015, by region

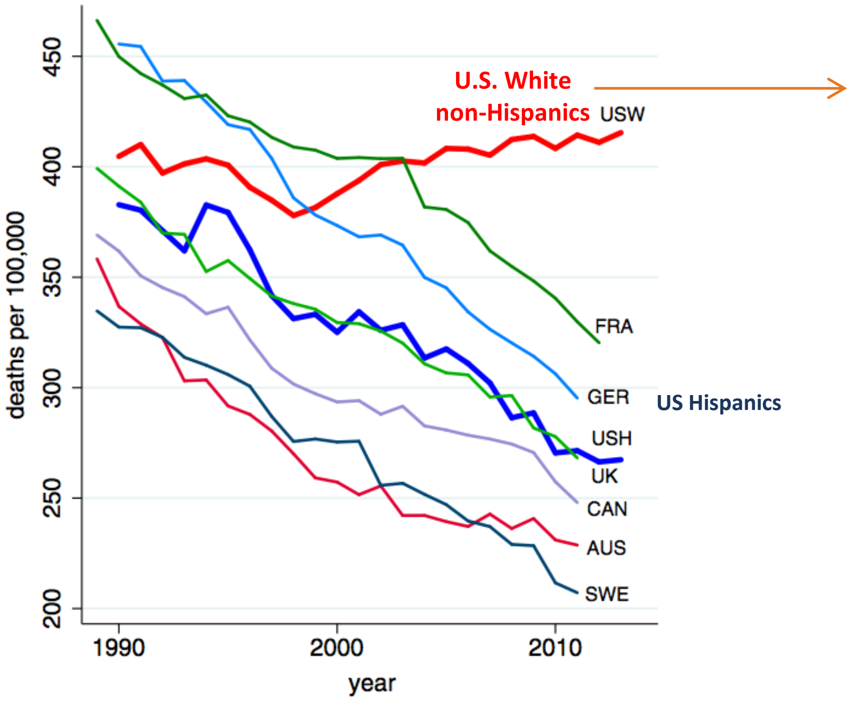


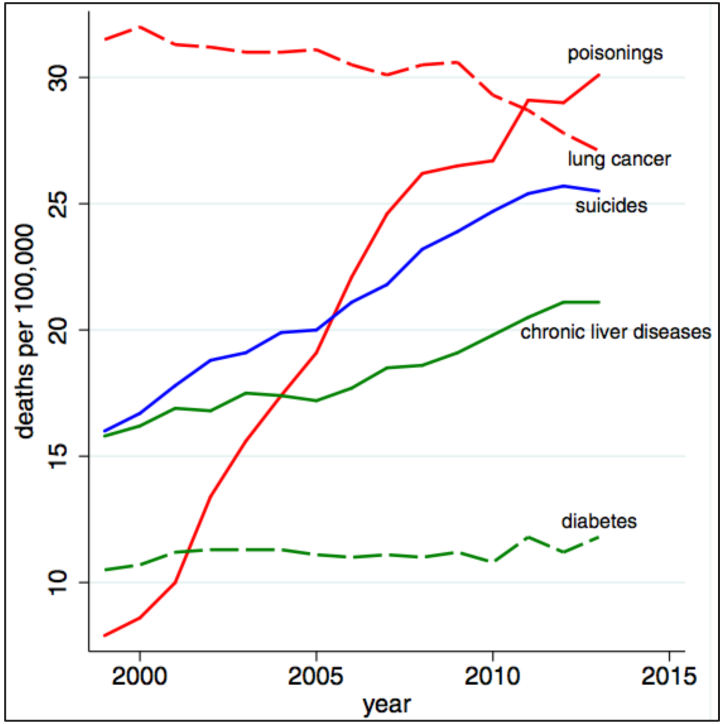
Credit Suisse

Less-Educated White Boomers "Dying of Despair"?

"After the productivity slowdown in the early 1970s, and with widening income inequality, many of the baby-boom generation are the first to find, in midlife, that they will not be better off than were their parents."

Mortality rate for 45-54 year olds

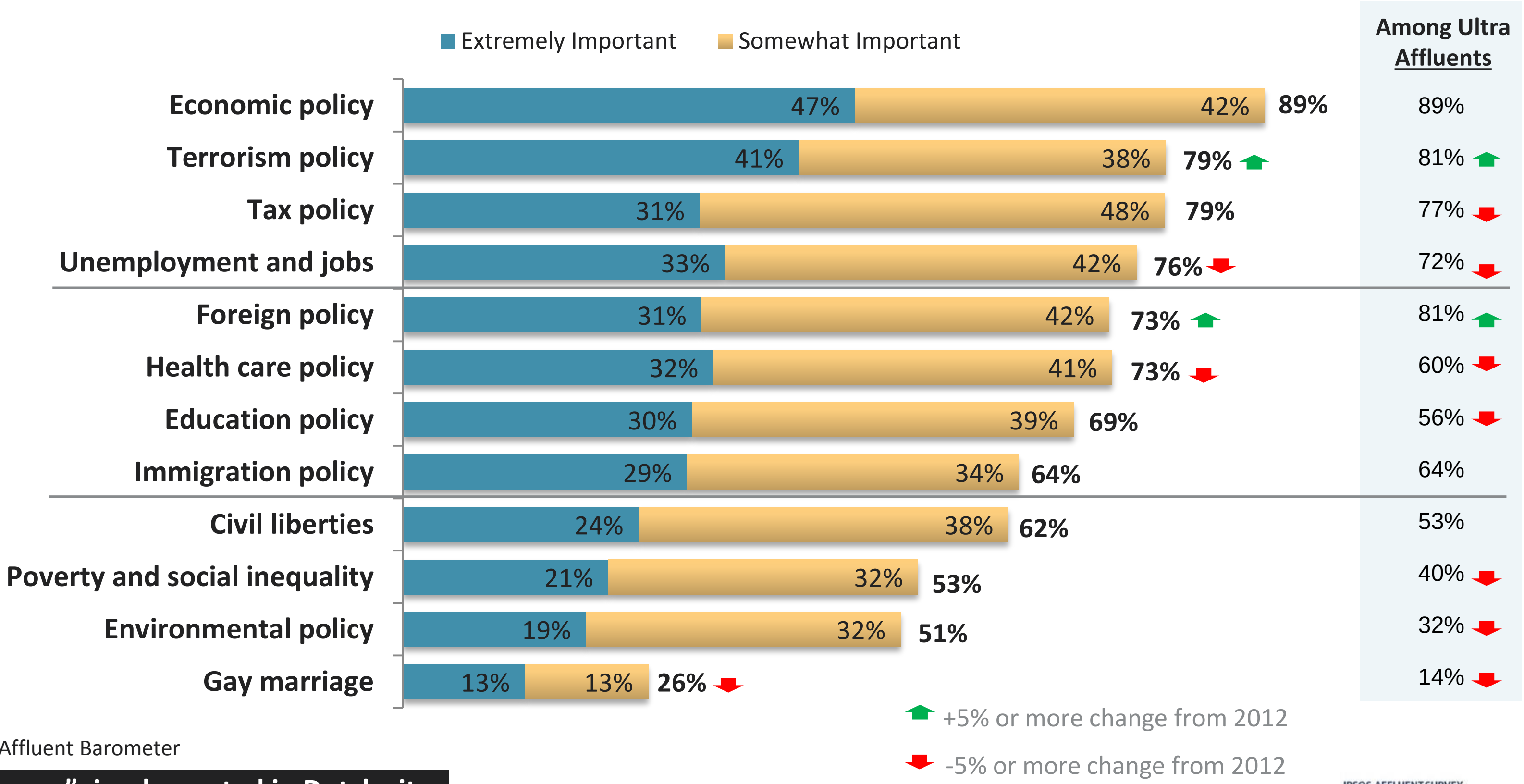




http://www.pnas.org/content/112/49/15078.abstract

IPSOS AFFLUENT SURVEY
AFFLUENT USA
Media and Consumer Insights Survey

Economy & Terrorism (not inequality) Are Top U.S. Voting Priorities



Source: Ipsos Affluent Barometer

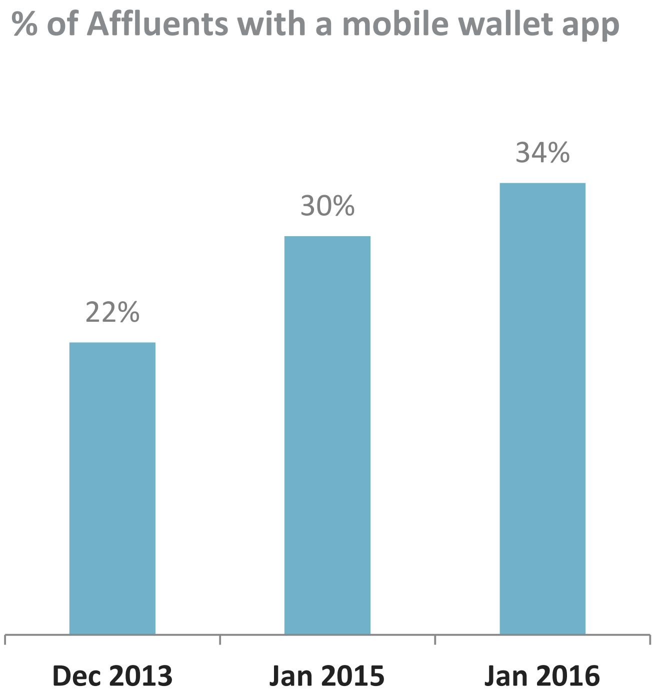
Note: +/- 5% arrows only shown for NET of Any Extremely/Somewhat Important

"Basic income": implemented in Dutch city Utrecht; Swiss referendum coming in 2016

IPSOS AFFLUENT SURVEY AFFLUENT USA Media and Consumer Insights Survey

A New Transaction Ecosystem

Mobile Wallet Growth Moderates



Ultra Affluents: 50%
Affluent Millennial men: 53%

Among those with mobile wallet apps…

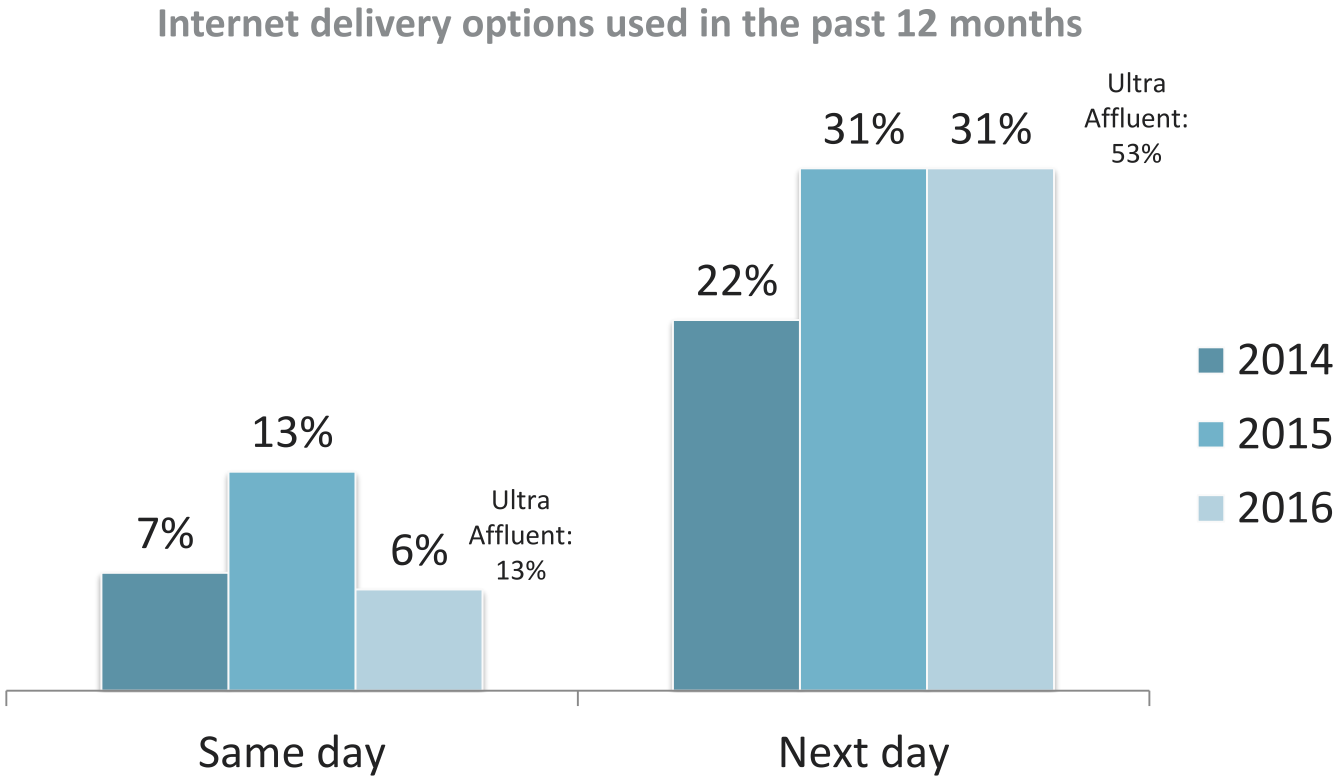
	Dec 2013	Jan 2015	Jan 2016
Frequency of use			
Daily	6%	11%	5%
At least weekly	29%	38%	36%
Brand			
PayPal	70%	72%	51%
Apple Pay	--	26%	25%
Google Wallet	24%	26%	15%

Among those without a mobile wallet app, 32% are at least somewhat interested

Top categories for mobile purchases: coffee, groceries, clothing

 Source: Ipsos Affluent Barometer

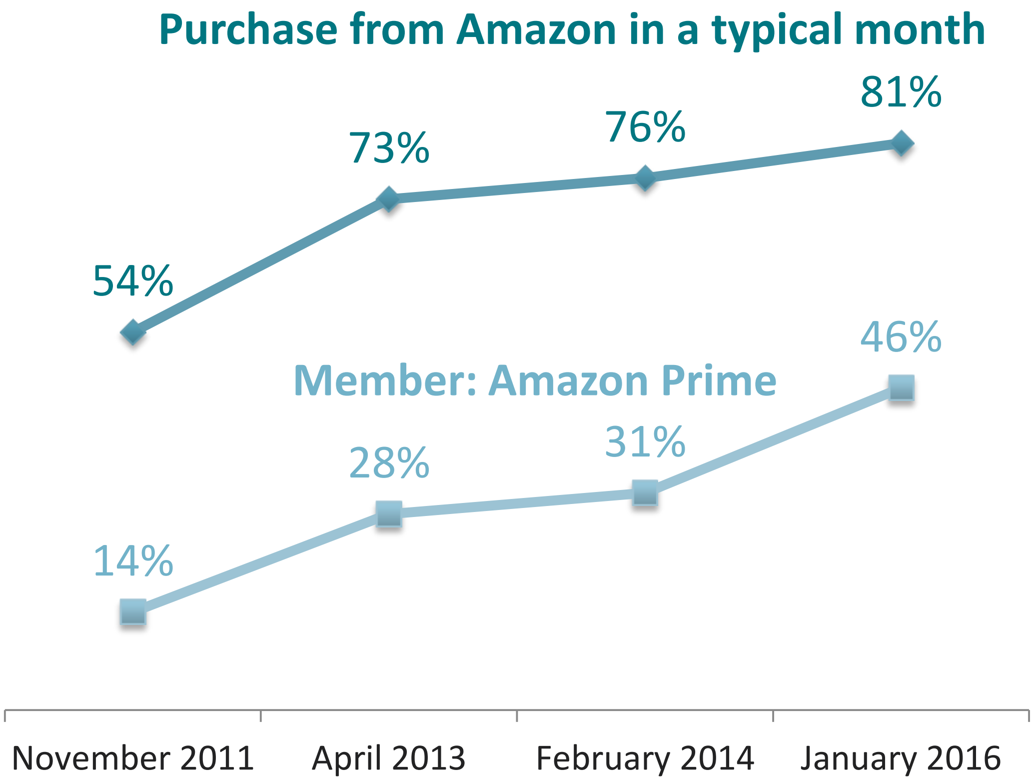
Growth in Usage of Fast Delivery Options Moderates



 Source: Ipsos Affluent Barometer

IPSOS AFFLUENT SURVEY
AFFLUENT USA
Media and Consumer Insights Survey

Nearly Half Now Have Amazon Prime



Affluent Xer women: 55%
Affluent Millennial men: 56%

13%

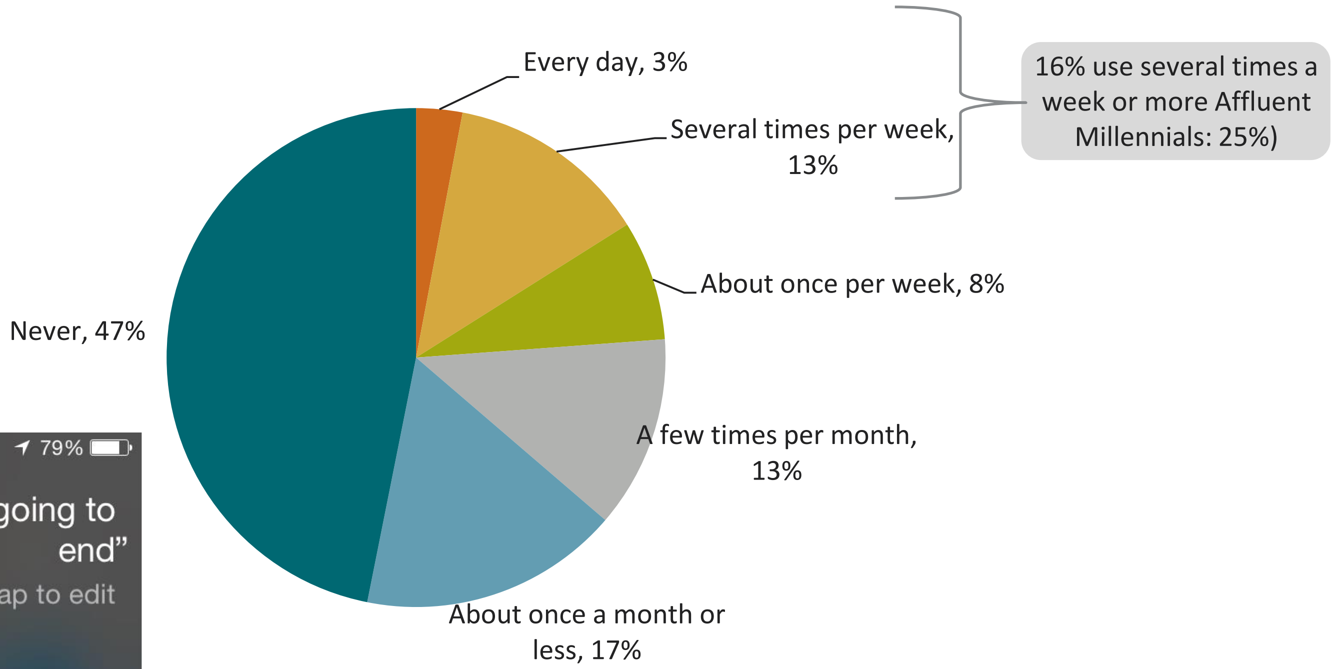
Subscribe to a service that automatically deliver products to you on a regular basis, without you having to specifically re-order (Affluent Xer women: 20%)

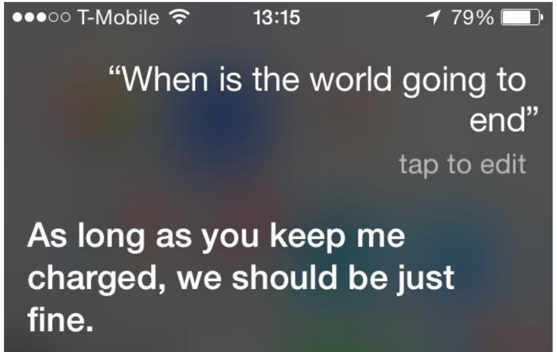
 Source: Ipsos Affluent Barometer

IPSOS AFFLUENT SURVEY AFFLUENT USA Media and Consumer Insights Survey

One-in-Four Use Virtual Assistants At Least Weekly

How often, if at all, do you use “virtual assistants” on your phone?



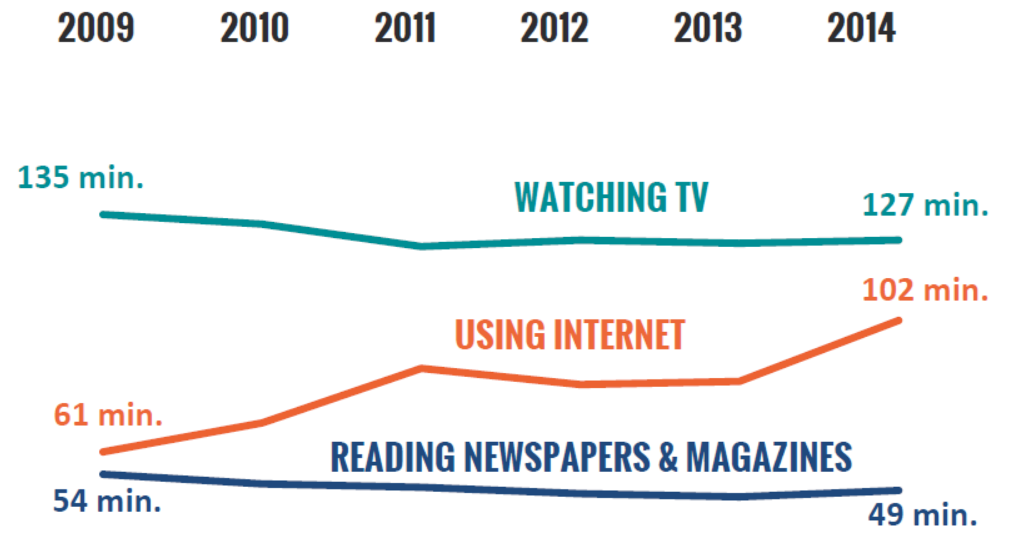


Source: Ipsos Affluent Barometer

Media-Philia: The love of media

Media-Philia: A Love of Media that Transcends Platforms

Ipsos Affluent Survey Europe: Digital media uses rises, while traditional remains largely stable



Source: *EMS 2009 / Ipsos Affluent 2015*
Base: *Total, excl. Greece, Czech Rep., Hungary, Poland, Russia & Turkey)*

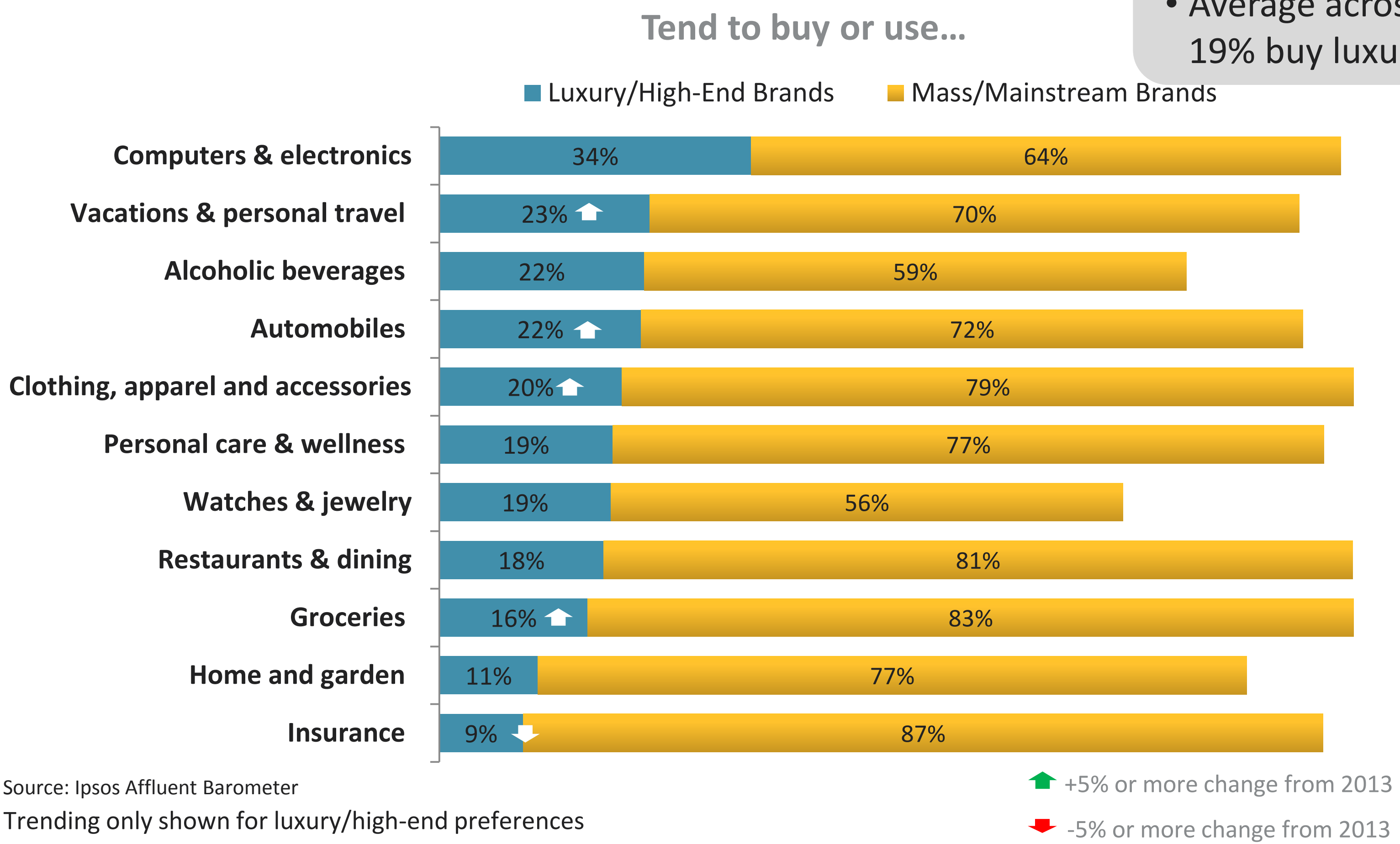
"571 million print books were sold in 2015, 17 million more than the year before. Meanwhile, e-books, which were once predicted to reach 50% to 60% of total book sales, hovered at just 25%." Los Angeles Times

IPSOS AFFLUENT SURVEY
AFFLUENT USA
Media and Consumer Insights Survey

A Look At Luxury

Most Buy at the High-End in At Least One Category

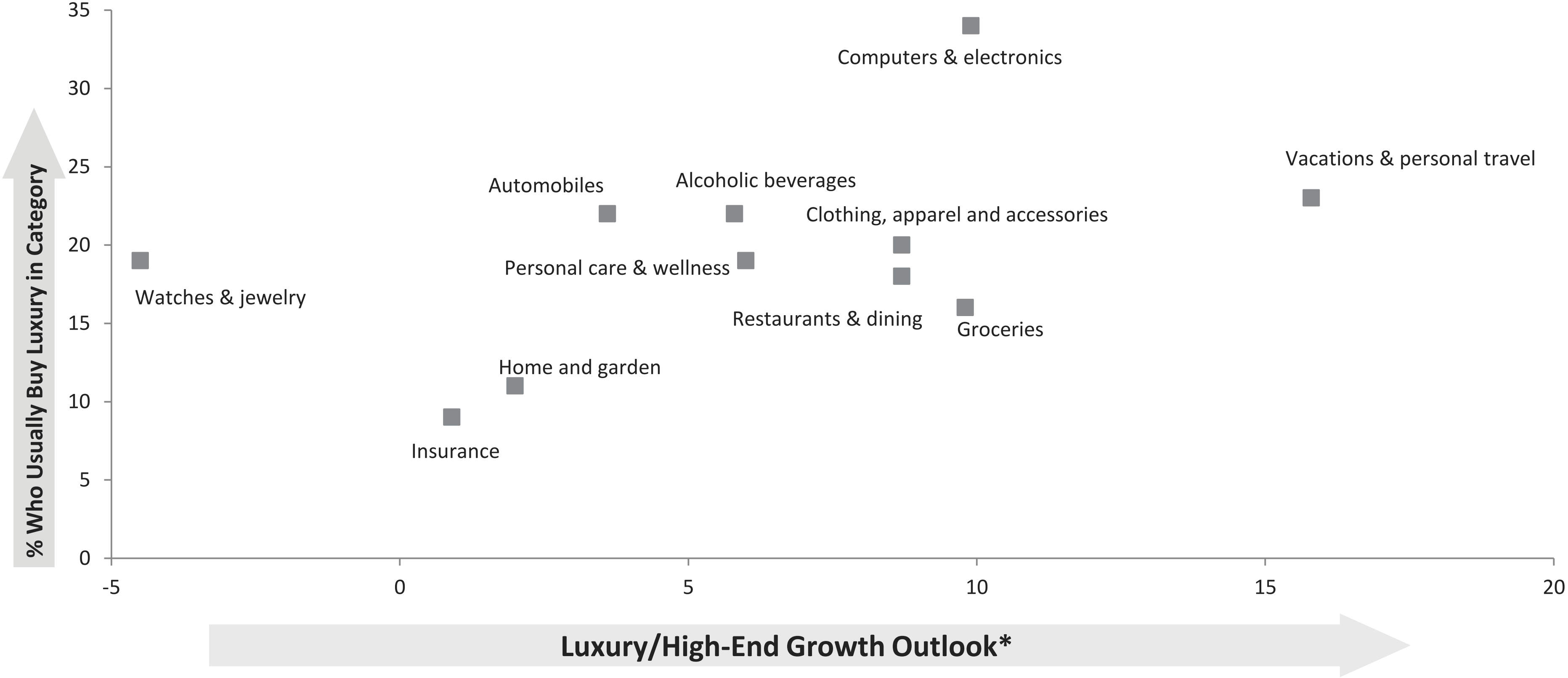
- 60% buy luxury in at least one category
- Average across categories: 19% buy luxury



Source: Ipsos Affluent Barometer

Trending only shown for luxury/high-end preferences

Experientials (food, groceries) & Tech Top High-End Growth Indices

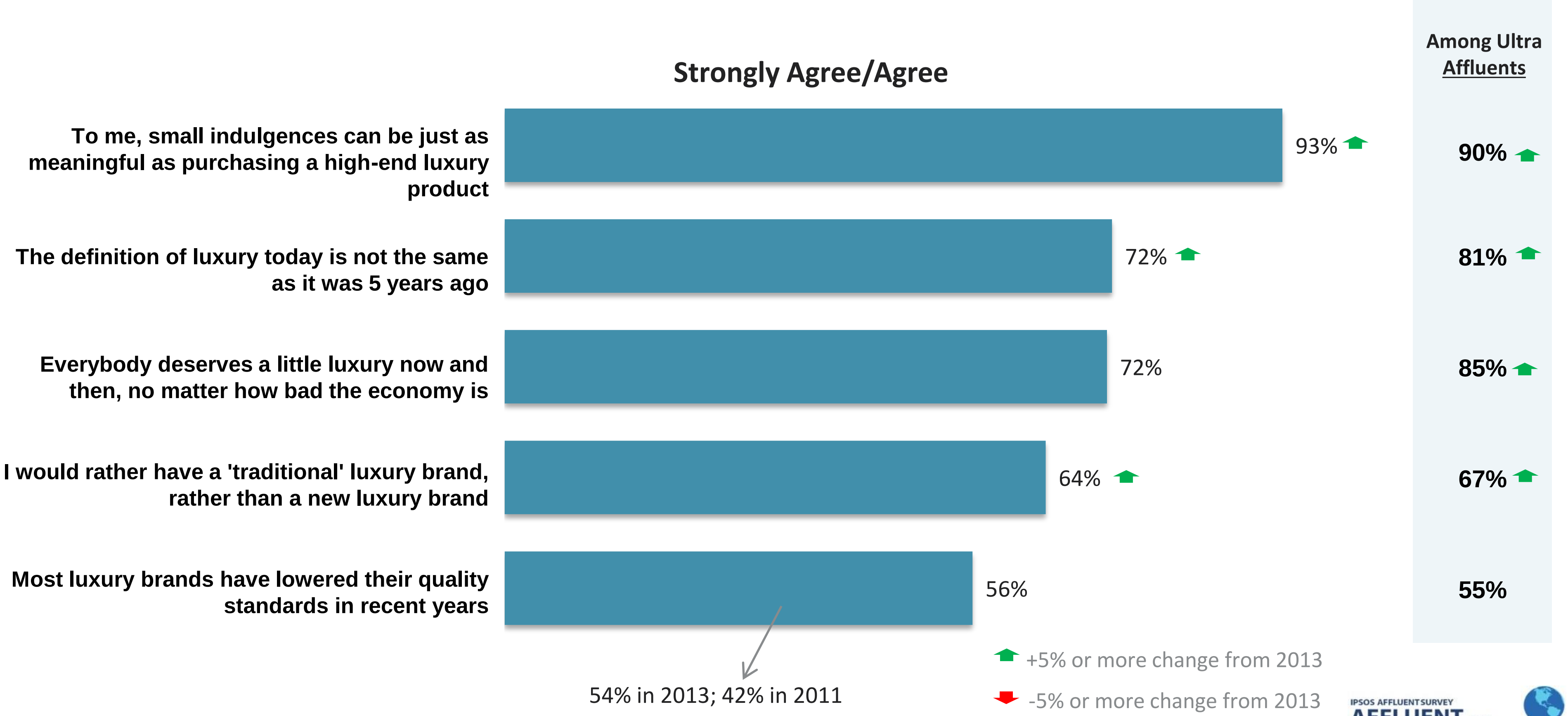


* % whose interest in luxury/high-end/premium brands within category will "increase" minus the % who will "decrease" in next six months

Source: Ipsos Affluent Barometer

IPSOS AFFLUENT SURVEY
AFFLUENT USA
Media and Consumer Insights Survey

The Qualitative Evolution of Luxury



 Source: Ipsos Affluent Barometer

IPSOS AFFLUENT SURVEY AFFLUENT USA Media and Consumer Insights Survey

Classic Luxury Brands Still Top-of-Mind Category Leaders

When you think about luxury products and services, which brands come to mind?

 Source: Ipsos Affluent Barometer

IPSOS AFFLUENT SURVEY
AFFLUENT USA
Media and Consumer Insights Survey

Summing Up: Key Trends and Evolving Consumer Needs

Key Trends

DIVERGENT OPTIMISM

New transaction ecosystem

Trust in ambient intelligence

Continued income concentration (1% is “further away”)

Media-Philia

Interest in experiences

Instant economy

Access economy

Quantified self

Sentiments & Opportunities

Control

Predictability

Novelty

Information

Being “in the know”

“One less thing I have to worry about”

“I’ll focus on what I can control”

Flip side positioning: World as exciting; full of opportunity & experiences

YOLO/FOMO

Self & health

Friends & family

The new nesting

Thank You!

Stephen Kraus, Ph.D.

Director, Ipsos Affluent Survey USA

Chief Insights Officer, Ipsos Connect

415.690.0531

Steve.Kraus@Ipsos.com