



Who Are the Affluent?

The most resilient market segment

Net Worth, Entire Population

Net Worth, Top 20%

Affluent Income Mirrors Net Worth

Affluent Market Skews Older

The Affluent

“Who Are the Affluent?” defines a target market that matters to almost all of us. Our next *QuickFacts* report will continue with more on the buying patterns of Affluents.

“Who Are the Affluent?” is part of **Kleidon Publishing’s Quick Facts Series** featuring news, data and research. *QuickFacts* supplies our clients and friends with a time-saving source of research and facts, in the form of charts and Excel documents, to make the knowledge demands of daily marketing an easier task. Our data comes from major research sources and captures essential marketing data for a fast, easy glance at trends.

The charts in this collection are ready to use to support your marketing goals. Feel free to share the whole presentation or any slide with your colleagues and business partners, but **please maintain credits to Kleidon** and the reference sources we cite. Visit our blog at www.signal.kleidon.com/ and check the archives under Rose Kleidon for a soft copy.

Spending Patterns of the Wealthy

The top 5% of American earners accounts for about one-third of all buying in the U.S., or more than twice as much as the next lower 15%.

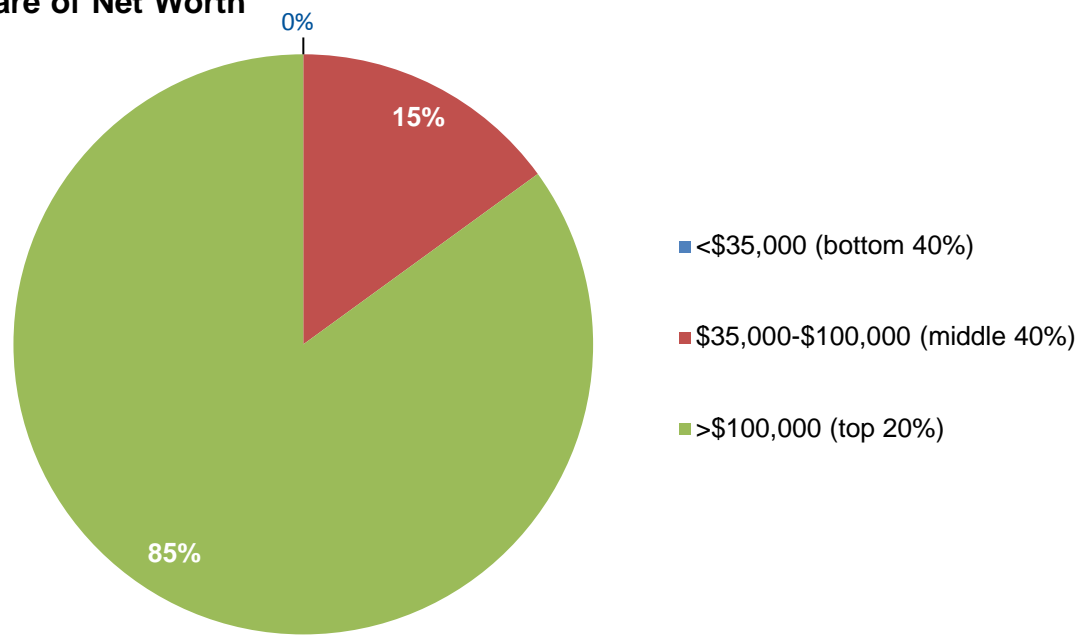
The entire affluent group, or top 20%, buys 60% of all the goods sold.

In a retail environment, affluents are twice as likely to buy, and they spend 3.2 times as much.



Net Worth, Entire Population

Share of Net Worth



The 80% - 20% Rule

Bottom 40% Living paycheck to paycheck, the bottom 40% never accumulate any net worth. Many are underwater, and as a group, they have no net worth.

Middle 40%. Just because they have only 15% of net worth doesn't mean the middle 40% don't spend. They buy household goods, automobiles, homes and entertainment.

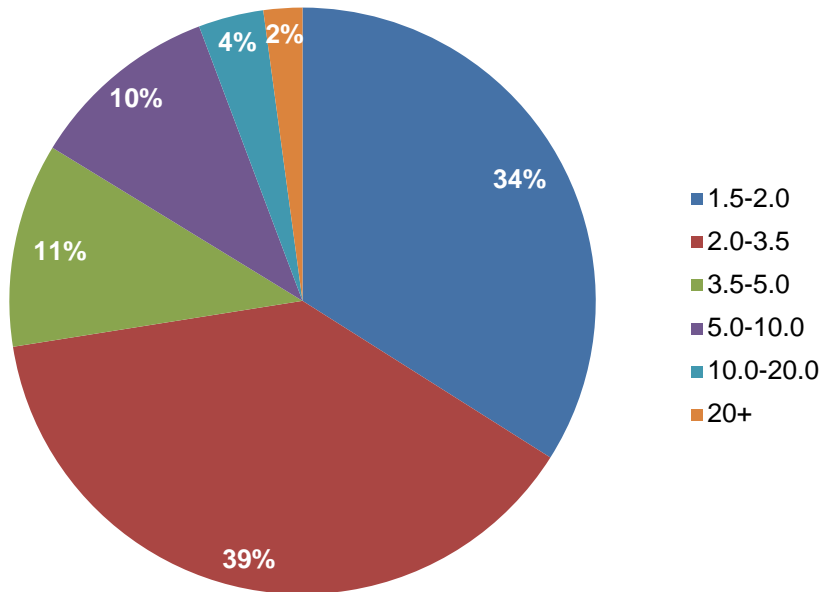
Top 20%, with 85% of the country's net worth. The only buyers in certain product categories and the big spenders in all. Even for daily household items, the wealthy spend more than twice as much as mid- and lower-income Americans do.

Affluents: A stronger market over time

Average household income remained flat from 1979 through 2007 for the lower 80% of Americans (measured in constant dollars). The top 20% had some increase in income and net worth in that time period, but the big jump has been at the very top -- the top 1% saw household income quadruple from \$500,000 to \$2 million.

Net Worth, Top 20%

Affluent Market by Net Worth



73% are in the lower reaches of the wealthy

Affluent market percentages echo those of the entire population. Just as 80% Americans are not affluent, most of the affluent are in the bottom of the category, with a net worth of 3.5 million or less.

Just how many millionaires are there?

The wealthy may be scarce, but they are still a big market.

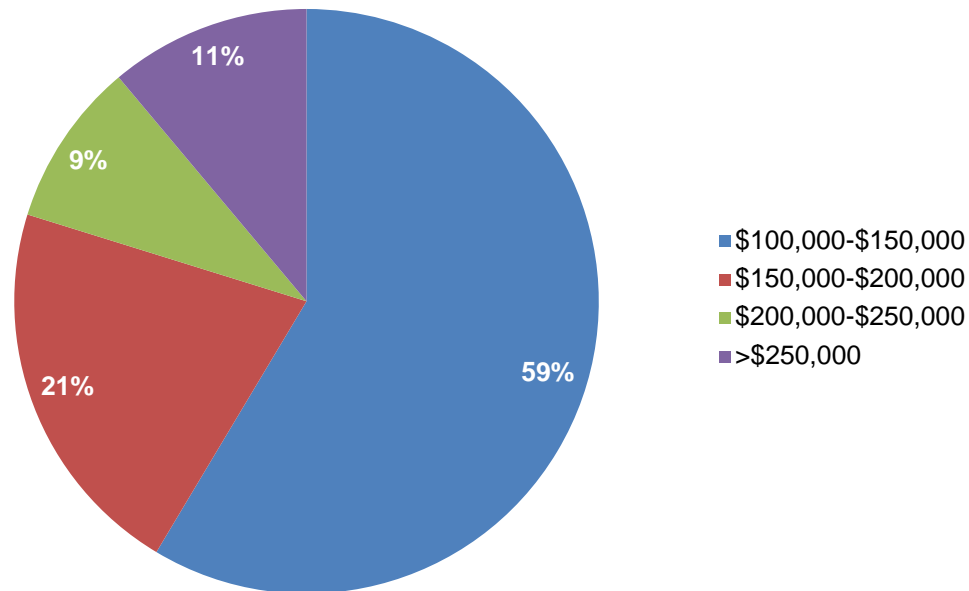
Households	Net Worth in Millions
746,000	\$1.5-2.0
846,000	\$2.0-3.5
247,000	\$3.5-5.0
231,000	\$5.0-10
79,000	\$10-20
47,000	\$20+

Reaching the affluent is not as difficult as it may seem. They are early adopters of digital media and use the Internet more than the population at large.

They read more news and high-end magazines. TV and radio are not their favorites, with the exception of NPR.

Affluent Income Mirrors Net Worth

Affluent Market Segments by Income



Strongest Buyer Segment

Weak as it is, the recovery has been better for upper-income spenders.

While the daily average spend for those earning less than \$90,000 was flat from '10-11, it went up for those earning more than \$90,000.

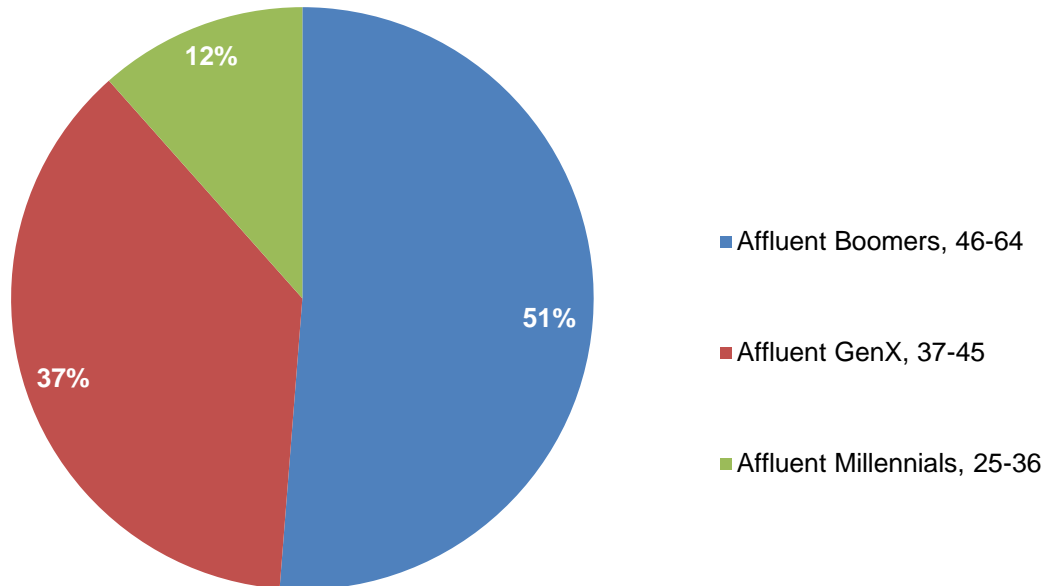
"Our business is fairly closely tied to how the [stock] market performs," said Karen W. Katz, the president and chief executive of Neiman Marcus Group.

The top 20% of Americans are generally considered affluent, but earnings, net worth and spending patterns differ radically within the steeply pyramidal group.

- \$100,000-\$150,000 12% of all Americans, 59% of affluents
- \$150,000-\$250,000 6% of all Americans, 30% of affluents
- \$250,000 or more 2% of all Americans, 11% of affluents

Affluent Market Skews Older

Age/Affluence



Boomers rule, but not for long

GenX is now at the height of its spending power, but the cohort is relatively small compared to the generations before and after it. Affluent Millennials will move into the sweet spot in coming years.

Source: Ipsos Mendelsohn Affluent Survey

\$1.4 Trillion in Annual Spending

After taxes and savings, spending among the affluent in 2010 split out into the following categories.

- 18% Automotive
- 15% Personal Insurance
- 13% Home and Garden
- 11% Groceries
- 9% Travel
- 7% Apparel
- 6% Entertainment
- 5% Charitable Donations
- 3% Computers and Electronics
- 2% Personal Care and Wellness
- 1% Alcoholic Beverages
- 1% Jewelry
- 6% Other



Smart Starts Here

That carpenters' adage, "Measure twice, cut once," is true for marketing as well. We use well-developed strategy methods including proprietary research and creative tools developed over more than 30 years in marketing communications.

Marketing Matrix Connecting campaigns with goals to manage constantly changing media

Web Wizardry. Integrated SEO, website design and social media

Brand Messaging. Filters that clarify the selection of slogans, taglines, and other core messages

Buzz-Worthy PR. Offline, online, local or global wire. Ask about our blended traditional, search and social media PR Management Programs.

For one-to-one marketing assistance, contact Kurt or Dennis Kleidon or visit www.kleidon.com.

Whether you want to plan a marketing campaign, explore new possibilities or simply learn more, we are here to help.

A Growing Market

The number of U.S households with a net worth of \$1 million or more, not including primary residence, grew 8% to 8.4 million in 2010 from 7.8% the year before.

-- US Congressional Budget Office

Call or email us to discuss how focusing precisely on your target market could improve your overall marketing results

Sources: : Millennial Media, Mendelsohn Affluent Survey, Luxury Institute, Moody's, *New York Times*, US Census, Gallup Polls, US Congressional



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