Affluents Cautious On Luxury Spending

Contributed by eMarketer
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High-income shoppers spending more time online

Most forecasters, including eMarketer, expect solid growth in online sales this holiday season, but there are also signs that consumer confidence is waning in the face of the continuing down economy.

Luxury researcher Unity Marketing reports that Q2 2011 consumer confidence levels among the affluent were down, with the firmâ€™s â€œLuxury Consumption Indexâ€• at its lowest point since Q2 2009.

The share of affluent respondents who said they were currently spending less on luxury goods than a year ago was up to 27% in Q2 2011, from 25% in Q1 and 23% in Q4 2010. At the same time, 26% of respondents said they were spending moreâ€”down from 33% in Q1, and the smallest number since 2009.

Affluents were similarly cautious about their plans for future luxury spending. Most said they would be spending the same amount in the coming year as they have been for the past year. But in Q1 2011, they were more optimistic. Earlier this year, 30% planned to spend more, a response that dropped to 24% in Q2, while the proportion planning to spend less rose by 2 points.

If affluent spending on high-ticket items is down, their media usage is up, especially on digital. According to the Ipsos Mendelsohn â€œAffluent Survey,â€• US consumers with household income of at least $100,000 annually increased the amount of time they spend on the internet each week by 5 hours between 2010 and 2011, to 30.3 hours. The average number of sites visited per person was also up slightly.

Marketers looking to give a boost to affluent purchase intent on luxury and other products can try to reach them via mobile and video, two channels they are highly engaged in, and should keep in mind that video and search ads drive the most action among this group.

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