It’s Now 2017: Time For A Reality Check About The American Luxury Marketplace

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As 2017 begins, we believe itâ€™s a good time to take a deep dive into which American consumers are actually buying luxuries. Listening to American as well as many other international luxury and affluent brand marketers as we continually do, we find that many focus their attention and marketing efforts solely on very high-income and wealthy Americans. These upscale consumers do buy luxuries, as we all know. However, when affluent and wealth-oriented marketers, as well as their agencies and consultants, dig a little deeper and take a multi-dimensional look at Americaâ€™s luxury buyers simultaneously by their household incomes and the generations to which they belong, a good number of them may be surprised by what our findings have uncovered.

When such upscale retailers as Nordstrom, Neiman Marcus, and Saks recently reported lower quarterly revenues, the American holiday season lost some of its gloss, and some luxury marketers began to fret. However, as we now begin 2017, such concerns may be allayed by our recent analysis that shows that about a quarter of American adults (18 and older) made one or more luxury purchases in the past 12 months. And, surprisingly to some, more than half of them were in the under $100,000 household-income bracket, constituting a very large target group and indicating to us that Main Street America should also be considered every bit as important as posh Zip codes for luxury marketing outreach. The well-heeled may be more frequent buyers and spend more on the luxuries they buy, but mainstream consumers are also willing to treat themselves to certain luxury products and services within their reach.

In another interesting finding, among American consumers with under $100,000 in household income, Millennials were by far the most active luxury buying generation, and getting them into the mix is a solid opportunity for affluent marketers to turn them from that initial participation into regular customers as their financial profiles improve over time. Indeed, in the very valuable segment of consumers with household incomes of $250,000 or more, most of those American adults are Gen-Xers or Boomers.

Beyond that, this American election season proved that prognosticating is a foolâ€™s game, so we are reluctant to make any bold predictions for the luxury marketplace in 2017. However, it is safe to say that itâ€™s a broadening landscape, not exclusively confined to the high-income and wealthy sets in the United States, and that, in itself, is cause for cautious optimism for the future for luxury, affluent, and wealth-oriented marketers.