

8 Tips to Navigate the Evolving Affluent Market

The affluent segment is clearly different. 2020 has shown affluent consumers to be more protected from an economic downturn with lower anxiety levels versus the general population. In fact, Ipsos reports that 80% of affluents indicate they can weather the pandemic/come out unscathed compared to 50% of non-affluent consumers.¹ With the new normal in mind, Media Logic has identified up-to-date insights that are critical to connecting with the segment.

TIP #1 | Make way for the emerging affluent

In 2019, Boston Consulting Group reported that millennials make up about 32% of the global personal luxury market, expected to grow to 50% by 2025.² Millennial and older Generation Z affluents have different buying habits, values and interests compared to affluent Boomers.³ Brands should not assume what works with Boomers will work with other affluent cohorts.

TIP #2 | Take advantage of increased brand receptivity

Compared to pre-pandemic benchmarks, affluent consumers reported elevated interest and intent to purchase in multiple categories: new car or truck, home goods and services, apparel and more. There is a “significant rise” in purchase intent, Ipsos notes, a result of what is literally “pent-up demand” — that is the increased intent to purchase due to an inability to buy.¹

TIP #3 | Fulfill affluent brand expectations

Across age cohorts, affluent consumers are moving to more responsible consumption. The younger cohorts seek out brands that prioritize sustainability with millennials focused on the environment and animal welfare. Millennial and Gen Z consumers – no matter the level of affluence – increasingly look for brands embracing equality, inclusivity and diversity in advertising and social media marketing.⁴

TIP #4 | Deliver on the expanded definition of “status”

Affluent millennials are less interested in demonstrating their wealth through the acquisition of expensive merchandise. They willingly spend on high-end experiences like “extravagant travel, trendy music festivals, and ‘glamping.’” Some experts refer to this as silent luxury, where craft and heritage are more important than conspicuous wealth.³

Meet HENRY, the emerging affluent consumer

Luxury brands are already marketing to the “high earners, not rich yet” (HENRYs) segment, and securing relationships with these future wealthy consumers.³

- Predominantly millennials
- HHI: \$100,000 – \$250,000
- Values authenticity, relatability, sustainability and a commitment to do the right thing
- Digitally savvy, shops online, social media informs buying decisions
- Likes to spend on high-end items and experiences



72% of affluents report positive reception to brand outreach, including relevant offers, and are more willing to click-through on ads they found interesting.¹



Gen Z affluents value and respond to brands that offer interesting collaborations.³ Think out-of-the-box with partnerships to engage affluent consumers.

TIP #5 | Get ready for renewed affluent travel

For the affluent segment, travel costs are not a concern, although “overall safety concerns” must be addressed by brands within the sector. The good news: affluents are aware of and willing to take responsibility for protecting themselves while traveling and consider any industry safety protocols a part of the new normal.⁵

TIP #6 | Continue to master digital channels

Recent circumstances influenced changes to behavior. With physical stores closed or with limitations on physical access, affluent consumers – particularly those who want high-end apparel, cosmetics and jewelry – were forced to research and purchase online (sometimes a first for them). Affluent segments – particularly millennials and Gen Z – continue their preference for product research and transactions via mobile devices, making it mandatory for brands to provide a flawless mobile customer experience.³

TIP #7 | Reprioritize customer service

Affluent segments expect great customer service. Unfortunately, the J.D. Power 2020 U.S. Credit Card Satisfaction Study reports some of the largest declines in customer satisfaction scores are among affluent cardholders.⁶ To course-correct, experts believe that brands targeting affluent consumers should focus on being helpful and adding value. In fact, Ipsos suggests there is less of a need to focus on deals and offers when customer service is positive.¹ Don't skimp on customer service – the personal touch is a hallmark of luxury.³

TIP #8 | Promote online security

The affluent segments are increasingly victims of card-not-present (CNP) fraud, which is likely to continue into the future. Premium items like clothing, jewelry and beauty products are highly attractive to CNP fraudsters as the perfect combination of expensive items with low shipping costs and a strong resale market.³

Sources:

¹ Ipsos. Affluent Consumers During COVID – How Brands Can Fulfill Their Pent-up Demand. May and June 2020.

² Boston Group. 2019 True Luxury Global Consumer Insights. April 2019.

³ Clearsale. Luxury Industry Statistics and Insights in 2020. June 2020.

⁴ Clearsale. Luxury E-commerce Millennial and Gen Z Disruption Trends. May 2020.

⁵ Ipsos Survey conducted 6/12-6/15 2020.

⁶ The J.D. Power 2020 U.S. Credit Card Satisfaction Survey. August 2020.

Image by Christina Morillo on Pexels



55% of affluents say that they will travel in the U.S. as fast as they can when overall safety concerns have been addressed.⁵



22% growth in online luxury shopping indicates a shifting trend from in-store purchasing, previously preferred by affluent consumers.³



Ratings by affluent credit cardholders show a significant 14-point decline in “overall satisfaction scores” since the start of the pandemic.⁶

Need help marketing your financial services to the affluent segment?

Media Logic has decades of experience communicating with this ever-changing demographic.

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