

RESEARCH

5 strategies to attract the affluent shopper

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Rolls-Royce is one of the preferred drives of affluent consumers. Image of the Rolls-Royce Dawn open-top courtesy of Rolls-Royce Motor Cars

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When visualizing the affluent consumer, what comes to mind: high heels, mink coats and helicopter rides? In reality, the affluent consumer is in some ways, just like the general population, but in some significant ways, very different.

There are many definitions of the affluent consumer segment, but most define the mass affluent as having over \$100,000 in household income and \$250,000 or more in assets.

Why look at this population specifically?

This segment has grown significantly in the past 40 years.

According to a study by Pew Research, the adjusted income growth for this segment has grown by 47 percent from 1970 to 2014.

To better understand the affluent segment, we undertook a consumer study, surveying affluent and non-affluent adults in the United States.

Affluents generally skew male, older and are more likely to be married. They are not only highly educated and optimistic about the future, but they are both upwardly and physically mobile.

This demographic loves to travel and are more likely to say they will travel in the future.

While all income levels say they are devoted to their families and put their children's well being and education as a top priority, affluents are more likely to be optimistic about the future.

Below are five strategies retailers can use to attract this growing segment, based on their desires, needs and wants.

1. Experiences rather than things

Contrary to common belief, consumers at all income and age levels value experiences more than things.

The trend is not just limited to affluents or millennials.

About 68 percent of all income segments say they plan to spend more on experiences in the future. The difference is the amount they are willing to spend on these experiences.

Eighty-six percent of high-net-worth (HNW) individuals those with incomes of more than \$250,000 and 76 percent of mass affluents say they would pay more for experiences they feel are valuable.

Retailers seem to be paying attention.

Forward-thinking retailers are creating experiences in their stores. Some are transforming their stores into a fun, interactive experience.

For instance, the Urban Outfitters stores in New York, Los Angeles and Austin, TX have bars and restaurants as part of the store. And, they do not discourage walking around with a drink in your hand.

Bookstore chain Barnes & Noble also plans to open concept stores in 2017 that offer a full breakfast, lunch and dinner, with waiter service, right in the stores.

Add this to the rock climbing walls at REI and cooking demonstrations at Williams-Sonoma and it appears to be a trend that is catching on.

The goal is certainly to keep shoppers in the store longer, but the store-as-experience is also seen as a destination to just go to hang out. If you stop over to buy that jacket on the way to the bar, all the better.

2. Affluent consumers shop everywhere. Make them feel valued

Eighty-five percent of affluent consumers state that quality is more important than brand name, and only 19 percent say they only purchase upscale brands.

Affluent consumers purchase a wide variety of items from a wide variety of retailers.

While they are more likely to be the ones shopping at upscale brands, they are also treasure hunting at T.J.Maxx and Marshalls. As a result, the customer experience is an important element in the enjoyment of the shopping experience.

High spenders like to be appreciated for the time and money they spend at their favorite retailer. This is why premium programs and benefits are so widespread and successful.

In private label credit cards, for example, some retailers find it beneficial to upgrade their top spenders to premium cards, with special rewards and benefits. These can include surprise-and-delight rewards, as well as everyday value such as free shipping or coupon-free shopping.

A well-designed consumer segmentation study can provide valuable insight into the elements of the shopping experience that customers value most.

3. Convenience is key

Gone are the days of the idle rich.

Almost half of the mass affluent and 59 percent of high-net-worth consumers will pay a premium for convenience. This segment is often busy and will pay more to make life a bit simpler.

Innovative companies have tapped into this trend by creating online tools and mobile applications.

The online tool Stitch Fix, for example, sends customers a box of clothing every quarter, using their preferences from social media such as Facebook likes and Pinterest pins. This eliminates the need to spend time browsing aisles for the right look.

Other curation sites such as Houzz.com design entire living rooms, giving the shopper the option to purchase all the elements in the room at once, or an item in the room individually.

Retailers that partner with bloggers and site curators may also gain access to new customers, providing an additional channel for finding potentially loyal customers.

4. Travel: A growth category

When asked in which category they plan to increase their spend, affluents are much more likely to cite travel than any other category.



Four Seasons Whistler Resort, British Columbia, Canada. Image courtesy of Four Seasons Hotels & Resorts

Thirty-nine percent of mass affluents are planning to travel more in the coming year, this being the top category in which they plan on increasing their spending. This is similar to the finding that consumers are more attracted to experiences.

Travel is a major part of that experience.

For traditional bricks-and-mortar retailers, this requires some ingenuity.

Some retailers are taking advantage of this trend by creating shopping experiences with hotels and other travel partners.

Marketing programs that pull customers in from local hotels with customized travel days, or market to travel sites, offer a good way to attract frequent travelers with disposable income and more shopping time while on vacation.

5. Stand up for a cause

Forty-seven percent of mass affluents say they like to shop at stores that reflect their values.

Additionally, 37 percent say they would stop shopping at retailers that do not reflect their values, even if they had to pay more. Several retailers embrace this attitude in their brand positioning.

Gourmet coffee and organic food sales have increased significantly, even though they are more expensive. And retailers that live their brand, whether through hiking, running or clean living, do have an advantage when it comes to attracting the affluent.

Honey Maid and Under Armour both have distinct positioning and values for which they stand. They promote this through content that creates a buzz and is widely shared in social media.

As a result, a provocative stance can lead to controversy, but it can also lead to a significant amount of free advertising.



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1 thought on “5 strategies to attract the affluent shopper”

1. **len stein** says:

November 7, 2016 at 10:06 am

this seems to be old data. when was the Pew study conducted?

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