

RESEARCH

## 50pc affluent consumers do not use social media: Affluence Research Center

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By RACHEL LAMB

Approximately half of upscale consumers do not use social media, which makes some experts wonder if a brand's primary marketing is being misplaced online, according to a study by the American Affluence Research Center.

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**Luxury Daily**

Of the half of affluent consumers who do use social media, only approximately 12.5 percent claim to get regular product information and news from brands' social media accounts. Although social media is a great way to reach younger consumers, customers who are more likely to buy luxury brands, namely older and more educated individuals, are not getting their information from social networks.

"Social media is getting a lot of media attention in being very important and a wave of the future," said Ron Kurtz, principal of Atlanta-based American Affluence Research Center.

"However, there aren't any statistics to show what the size of the audience is on those sites, particularly among the affluent.

"People that wouldn't be considered affluent are making up the bulk of the numbers, along with a lot of younger people," he said. "There isn't really a good understanding of why

brands should be [emphasizing social media] for any reason.

“I haven’t seen any good research on it.”

The American Affluence Research Center bi-annual survey studied the top 10 percent of affluent U.S. individuals.

The participants have a minimum net worth of \$828,000 and an average net worth of \$3.1 million.

These consumers earn 36 percent of the total income of all U.S. consumers, own 63 percent of the personal assets of all U.S. households and hold 89 percent of the total value of all publicly traded stock and mutual funds in the United States.

Face who?

Brands who use social networks such as Facebook, Twitter and Tumblr have boasted numbers of followers, customer interaction and feedback from events and contests.

Although social media can be used to build relationships with consumers who could eventually buy luxury goods in the future, Mr. Kurtz said that brands could be better advised to focus their primary marketing efforts on the customers who are able to purchase right now.

To go along with this, the Affluence Research has confirmed that upscale consumers are very much inclined to start spending again.

Although the depression was not too wounding to the truly affluent, the stock market plunge definitely affected spending habits.

For instance, males with a net worth of more than \$6 million under 50 are the most likely to plan the buy of one or more major items including a new car, sailboat, house remodel; buy a new residence or vacation home; take a cruise or build a new residence or build a new vacation home.

“This is such as positive time, especially after the negative customer confidence survey in March,” Mr. Kurtz said. “Consumers are much more ready to spend on big purchases, almost up to where they were before the recession.”

Where’s (wealthy) Waldo?

If consumers cannot reach the majority of their target audience via social media, what steps need to be taken?

“I understand that brands want to connect with customers from the beginning to build a base foundation,” Mr. Kurtz said. “But it shouldn’t be the priority.”

Traditional media, such as direct mail, customer referrals and catalogs, are probably the most effective ways to reach affluent consumers.

Some brands, such as Harrolds department store in Australia, have completely opted out of the Internet and mobile and rely solely on word of mouth and mailers ([see story](#)).

“I’m not totally excusing all other types of media because I believe that businesses should have a well-rounded strategy which does include mobile and Internet marketing,” Mr. Kurtz said.

“But the best sources of business are referrals from existing customers, instead of solely trying to get prospective customers,” he said. “There are also a host of different activities including joint promotions and media publicity that are very important as well.”

Final Take

*Rachel Lamb, Elizabeth Zelesny, editorial assistants on Luxury Daily*

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