

**The Second Annual American Express Platinum Luxury Survey**  
**Key Findings**

**Survey Background and Methodology**

The Second Annual American Express Platinum Luxury Survey examines the luxury market, how much the wealthy are spending annually on buying luxuries and what the differing attitudes, expectations and motivations are among the wealthy when purchasing luxuries. Specifically, the survey takes a close look at the Rich (incomes of \$200,000 and above) and the Affluent (incomes of \$125,000 to \$199,000), as well as the wealthy Gen Xers, born between 1965 and 1976, and their Baby Boomer counterparts, born between 1946 and 1964. To obtain this information, a quantitative survey among a random cross-section of 770 affluent consumers in the U.S., was conducted in March 2005 and the following groups were included in the survey:

- 270 Rich consumers with a household income over \$200,000 of any age group
- 250 affluent Baby Boomers with incomes of \$125,000 to \$199,999 (average age of 50 years)
- 250 affluent Gen Xers with incomes of \$125,000 to \$199,999 (average age of 34 years)

The average income of the luxury respondents was \$235,900. The survey was conducted by luxury marketing expert Pam Danziger, president of Unity Marketing.

**GenX: most vital luxury spenders but often overlooked**

- The survey found that the wealthy Gen Xers, despite being the smallest total generational group in the U.S. (49 million, born between 1965 and 1976, with an average age of 34), budget their luxury dollars quite differently than the wealthy, older Baby Boomers - 78 million strong. The Gen Xers are far more invested in purchasing material goods because they haven't had as much time as the Baby Boomers to accumulate "toys" such as sports cars (owned by 28% of Gen Xers compared to 24% of Boomers), and boats and yachts (21% compared to 17%).
- Gen Xers spend an average of \$26,751 per year on luxury goods - **18% more** than their Baby Boomer counterparts (born 1946-1964, with an average age of 50) - who spend \$22,631 each year.
- Gen Xers exceed Baby Boomers in a number of categories. For example, Gen Xers spend:
  - **60% more** than Baby Boomers (\$3,235 vs. \$2,017) on fragrance, cosmetics and beauty products.
  - **47% more** (\$6,066 vs. \$4,116) on fashion accessories.
  - **32% more** (\$3,922 vs. \$2,966) on wines and liquors.
- While both Gen Xers and Baby Boomers spend about the same on luxury experiences including dining, travel and home services, the Gen Xers spend more in a few categories:
  - **33% more** (\$3,629 vs. \$2,722) than Boomers for entertainment.
  - **17% more** (\$3,324 vs. \$2,838) for personal/health services.
  - **11% more** (\$4,176 vs. \$3,769) for sporting events.
- The Gen X luxury consumer market is growing quickly. According to the U.S. Census Bureau, there are currently 1.8 million households headed by wealthy Gen Xers, who in the case of this study make at least \$125,000, and comprise 20% of the total luxury consumer market. There are 4.6 million Gen X households, who today are on the cusp of affluence with incomes between \$75,000 - \$124,999 following right behind them. Thus, the size of the combined Gen X consumer base totals 6.4 million households - indicating that they may soon comprise a market larger than today's luxury Baby Boomer sector of 5.3 million households. Therefore, Gen Xers, already the most vital in the luxury market, are destined to become an even more powerful force in the luxury market of tomorrow.

- The survey also found that the Gen Xers hold a high regard for **mainstream brand names**, with **62%** agreeing with the statement that “Luxury brands usually mean superior quality and that makes buying the luxury brand a good value,” as compared with 51% of the Baby Boomers who are less oriented toward luxury goods and more toward their quality of life experiences. Sixty-eight percent (68%) of Baby Boomers agreed, “As I get older, I find I have enough ‘things’ in my life, so I prefer to spend my time and money on luxury experiences that I really enjoy.”

### **The survey also looked at differences in spending patterns and attitudes between the Rich and the Affluent**

- The survey found the Rich earn an average of \$390,400 per year with approximately \$10 million in investible assets and represent the top 2% of American households.
- The Affluent earn an average of \$152,500 per year with approximately \$1 million in investible assets.
- The survey found the Rich spend **three times more** than the Affluent on luxury goods and services – an astounding **\$81,172 per year**.
- In several categories, the Rich spend nearly four times as much as the Affluent on **luxury goods** including:
  - \$17,185 on luxury jewelry and watches vs. \$5,163.
  - \$12,831 on luxury pet products vs. \$1,316.
  - \$11,679 on luxury children’s products vs. \$3,577.
  - \$9,931 on luxury fashion accessories vs. \$2,898.
  - \$7,703 on luxury wines and liquors vs. \$1,880.
- The Rich also indulge more in **luxury experiences** than the Affluent:
  - \$17,051 on luxury travel vs. \$7,815.
  - \$9,313 on sporting events vs. \$2,891.
  - \$7,611 on dining vs. \$2,632.
  - \$6,363 on entertainment vs. \$1,791.
  - \$6,281 on personal and health services vs. \$1,851 by the affluent.

### **Fun Facts**

- The Rich spend more each year on luxury pet products (\$12,831) than they do on luxuries for their children (\$11,679).
- Luxury shoppers are **impulsive** and respond well to in-store signals. The last time luxury consumers shopped in a luxury store, either a department store or a luxury boutique:
  - Over half (**56%**) purchased another item **besides** the item they specifically went shopping for.
  - Only about **one-fourth** browsed but did not purchase anything.
  - Even fewer (**21%**) purchased only the item they came shopping for.
- Fully **80%** of luxury consumers agree with the statement “Getting a **discount** or finding a really good **sale price** on a luxury item makes me feel like a smart shopper.”
- About two-thirds (**64%**) of luxury consumers surveyed are willing to pay more for **special services** when they travel or shop.

- The overwhelming majority of survey respondents said luxury had to do with **quality and service**, not a price tag or label. Nearly **80%** of the luxury consumers surveyed agreed with the statement, “An important part of my enjoyment of a luxury experience is how well the service personnel treat me and the extra service they provide.”
- Sometimes buying luxury is based on pure convenience with **43% of luxury consumers** agreeing that, “I often trade off spending more money for convenience, because I know I could find it cheaper but it is just too much of a hassle.”
- Luxury consumers of all ages and income levels respond to bargains. The majority of luxury consumers (**58%**) made their last luxury goods purchase on sale or at a discount.
- Clearly the luxury consumers surveyed can afford to buy luxury in any and all categories they choose, but the fact is that many of these consumers rarely or never choose the luxury version of certain products.
  - According to the survey, 60% of luxury consumers will spend for the true luxury offering in the **automobiles and jewelry and watches** categories, however, about **half** of the luxury consumers only occasionally, rarely or never buy the luxury version of the product in the fashion accessory, wine and liquor, fragrance, cosmetic and beauty product categories.
  - But, in the case of **luxury experiences**, these luxury consumers are much more likely to choose luxury travel (67%), dining (64%) and entertainment (57%) over the ordinary, mass-market offering.
- Just because the luxury consumers can easily afford to spend \$41 on the most expensive hamburger in New York City, it doesn’t mean that the luxury consumers will pay that much. On the contrary, over three fourths of luxury consumers (76%) say they won’t spend more than \$20 on a hamburger. Regardless of income or age, fewer than 10% of luxury consumers will spring for the \$41 ultimate luxury hamburger.

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