

Séissmograph 2010

“Spending Money Makes You Rich”

*A qualitative and quantitative study
examining the spending patterns
of the top 10% male population
in the light of the economic crisis after 2007
in six countries around the world*



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« **Wealth** is the ability
to fully experience life »

- Henry David Thoreau (US American writer and philosopher)



1. Background and Methodology

The Idea of this Séissmograph



Every year, Séissmo is conducting a self-funded piece of research, investigating current “tremblings” in society and market implications.

In 2008/2009 a trembling, that can more suitably be described as an earth quake, shook many industries and consumers: The financial crisis which started as a credit crunch in the USA and grew into an economic crisis worldwide.

In the light of these recent economic events the Séissmograph 2009 was intended to **anticipate potential shifts in the mindsets of consumers in regards to money** and spending and subsequently in their **purchase behaviour**. We focused on the top earners of the population as they are commonly regarded as trend-setters and opinion leaders. Our hypothesis was, that it would become difficult for people to spend offensively, even if they could afford it, as this might create social tensions in a world of economic distress, and that new areas of consumption might be emerging due to the new economic landscape.

The results are positively surprising: **The population of the top 10 earners remains relatively uninfluenced by the crisis.**

In consequence we focus less on the understanding of the crisis, but on the **portrait** and **understanding of this** interesting **target group** and their specific spending behaviours.

We hope you find this report useful and enjoy reading it.

Our Target: Top Earners



- **The top 10% income**

Wealthy but not millionaires, have proved themselves as trendsetting and aspirational group.

- **Without decrease of income in the last 12 months**

We wanted to prevent obvious conclusions, such as earn less – spend less. This effectively removed ca. 24% of the top 10% income from the target.

- **From the USA, UK, Germany, France, Russia, China**



The two countries hit first by the crisis and have the most experience with it

> 120.000 \$ > 90.000 £



Felt the crisis with some delay and have strong social systems, with a possible "cushion effect"

> 90.000 €



Emerging markets with increasing spending power and an eagerness to consume. Hit hard by the decline in demand for resources and the decline in exports.

> 600.000 RUB > 60.000 ¥



Really men only?

Intergender differences in spending behaviour were not the focus of this study. Therefore it was decided to concentrate on men in this study for pragmatic reasons.

Methodology



First a qualitative phase...

conducted in June/July 2009

To gain ethnographic knowledge

The living environment was explored and photos were taken of new acquisitions

To understand values, beliefs and spending behaviour

An in-depth interview on self-perception and consumption behaviour was conducted

In each country

**3 in-depth interviews lasting 3h
18 IDIs in total**

...then a quantitative phase

conducted in August 2009

To verify the hypotheses from the qualitative phase

Items were created and merged in an online questionnaire

To create a valid global and national perspective

**In each country 100+ self administered
online questionnaires lasting 15 min
638 in total (600+ over-recruitment)**

Both approaches complemented each other in an ideal way.

The qualitative interviews provided the information necessary to establish a picture and understanding of the top earners, while the online questionnaires made it possible to access this mobile and ultra-connected target group. Online was also ideal because it has the flair of anonymity and thus generated spontaneous and "from the gut" answers, which are unusual for this highly self-controlled and rational target group.

Key Research Questions



What kind of consumer are top earners and how do they perceive themselves?

How do top earners spend their money now and how do they plan to spend their money in the future?

What types of spending behaviours could be observed among the top earners?

Which product categories are relevant to them?

Which characteristics must a product have to be appealing for top earners?

How was the economic crisis perceived and which impact did it have on the consumption behaviour?

What is their expectation of the future?



2. Understanding the Mindsets of the Top 10% Male Population

Getting to Know the Top Earners



Highly Educated

43% have a bachelor degree, 36% a master and 3% a PhD

Leaders

More than two thirds are either middle or senior management

On the rise

For 45% their income has increased in the last year

In a relationship

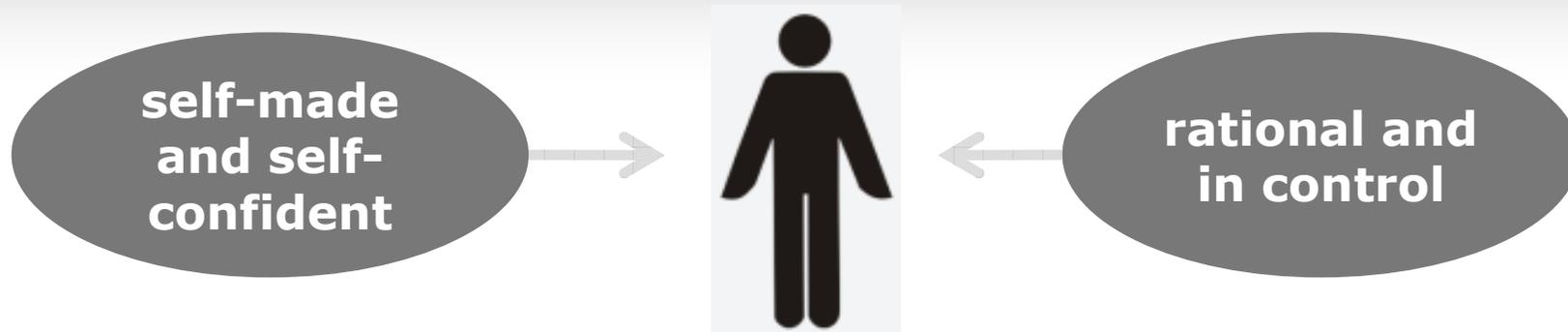
87% have a partner, 55% also children living in their household

Property owners

83% own their residence and 37% also have and own a secondary residence

**Pending between middle and upper-class:
The top earners feel distinctly removed from the middle class,
which is often their origin, however they also don't feel they belong to the
upper-class. They feel privileged but not "rich".**

How they Feel and How they Spend



This characterises their spending behaviour:

a feeling of security

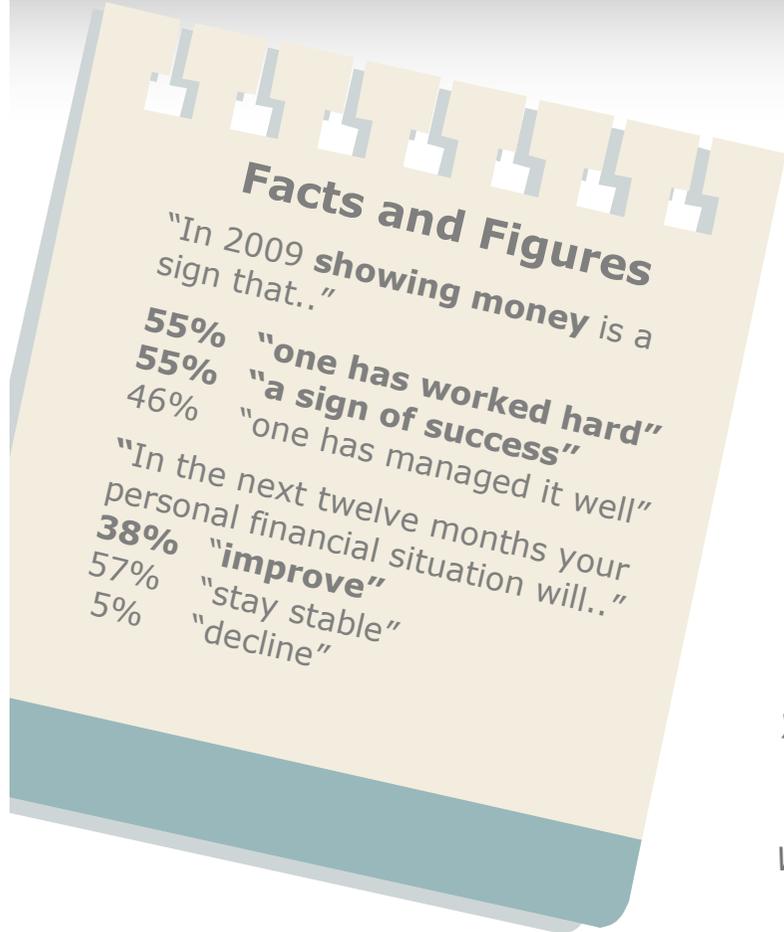
investing, not consuming

a high awareness for price and quality

a willingness to spend

***But there are blind spots:
Even top earners have passion***

Self-Confident Self-Made-Men



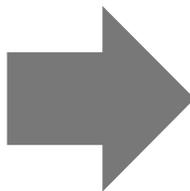
High self-confidence

They eloquently express their opinions and show leadership. They did not fear interrupting the moderators several times during the interviews and even took the camera out of the (female) moderators hands in order to ensure a good quality.

High income as a result of their abilities and proof of these abilities at the same time.

Attributed to their good education and an **orientation towards high effort and excellence.**

"I believe that education is really important. Part of it is yourself teaching your child but also if you have a good school you'll get better opportunities ... it's about meeting the right people, getting exposed to ... all kinds of different things. When I grew up the schools I went to had sports, music, art ... everything you could possibly want to do" – US



The top earners are not worried about their income, because they believe:

- they will always stay on top
- they are too valuable and too difficult to replace and their income is a proof of this

The Perfect Homo Oeconomicus: Rational and in Control

Facts and Figures

"Which type of consumer are you?"

52% to 48% top box
96% to 93% total applies:

"reasonable", "aware",
"rational", "thoughtful" and
"who purchases purposefully"

45% to 65% bottom box
"indifferent", "wasteful",
"impatient" and "impulsive"

Top earners have internalised the process of making complex business decisions. Spending has to be **controlled** and...

"I am a rational consumer. I plan my expenses. When I see something I like, I won't buy it immediately, but will compare products and prices. Then I will make a plan or budget accordingly"-CN

"I am not an intensive consumer ... you won't find me in malls and shops ... I carefully consider my needs and have a targeted look at special offers – and then I will buy" – D

...has to have a **reason**, a higher purpose.

"I bought the Wii, because I think it is good, with some healthy games" – CN

Rationality is a key value to them and dominates the purchasing decisions: they try to detach their emotions (like business buyers). They fear that they appear as if they had no control over their money and a justified purchase decision is also a protection from the judgement of others.

Price-Performance Ratio Aware, Educated Consumers

Facts and Figures

"Which type of consumer are you?"
93% total apply
48% top box,

"Who gathers information prior
to the purchase"

Top earners need the feeling that they **understand the category** and have an **overview** of the relevant properties, **especially the price** of a product. They want to be (and often are) skilled price-hunters and are **not disconnected from the economic reality** nor do they want to appear as if they were.

"I'd like to think of myself as an educated consumer. I don't buy anything unless I know what I'm buying. I'm not a spontaneous consumer. I tend to buy those things which I need and those things which I truly want and I'm pretty good: if there's uncertainty then I tend not to buy something" - US

"At the corner of the street, there is a baker who sells his baguette for € 1.20. I consider this is obvious stealing. If you go to the Metro another 200 meters further, there is another one who sells it for € 1. Guess what ... I walk! And I don't feel ashamed to tell it" - F

However the top earners are **willing to pay a higher price**, when it is a "good investment" = time saving, hassle free...

"I am not looking for the cheapest thing, that's not the purpose, it is rather that I pay attention to what it is worth" - F

Top earners invest time and efforts into their purchasing decisions because their primal fear is to make a bad (business) decision. They are hence very price-performance aware but not high-price-averse, as they see the purchase as an investment and they can afford higher prices.

A Sensible Decision: Investing not Consuming

Facts and Figures

"When spending money,
it shall give me a sense of..."

88% to 77% total agree:
"quality of life", "long-lasting
satisfaction" and "experience"

"As a consumer,
I appreciate very much ... "

94% to 89% total agree
50% top box

"durability" and "craftsmanship"

The product quality and price level are judged by
long-term return...

"Any spending that we tend to do tends to be more on experiences than on objects ... concert, theatre, traveling ... my partner bought me singing lessons, and a fish cooking and preparation course ... It just makes me feel like I am a richer, more fulfilled individual" – UK

"Trying to get behind what the experience gives you ... something that does stay with you ... The thought of it, the pictures of it, the memory of it is maybe as durable as the jumper" – UK

... and **total cost of ownership.**

"That was the case with the electric drill from Black & Decker, which annoyed me for 4 years of my life. If I count my time, about € 60 to 80 per hour, then I have had so much trouble with it, I should rather have gone for the 4 times more expensive one from Bosch Professional that I decided to buy now" - D

**Top earners think and purchase with a long-term perspective.
Every decision has to pay off and ideally generate "profit".
The profit may also be tacit: experiences, memories as well as the "peace of mind" after a purchase are also perceived as profitable.**

Blind Spots: Passions



Facts and Figures

Nearly all IDI participants had a **hobby** or a passion to which **their normal rules** for spending money **did not apply.**

Consumption patterns are also **different on holidays:**

"When I am on vacation I spend a lot of money"
73% total agree

From time to time the top earners break free from their rational behaviour patterns and make utterly irrational and purely emotional purchasing decisions: **"love stories"**

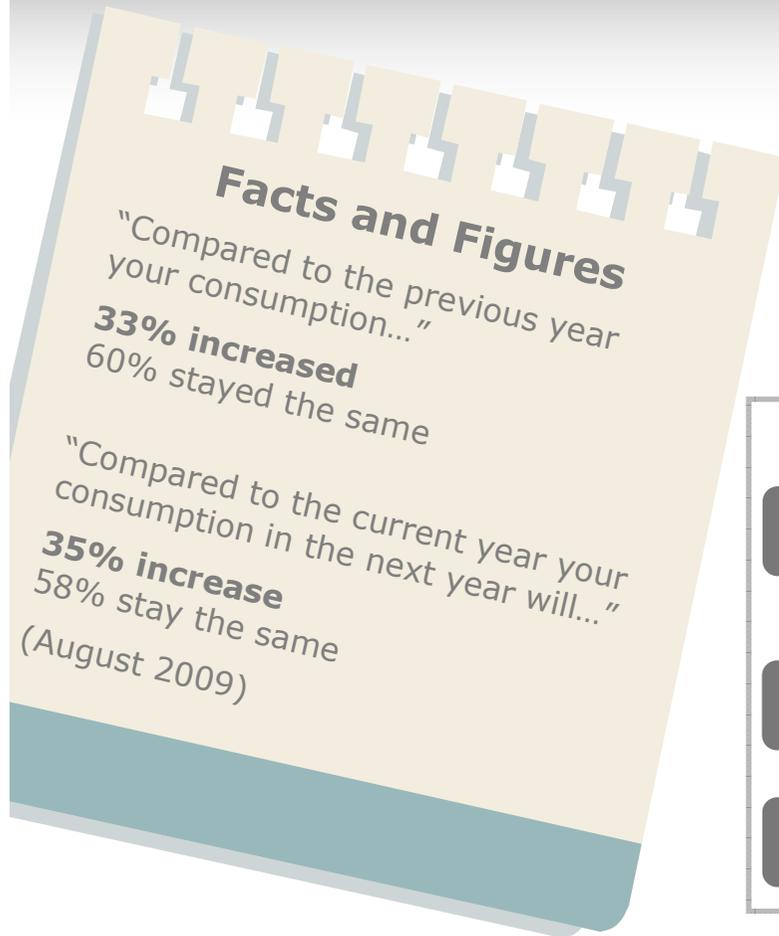
*"Recently I have bought a snow mobile, in May 2009... It is just cool to drive around with it. It makes me full of emotions in that very moment, I am just being happy. Many people around me were surprised that I bought the machine. Buy this in May! ... You could wait a little bit ... But I just felt like doing it. I am a spender. I didn't think twice about it.
I paid \$ 20.000" – RU*

"I have some investments ... but I ... I have ... I have a passion since 1993: race horses. So I started to buy some ... (long biography of all horses owned, of their failures and successes) ... It was a passion, and it became an investment ... Well, it is both ... I never cry, but I cried when my horse won the Quinté race, I had a rare emotion ... " – F

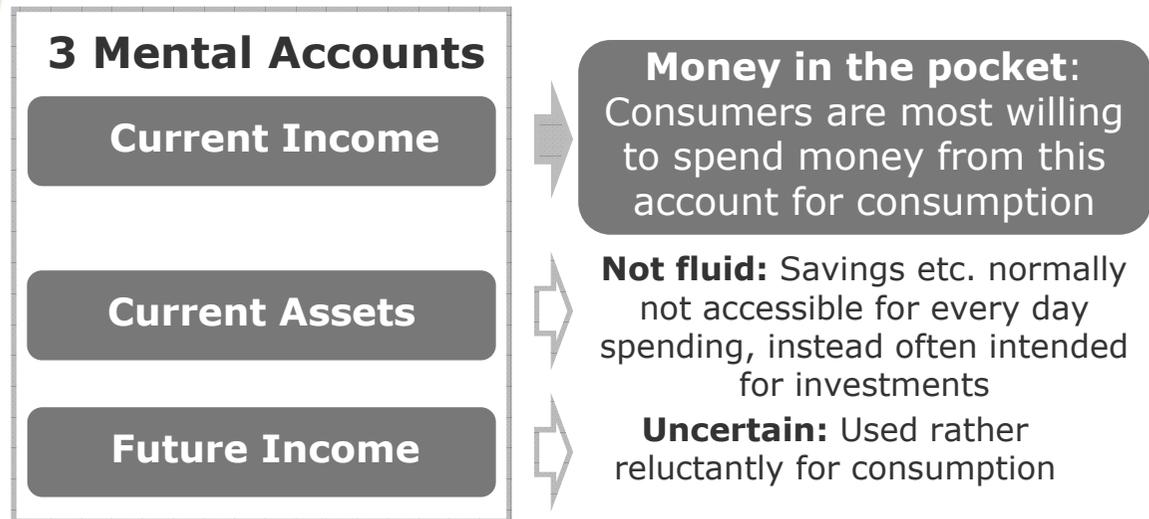
"When we go at the Lake Garda in Italy, I always have some crazy ideas about buying a boat there ... " – D

**Even the homo oeconomicus can fall in love.
Products which guarantee a strong physical and/or emotional experience
are more likely to become a love story and there might be a subconscious
need to feel excitement in such a rational universe.**

A Willingness to Spend



Their willingness to spend is surprisingly high in times of economic struggle, but coherent with their confidence and explicable through the **theory of mental accounting**. This theory was developed by Richard Thaler (1980) as a framework to understand how financial resources are distributed:



➔ **Due to their high income top earners can afford to purchase even high priced goods with their current income alone and do not need to consider using assets or their future income. As long as their current income remains stable, their consumption will also flourish.**

The Meaning of a Brand



Facts and Figures

"As a consumer how much do you appreciate the following dimensions?"

Total appreciate:

97% "quality"

89% "craftsmanship"

76% "brands"

But nevertheless price conscious:

"I rather buy products of premium **brands if they are on special or on sale**" - 81% total agree

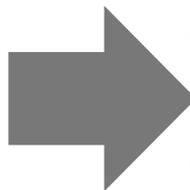
The top earners have a kind of **love-hate relationship** with brands. On the one hand they seek the **reassurance** which brands offer, on the other hand they **dislike** the **seduction** that brands exert.

They don't want to appear flashy or sold to a brand.

"Now I don't care about the flashy brand tag, I care much more about how I feel inside with it" - RU

From their rational point of view the brand **should not be a criteria**, as they judge the product strictly by its qualities. However the **brand is also a quality reassurance** and thus still interesting for the top earners.

"A brand gives me a feeling of reassurance and it guarantees good quality. It has a reason that so many people go for this brand, for what it is worth" - CN



A brand name by itself is not enough it must also convey values such as quality, craftsmanship and reliability.

Overview and Implications



Top earners are a very attractive and consistent target group. They have an enormous spending power and they are ready to use it for consumption of (high-priced) goods.

But they are not easily seduced as they...

...are extremely rational and need reasons to justify their spending

...strive for category expertise (or the illusion of it)

...are very price-conscious and question the justification of high prices

Two general approaches are conceivable:

- Create an underlying logic that explains and justifies the purchase - ideally by category leadership**
- Spark the passion by beginning a "love story"**

Suggestions and spending trends are given in part three of the Séissmograph for the major categories and are available upon request for other categories.

The Impact of the Economic Crisis: What Crisis?

Facts and Figures

"The current crisis is..."

77% total agree

"a moral and political crisis"

65% total agree

"a crisis of capitalism"

In the in-depth interviews the crisis was either not mentioned spontaneously at all or downplayed.

Top earners are well informed and up-to-date, so they are also well aware of the crisis.

To them it is a shock for the system, but they **do not feel personally affected by the crisis.**

Most are **quite optimistic** about the future and do not feel their life has changed due to the crisis.

"There aren't really any things I don't do because of the economy"
– US

"Many people are desperate, there is no income anymore, people are getting fired, and there are many criminals emerging ... After all that, I decided to save more ... but I just can't, yes ... I have lost € 120 000 in the real estate fund ... I will not make it to recover." – US

"Fortunately, it was not money that we would have really needed ... The good thing is that all the friends have lost, too ... and they are annoyed as well ... My best friend lost twice as much as I, but we don't talk about that topic anymore when we meet" – D

The crisis is felt as distant and the willingness to spend remains the same. The top earners remain self-confident as they rely on their skills. For them the fact that their income has stayed the same or increased is a proof of this. This overshadows the often considerable loss of assets.

The Impact of the Economic Crisis on Future Spending Intentions

Facts and Figures

"Over the next 12 months you will be spending more, the same or less on..."

40% "casino, gambling"
32% "watches" and "jewellery"
29% "art"

Even though the top earners do not feel personally affected they are slightly more touchy about displaying wealth and take great care to **stress the "reasons" and the rationality of their consumption behaviour.**

"Maybe I need to give myself a reason" – CN

"When we bought the MIELE dishwasher, my (adult) son would visit us and ask if we've become rich (ironical expression asking where all this money comes from) ... I told him: listen, you bought yourself this AUDI and we helped you to pay it ... and by the way, we have made a trade-off and finally went for a cheaper water faucet in the kitchen" – D

In addition, a **trend towards cocooning** can be observed, as the top earners prefer to stay at home rather than to go out. **The demonstration of wealth** is therefore more **restricted to the home and close friends.**

"We don't go much to the movies compared with last year... You have to find a parking spot, find out which movie is playing. It is so much easier to rent a DVD and spend the evening with friends. That's why I have a home entertainment system" - D

The top earners are aware that the population has been unequally hit. They take care to tread lightly and tend to understate and rationalise their spendings. Showing off is out – Spending money has to be (even more) justified.

The Impact of the Economic Crisis: How Investment structures will change



Although this target group has not lost out on their current "cash" income and therefore kept their immediate spending power and consumption behaviour, **considerable assets have been lost by most top earners.** This has an impact on the way money is invested, especially for top earners who are closer to retirement, as they feel they will not be able to make up for their losses.

"I'd say my priorities are evolving more towards investments towards my retirement, our retirement. I would say as far as spending habits go it's pretty much the same, focussing more on putting money away to purchase investment properties. But day-to-day expenses, will I still spend money on the kitchen? That's not going to change" – US

A strong trend towards **tangible investments**, such as **commodities and property** can be observed.

"I feel like not just having assets, having physical cash, we're quite conservative. All the things I'm looking at the moment is just liquidating a few things to come into cash and have cash... ...(an investment of) a tangible nature is quite attractive in awkward times." - GB

"When you put an extension on, you add value to the house, it's a good investment..." -GB

"I'll never invest again. Well in such things (stocks). Rather buy a flat and sell it" - D

Although their confidence in themselves is not diminished, the confidence in the system is weakened.

The top earners have become (even) more sceptical and value security more than potentially high profits.

Impact of the Economic Crisis: International Differences

Even though the top earners **believe in their skills** and thus **are convinced they will always stay on top**, they are still **sensitive to the mood and climate** of their respective societies.

In consequence the **willingness to consume remains the same for all countries**, however the requirements towards the benefits derived of spending are changing for some countries.

*Conservation/ consolidation
Sensitive towards displaying
wealth*

*Two polarities
can be identified:*

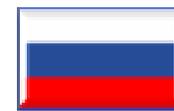
*Confidence/optimism
Openly showing wealth*



The countries that feel they have been hit the hardest by the crisis – a memento mori for the top earners.
As the trust in the system is shaken a **value shift towards consolidation and sustainability** can be noticed.



Stable countries:
The crisis is acknowledged but the effects are limited.
Consumption remains unaffected but the **investment structure changes from profit- to security-orientation.**



Emerging countries:
full of trust in their economic power and the regulatory powers of the market.
The crisis is **only a temporary slowdown of growth so consumption will continue to increase with growth.**



The Pessimistic Polarity: Searching for a fresh start



Facts and Figures

83% of the US top earners regard the **economic situation as bad** and 41% are convinced **it will take "more than 18 months" to overcome** the crisis – the by far highest rates of all countries

"Over the next twelve months you will be spending..."
27% **"more" on "clear debts"**

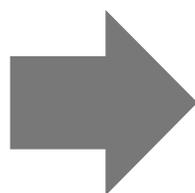
"When spending money it shall give me a sense of being..."
"socially accepted" 61% **bottom box, highest rate of all countries**

The **US top earners acknowledge the crisis** and the impact on the population more than top earners of other countries.

"Ok ... it's ... unfortunate to ... sometimes I feel like you're preying on people who have lost things ... like people's homes that go into foreclosure ... I've always said I'd feel bad about buying somebody else's home because you know they've lost it, their whole life was turned upside down and you're going in there and for a good deal on a home" – US

The US top earners might be experiencing a shift in values – **away from growth and expansion towards consolidation and sustainability.**

"We're probably buying less art work now because we don't have any more space to put it up. And the money we spend on that we could be spending on a large down payment on a home" – US"



The belief in capitalism and the economic power of the country has taken a serious blow. A positive development is not taken for granted (but eventually expected) and so debts have become a risk and are consequently avoided or cleared. In a shaken economy spending money must be even more justified and less wasteful to be socially acceptable, but overall the sum of the top earners' consumption remains the same.



The Optimistic Polarity: The World's Most Capitalist Country



Facts and Figures

Highest rates of all countries:

"Compared to the current year your consumption in the next year will..."
63% "increase"

"Do you perceive money as..."
71% "something important"

65% "a sign of competence"

62% "a sign of success"

"In 2009, showing that one has money is..."

59% "justified"

51% "positive"

The Chinese top earners have **no doubts about the future** and **absolutely trust in the strengths of their economy**.

"I believe the freedom in finance does not rely on the saving, it is due to the capability of making money. Therefore, saving is not a solution. The right investment will bring larger return ... I shall make myself strong ... Next year I will spend more on self-improvement" – CN

The crisis is a chance and not a threat.

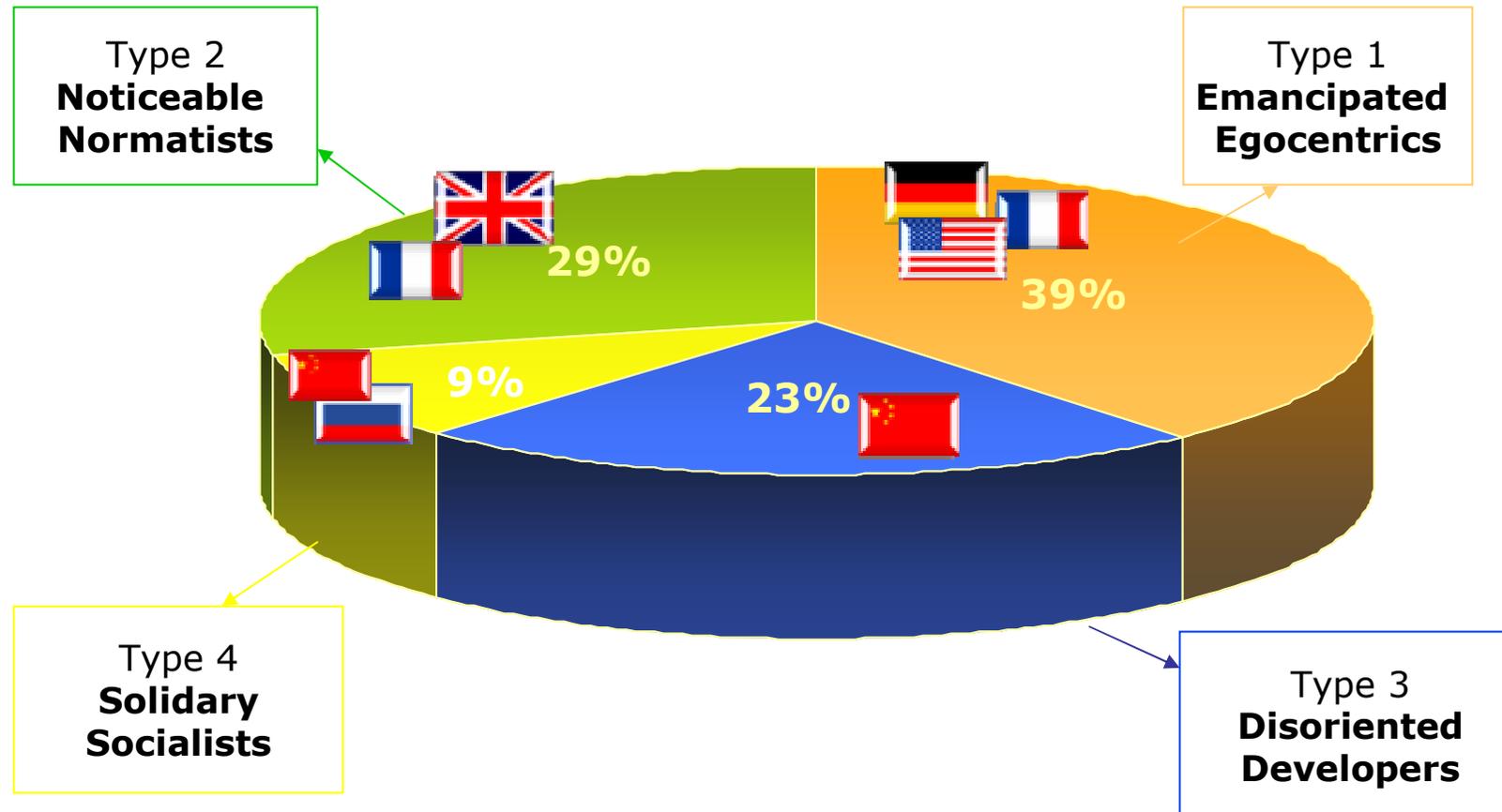
"I think it brings a chance. The crisis also brings along some business opportunities. It breaks the balanced or mature market; we could find some defects of the system or market. It will be a chance to develop new markets or services" – CN

The Chinese top earners are **far from being saturated** and are aiming to further **increase their consumption** in the near future.

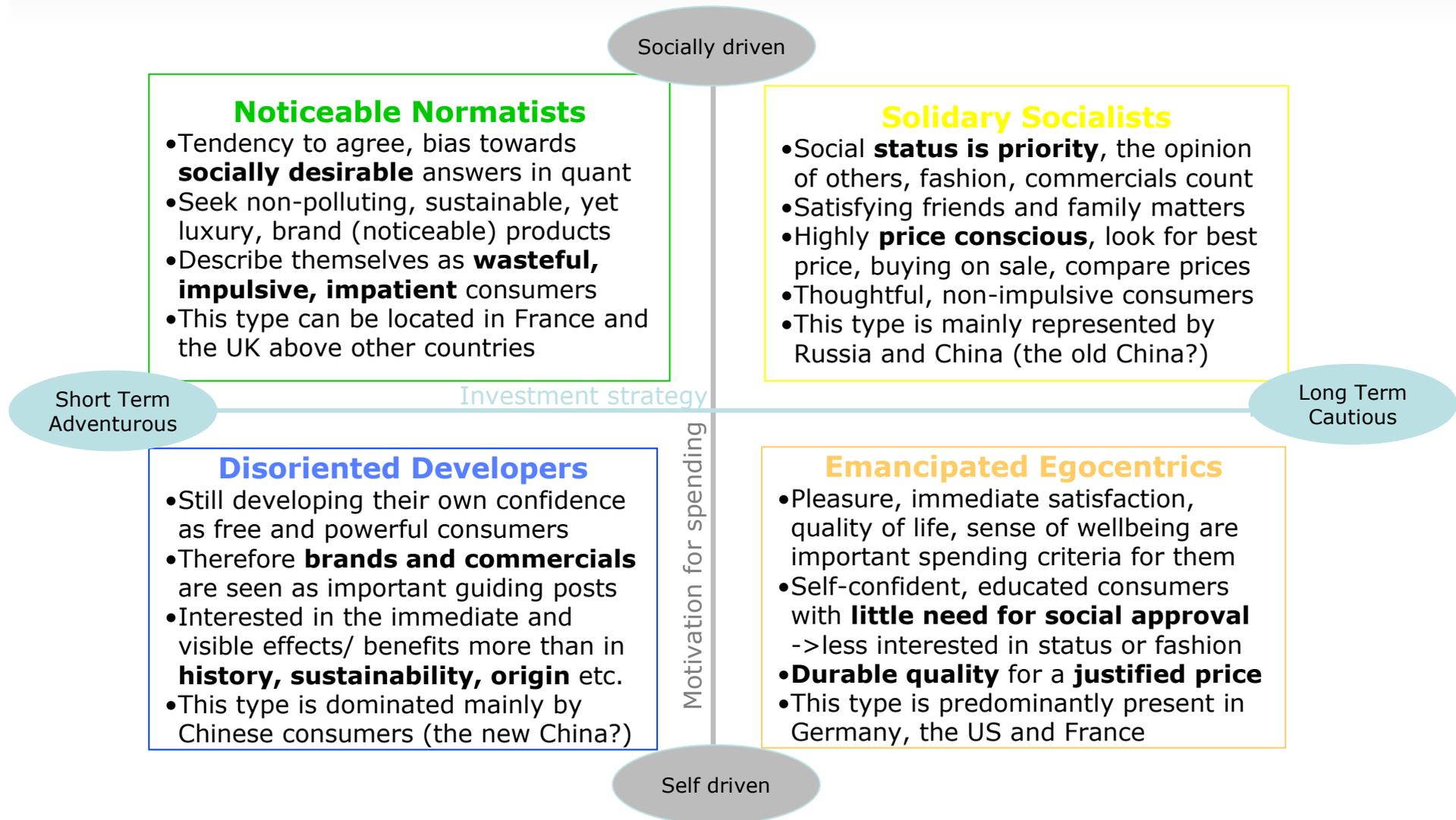
China looks forward without self-doubt, the only way is up and consumption will grow – it has become the world's growth driving force. Spending money and showing one is well off is a sign of success that meets only admiration. In consequence prestigious goods with a high visibility are not avoided but openly displayed.

Interindividual Differences: A Typology of the Top Earners (1)

Beyond these **intercultural differences** explicated above, different attitudes towards money and spending could further be observed on an **interindividual level**. A Principal Component Analysis of the quantitative questionnaire revealed a typology with **four different types of consumers**:



Interindividual Differences: A Typology of the Top Earners (2)



Interesting Facts about the Emancipated Egocentrics

Emancipated Egocentrics

- 74% do not appreciate commercials (e.g. compared to 39% in type 2)
- 61% claim that they are not longing for status when they spend money
- 92% do not care about being accepted by others when they spend money
- 47% do not really like to ask the store clerks for their advice

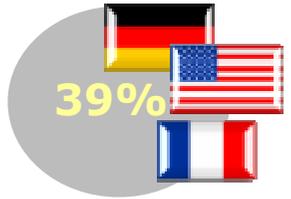
⇒ **Self-confident without the need for peer group confirmation**

⇒ **They know what they want and what they don't want for themselves**

Scores are significant in comparison to the other types



Long Term Cautious



Self driven

Interesting Facts about the Noticeable Normatists



Socially driven

Noticeable Normatists

Top boxes selected significantly more often
-> generally a **tendency to agree** more

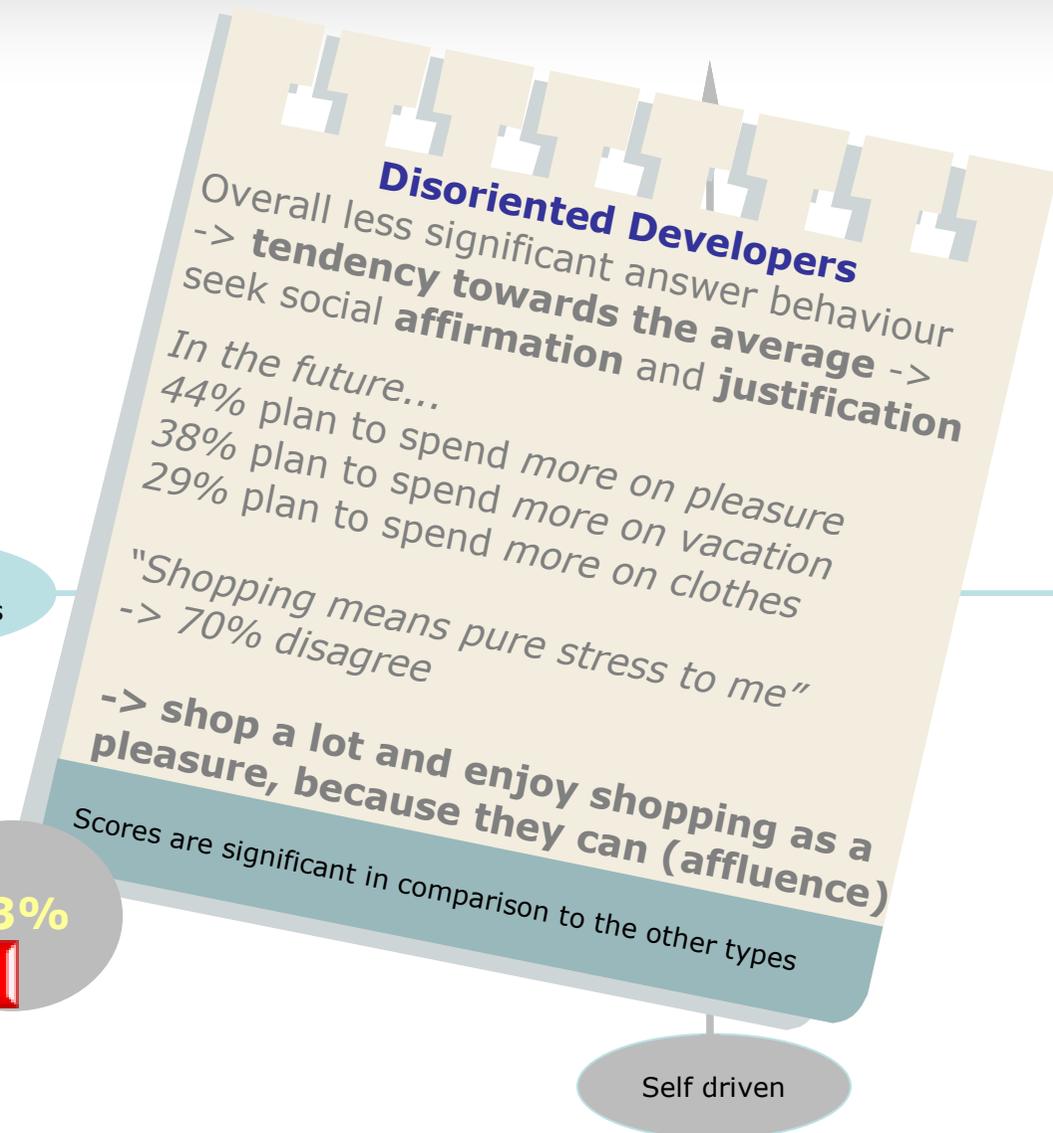
- 91% say they consider the opinion of others when spending money
- 73% like to explain why they bought a product (e.g. compared to 45% in type 1)
- 63% appreciate commercials
- 77% seek status when spending money
- 83% spend money to be accepted by others

⇒ Need social **affirmation** and **justification**

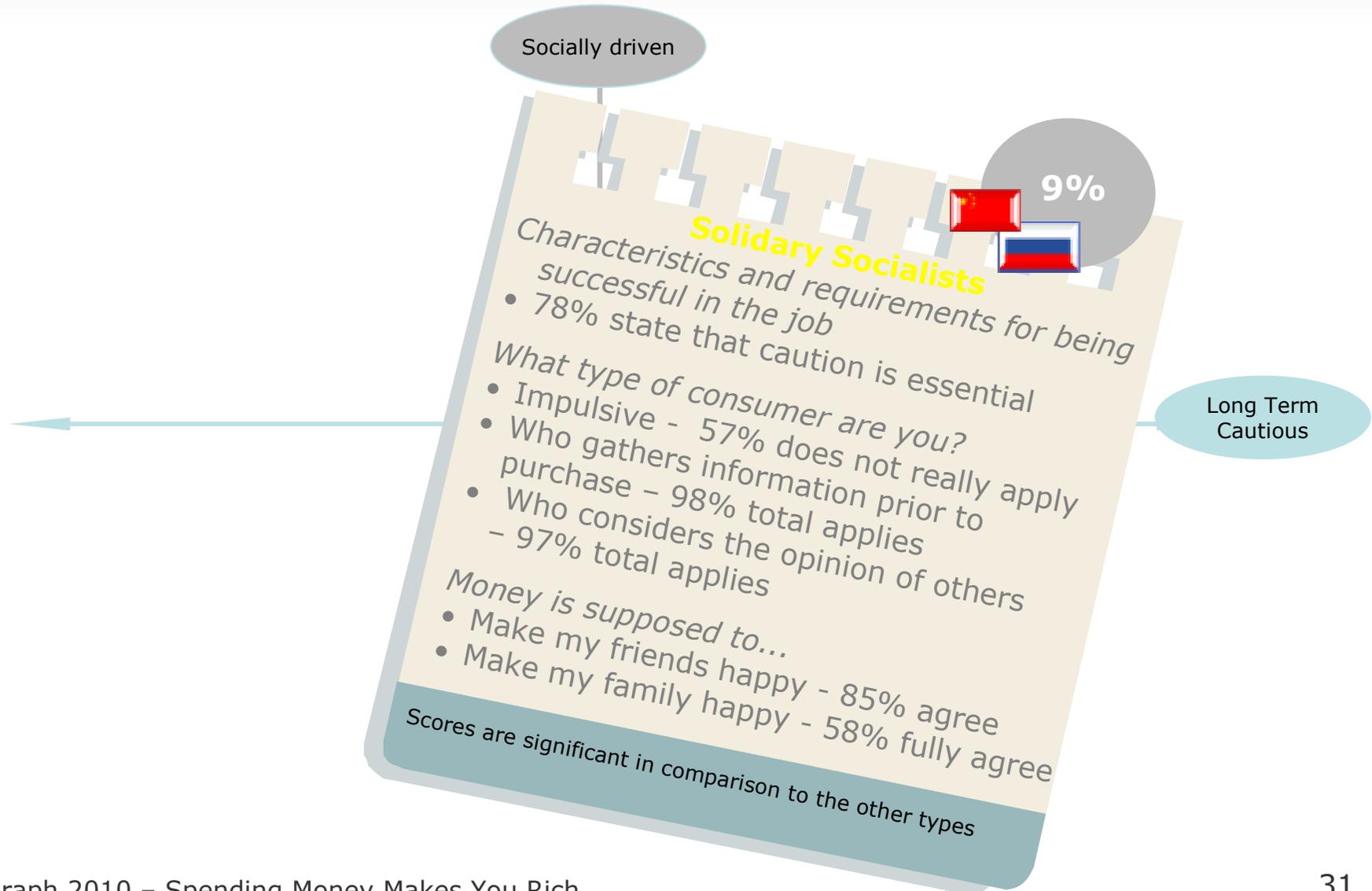
Scores are significant in comparison to the other types

Short Term Adventurous

Interesting Facts about the Disoriented Developers



Interesting Facts about the Solidary Socialists



2. Measuring and anticipating the consumer behaviour of the Top 10% male population in the context of different industries

- Home and Living
- Technology and Home Entertainment
- Travel
- Food and Wine
- Health and Fitness
- Cars
- Arts and Culture
- Accessories and Appearance

HOME and LIVING

Facts and Figures

Significantly **more** top earners **own rather than rent** their home.

25% are planning to **purchase real estate** in the next weeks or months.

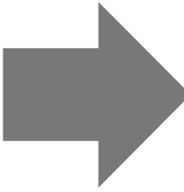
30% are planning to spend money on **(re)construction of the house/ in the flat** (highest ranked item in France and Russia).

The own **home** becomes **increasingly important** for the “top 10 men” as a **place to relax and recharge, entertain, work and play.**

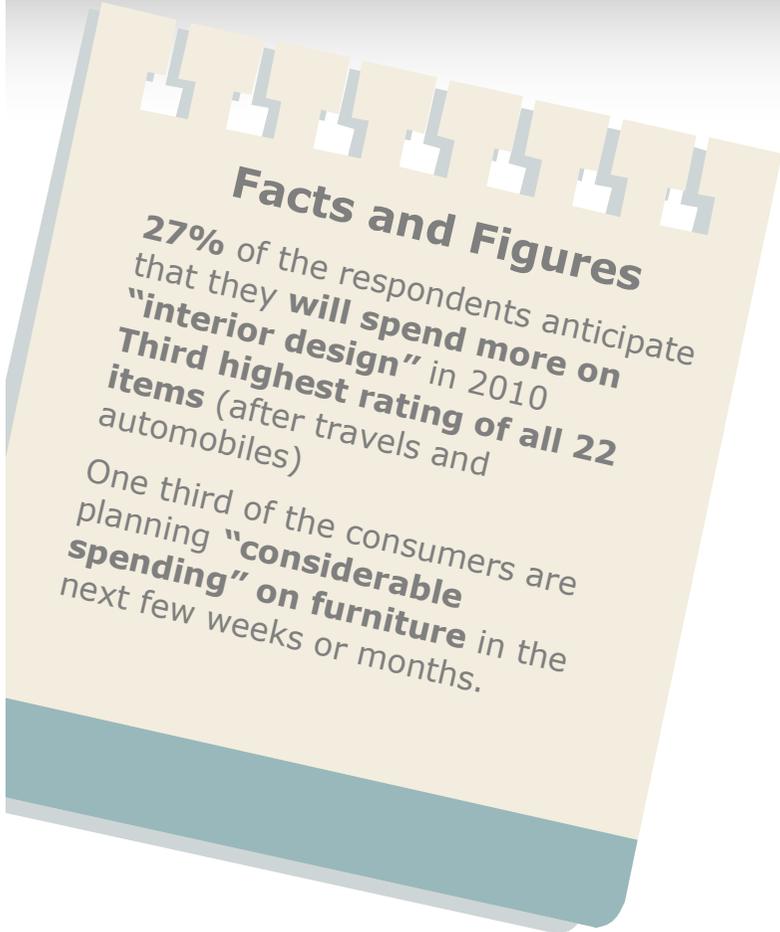
The property is often **not bought as a financial investment**, but **regarded as a home** – an asset to live in.

Investing in the own home is seen as **necessary** and **money well spent** by many respondents.

*“A justified spend is something related to food **and the house** and, well, also the vacation” - F*



Housing becomes more and more important as it is a way to build something stable, a fortress around oneself, a nest to feel safe(r) in a world of turbulences. Also it is a safe environment for displaying ones wealth and to impress the close social network.



Facts and Figures

27% of the respondents anticipate that they **will spend more on "interior design"** in 2010

Third highest rating of all 22 items (after travels and automobiles)

One third of the consumers are planning **"considerable spending" on furniture** in the next few weeks or months.

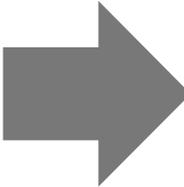
Going out is out – staying in is in

In the interviews we observed a growing desire of the respondents to enjoy their spare time at home, rather than going out.

"I think we prefer to entertain here and have some nice champagne and some nice food here or some nice wine, whatever ... because I think we do enjoy it more. It's more relaxed. We enjoy the environment more." - UK

Hence, **creating the right atmosphere** at home gains importance.

During the ethnographic interviews, our researchers recorded a **large number of recently bought furniture and decorative items.**



We can therefore forecast a positive trend for home renovations, furniture, electrical household appliances and other categories that make life at home more enjoyable.

My Hotel at Home

Furniture in vintage craftsmanship or modern simplicity



My Restaurant at Home



High class kitchen equipment and electrical appliances



My Spa at Home

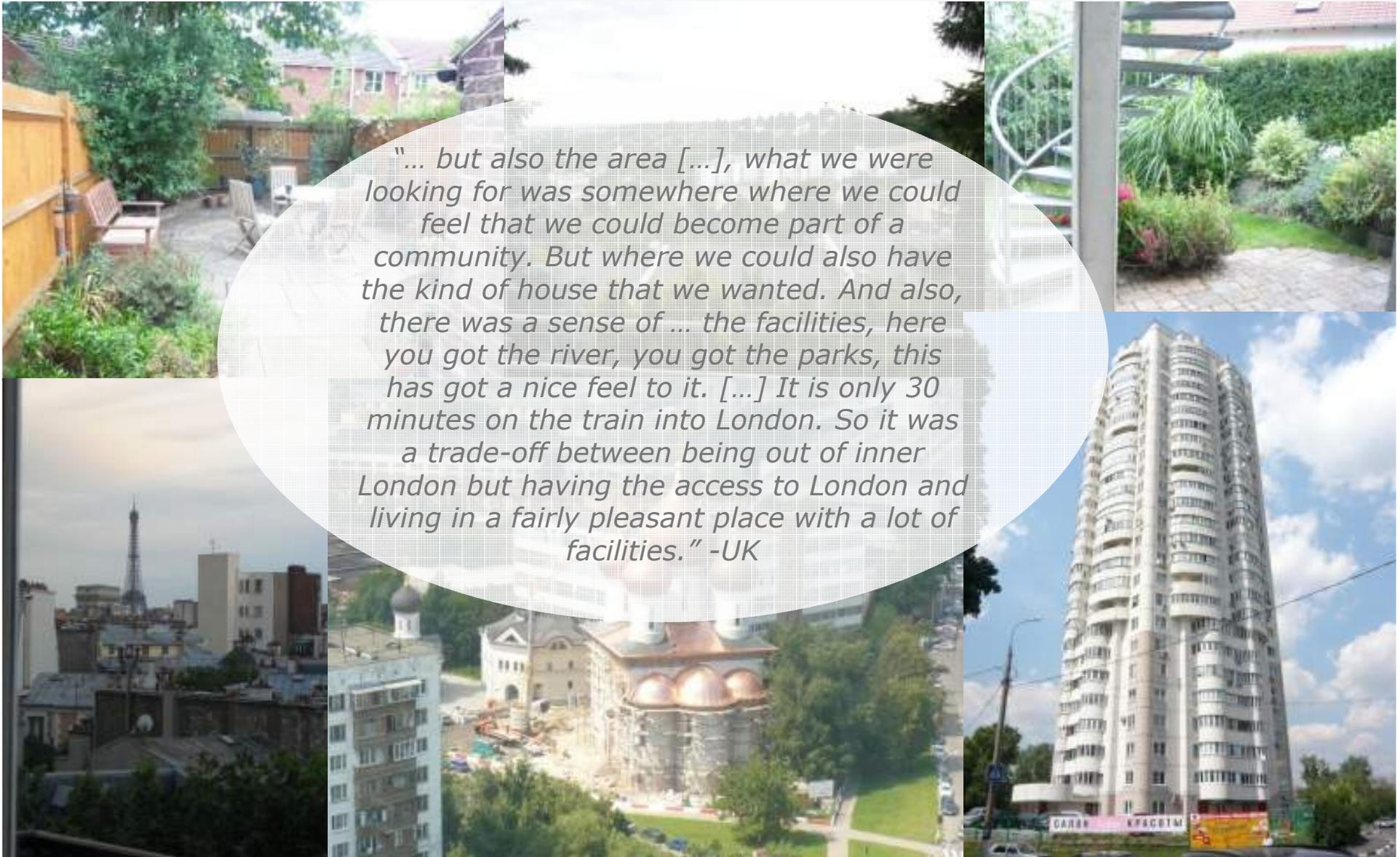
New stylish bathrooms to indulge your senses



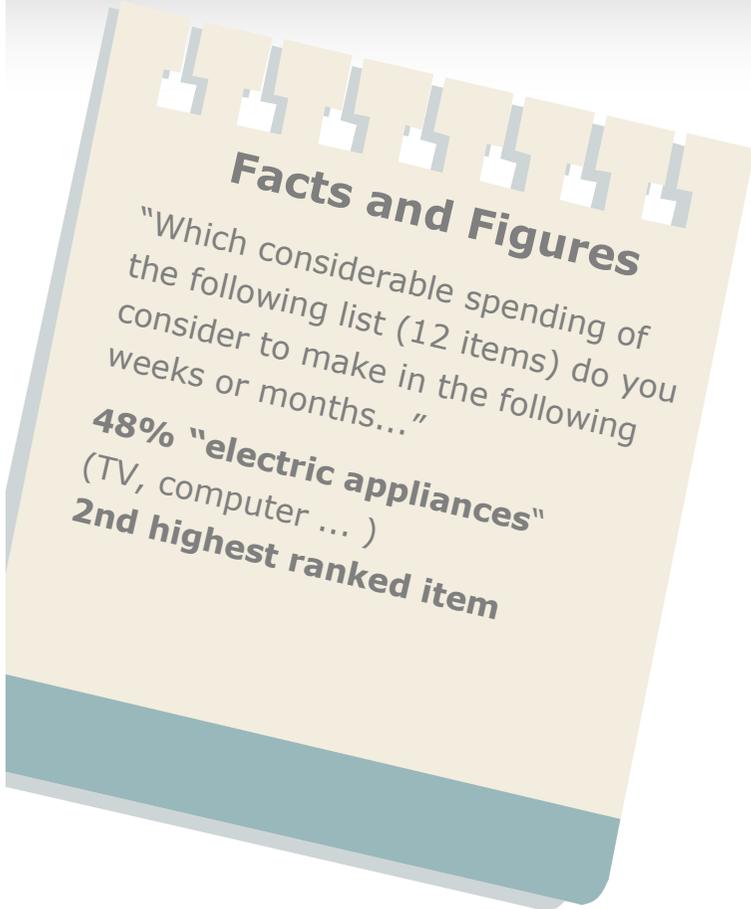
Location, Location, Location!

Not just the inside of the home is important...

"... but also the area [...], what we were looking for was somewhere where we could feel that we could become part of a community. But where we could also have the kind of house that we wanted. And also, there was a sense of ... the facilities, here you got the river, you got the parks, this has got a nice feel to it. [...] It is only 30 minutes on the train into London. So it was a trade-off between being out of inner London but having the access to London and living in a fairly pleasant place with a lot of facilities." -UK



TECHNOLOGY and HOME ENTERTAINMENT



Facts and Figures

"Which considerable spending of the following list (12 items) do you consider to make in the following weeks or months..."

48% "electric appliances"
(TV, computer ...)
2nd highest ranked item

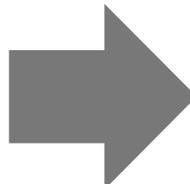
(Multimedia) Electronics and high technology appliances remain **status symbols** which are visible by close friends, colleagues and/or guests.

Items and services with a **unique technology** and/or a **special service** are especially attractive. They trigger the **curiosity** of this technology affine target group and prevent that one falls behind in the game of social comparison.

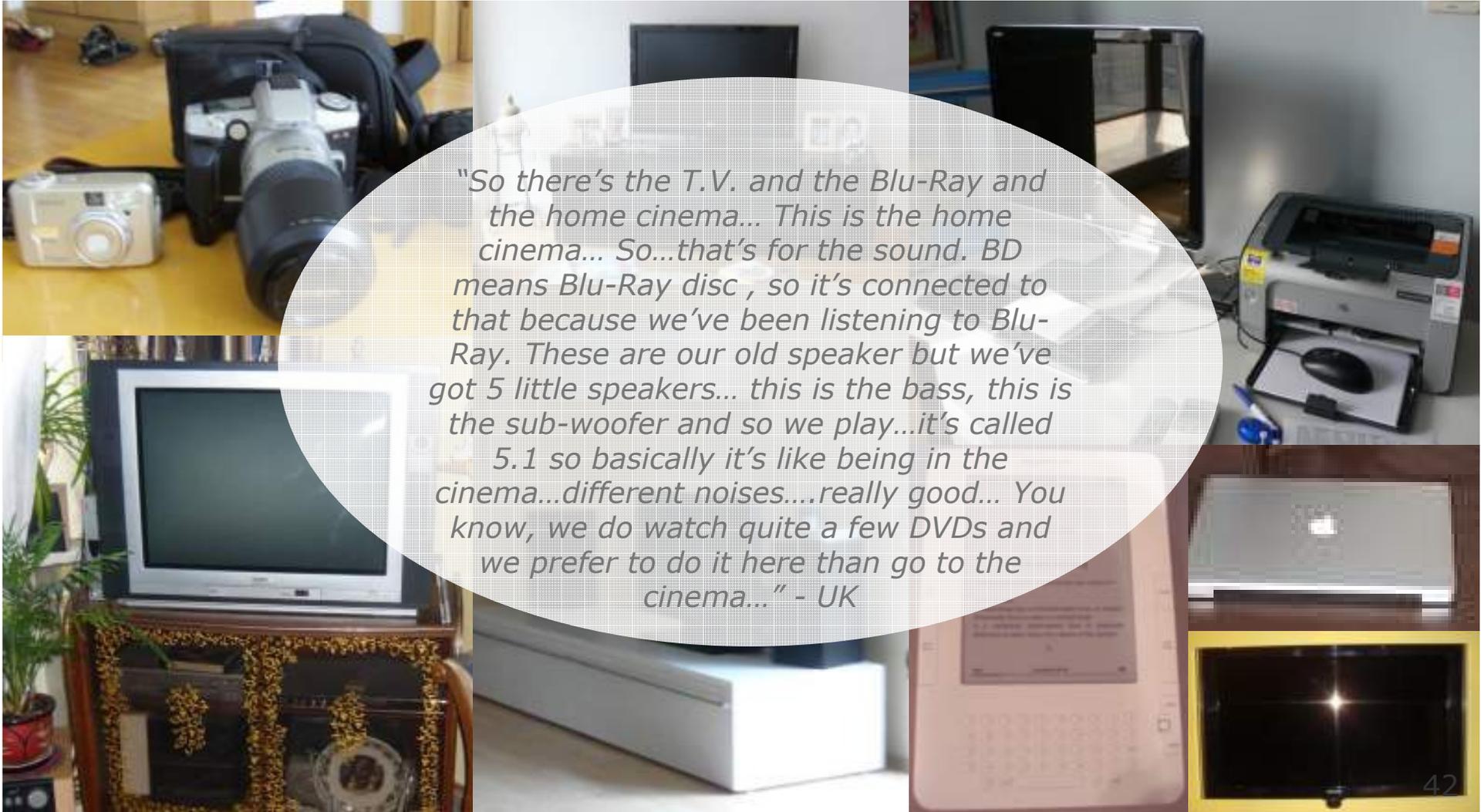
Furthermore, this helps the top earners to find **rational arguments to justify their purchase.**

"I bought this phone because it has this recording function that no other one had" - D

"Yes. I bought this TV in 2004, and it cost me 28000 RMB at that time, but now it is not worth that any more. The reason why I bought it is enjoyment. At that time, few people had flat-screen TV, not like nowadays" - CN



The permanent development of technology (better pictures, sharper images, extended memory, higher download capacity, etc.) together with the increasing desire to stay home and enjoy their own cinema, creates a necessity to stay "up to date". Therefore we expect a positive trend for electric and high technology appliances.



TRAVEL

Travels as Sensible (and enjoyable) Investment



Facts and Figures

33% want to spend more on travels
– highest ranking item

"My money is supposed to help me to
escape" – **59% total agree**

"I will spend **more on cultural trips**
(over the following 12 months)"
46% in China

=> Strong trend for travels in the
emerging countries (RU, CN) as there is
a great desire to explore the world now
that one has the means to afford it.

Travelling for business and pleasure definitely is a **major part** of the top-earners' **lives**, which is reflected in their financial architecture:

"I have another couple of separate savings accounts I use... if it's a travel account, just putting money in there ... so having money to go on a trip" – US

"If we go travelling, wherever I go, whether it's on business or holiday, I always buy something to bring back for the house. Because then when I look at it, it means I have got a memory of being there" – UK

Recreational trips are a way to **relax, relieve stress and escape** (US, FR, UK). In addition they also are justified by **cultural enrichment, personal growth** through **learning** and the **gain of knowledge** (CN, RU).

"We found a really, really nice hotel in Thailand ... It's a very relaxing one, it's on the coast, there's spa facilities. There's a gym. We're just going to relax ..." – UK

"To pay a very expensive price for a flight for my daughter to travel to Chile in order to study 6 months is not a waste of money ... To learn languages is a key to success nowadays ... " – F

For the top earners travelling is a very attractive way of spending money, as it can be conveniently justified by health and/or personal improvement, plus one is out of sight with no risk that the spending will be judged.

Souvenirs as Proof



"We talked about travel being a big source of education because you're experiencing the culture and values of others, other cultures. I think you grow as a person with it. I'm a richer person having had the experiences and meeting the people just broadens your existence, makes you appreciate what you have more, makes you drive harder for things you really want and give more to others who really need it" - US

FOOD and WINE

Facts and Figures:

23% plan to spend more on food

73% plan to spend the same

4th highest ranking item in a list of 22

Especially Chinese consumers place more emphasis on food (41% plan to spend more on food in the future)

Also "whole food" and "regional products" benefit from a positive trend according to the survey.

Nutrition and good food are gaining importance.

Food is **nutrition** but moreover it means **indulgence**.

Good food is perceived as an essential **investment in the own body and health**, as well as a **treat for yourself** – something you deserve to enjoy, an indulgence.

It is therefore justified to spend more on food and ensure superior quality – adequate to the social status.

*"We buy **organic, free range** meat and we like to make sure we're eating **nice food, good quality**."*

We don't want to eat a load of rubbish" - UK

*"We try to always buy meat **from the country side**. We have relatives there and **know where the meat comes from**, where the cow was slaughtered ... We try not to buy greenhouse fruits, but only products of good quality". - RU*

"[When it comes to food] I am not so price sensitive. I won't care much about the fruit price, just buy whatever I want to eat." - CN

INTERESTING FOOD CONCEPTS:

- Locally grown and sold
- Organic, free range, eco
- full of fresh, natural goodness

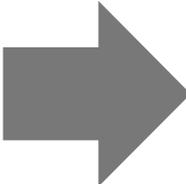
Wine is valued as a life art, not just as a drink

Wine is part of a good meal, yet **more than just a grocery**. Many interviewees, especially in France, **purchased** wine relatively **regularly** (e.g. as part of a wine club membership) **and in large quantities**. One participant in France had just bought 400 bottles of wine for his private stock and forgot to mention it to the interviewer, because it was so normal for him, not a purchase worth mentioning apparently.

"I love buying wine as a gift ... I think imported wine is quite special, although I don't drink too much, but it is nice to put them there ...It says: Sit down and have a drink ..." – CN

"We collect wine, we love wine so we go to Napa quite a bit...Napa valley and Sinoma...we have friends that live out there and a vineyard and it's fun to go out there..." – US

"And I spend quite a bit on wine. This (wine rack) is nearly always full and I buy it from Sunday times wine club... as soon as there are 12 spaces here I fill it up again. But I always tend to have a good 50 odd bottles of wine at any point. In terms of groceries, that is probably the biggest luxury, the wine." – UK



The experience and image connected to drinking wine is more important than the taste. Many admit to not having a great knowledge of wine, but still buying expensive bottles.

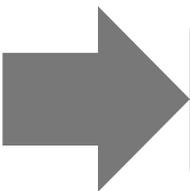
Buying good food and wine becomes increasingly important, and so does **home cooking**.

Eating well does not mean eating out, as the homo oeconomicus expects **more value for money at home, then in a restaurant**. However the crisis also makes dining out cheaper, so they still go out and enjoy getting a good deal.

"If you would buy a good wine in a restaurant, you pay a lot, so I rather invite friends around and we have some nice champagne." UK

However, it is still popular to **dine out for the experience**. Especially in China dining out with friends or colleagues is still very important as social and status ritual.

"I like food. I am collecting dining information from friends or colleagues. I will drive a long distance to the place for the food. There is also program on TV introducing some nice restaurant, I would love to try." CN



**Eating and drinking at home with good quality products outperforms the restaurant visit economically.
Dining out becomes more of a special occasion to enjoy the experience more than the food itself.**

A Peek in the Fridge of the Top Earners

shows high quality products and reputable brands.

However, we also found many own brands and products from discounters during the ethnographic interviews => basic groceries can be cheap, fine food should be special



HEALTH

Survival of the Fit



Facts and Figures

Would you say that in the future you will spend more, the same or less money **for maintaining health:**

33% want to spend more (China: 60%!)

Health is a key value and understood to be **prerequisite to being successful** on the job. Also some enjoy the competition that sports provide.

"A little marathon, keeping fit. This is very important, very important, it's even the most important value, healthiness and doing something for your own body..." – D

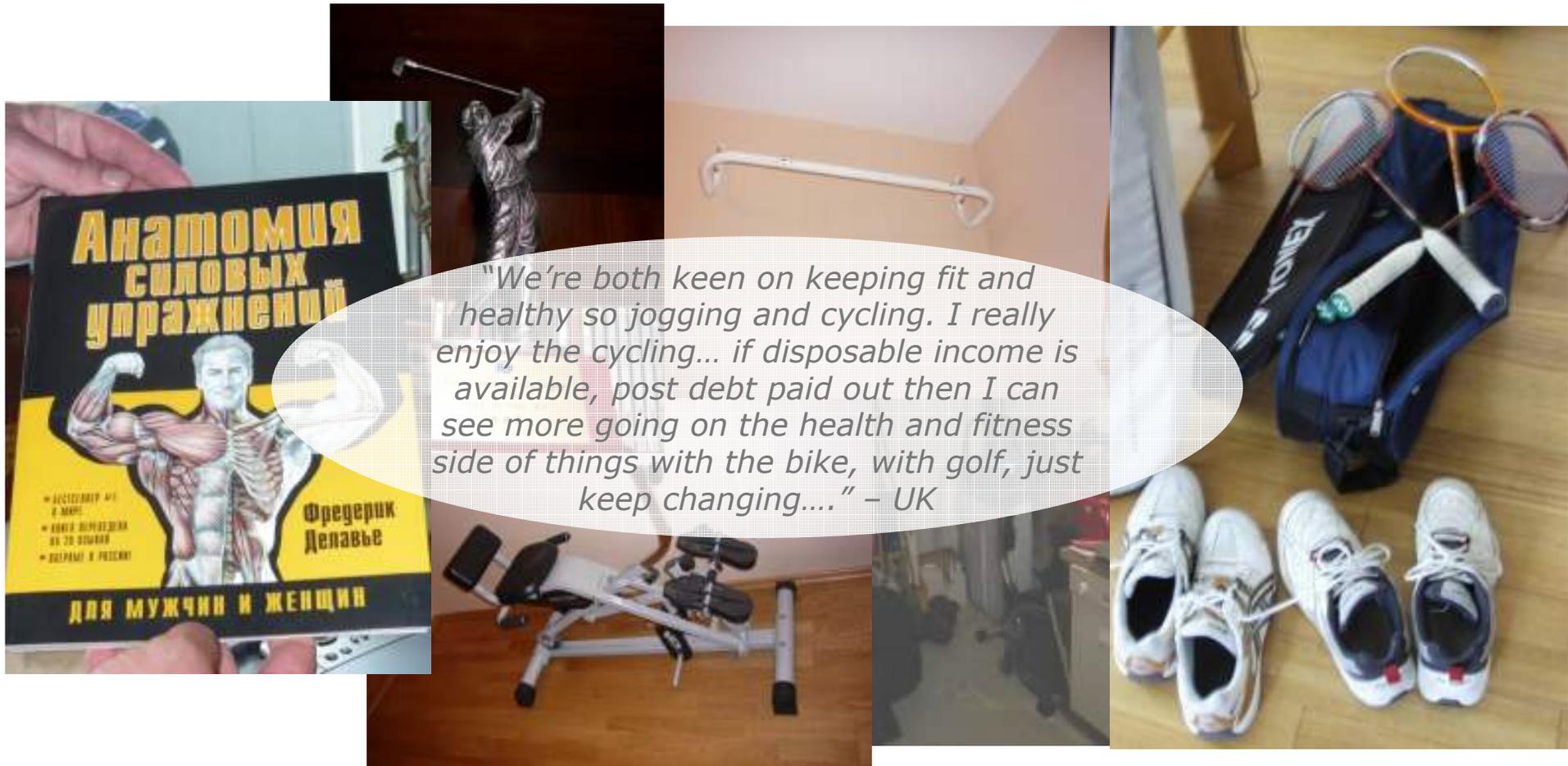
There is a **great willingness to spend money for health**, as it is understood as a **sensible and easy to justify investment**.

"Interviewer: Compared to the past, where would you like to spend more? Respondent: I would like to invest in health. I would go to buy some health care products, and go to have some exercises." – CN

The same applies to **food**, because it is understood as **directly connected to health**.

"The products should be high quality. In Russia we get a lot of copies that are bad quality and don't meet government standards. We try to buy natural products, good products, as it is obvious that our health depends on this" – RU

Health is becoming more and more precious, eating healthy and staying fit increases in importance and so does the spending on high quality food, health care products and fitness equipment.



CARS

Facts and Figures

Which considerable spendings of the following list (12 items) do you consider to make in the following weeks or months ...

38% want to spend more on cars - 3rd highest ranked item

Furthermore, 30% of total sample intend to purchase a car in the near future.

The constant technological advance (safety, fuel consumption, etc.) easily justifies the need for a new car, while the **pleasure, comfort and fun guarantee a "profit"** for the top earners.

"[changing from VW Passat to Audi] I feel that I need to improve the quality of my life and changing a car is one of the ways ... maybe my colleagues would think the world is unfair but I think they would still be ok ... maybe my boss would not ... But I think my boss should be happy ... because it shows that the company is making money ... But maybe I will do some explanation to my boss. For example, I buy a new car because I need a safe car ...

I need a new car to protect me and even my boss because sometimes I pick him up from the airport ... " - CN

Difficult for the top earners is the cars' visibility and the obvious status it conveys. The **balance between appropriate and boasting** is delicate.

"I would never buy a Maybach. I don't understand people who buy such cars. Why would you need such a car? A car can't cost 500.000\$. It is hand-made, but it still has only one motor and 4 doors!" - RU

Despite the post-crisis difficulties of the car industry, a car is still an attractive product for the top earners. In consequence they plan to spend more on cars. However the car industry must keep in mind that showing off is out. To maintain the balance between appeal and understatement will be the main task for the future of upper class cars.

The Car Decorating the Front Yard



"Yes we have a nice car. That is a luxury really. We both use public transport going into work. We both work in London. So really that is a luxury. If it was just about... if we only thought about money we'd hire a car when we needed one." - UK

ARTS and CULTURE

Facts and Figures

"Which considerable spending of the following list do you consider to make in the following weeks or months..."

Only 13% want to purchase art - lowest ranked item

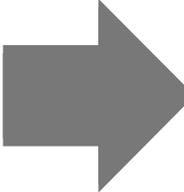
However, compared to other target groups, the top earners **still own a significant amount of art** (especially in France and the US). But buying new items is momentarily less popular → not justifiable.

Art has difficulties to remain appealing to top earners. It becomes a **"superfluous item"** as it offers hardly any tangible benefits. It is **more decoration than investment** and so it can easily be substituted by other categories such as technology or cars.

"We have all those paintings in the basement because I don't even know where to put them up, so there is no point in buying more" – UK

Cultural events are still appealing, where they **provide an experience**, which is believed to be a personal enrichment.

"... A lot of my personal spend is on theatre, music... So for example this week, we went to a pop concert on Monday, I went to a Prom at the Albert Hall on Tuesday we are going to a jazz concert tomorrow" – UK



In the rational world of the top earners art and culture have a tough stand. Spending money just for enjoyment and without a purpose has no place here. So unless art is perceived as a sensible investment or provides an experience which personally enriches the top earners, its sales are likely to further decrease.

A Dying Art

still well represented in the top-earners households,
yet art collection becomes a rare passion



"I bought it for myself, for my birthday...I just like it...it's an original from an artist... Billy Ork Galleries that I like here in Chicago... I saw that and was like wow! I really like that....saw how much it was, then I left, walked around and I'm like do I really need it and I was like well it's my birthday...so I went back, I like it, put it...frame it like this and a week later I had it so...." - US

ACCESSORIES and APPEARANCE

Spending Less on Appearance



Facts and Figures

"Over the following 12 months will you be spending more, the same or less for each of the following items of expenditure..."

30% less for jewelry

32% less for watches

2nd and 3rd highest rating for spending less

Watches and jewellery **display the wealth and the status of their owner**, which **conflicts with** the growing importance of **discretion and understatement**.

In the eyes of the top earners there is little or no advance in functionality of a watch, so it is **difficult** for the top earners **to justify the purchase** of a watch, especially if they already have one.

"For example this watch, I bought this one of the last times I have been in Asia and its a fake Cartier. I think it costs something like 10/20 pound, in fact, the strap was more expensive ... But its quite often people say 'Oh my god, you've got a Cartier watch' and I wouldn't even ... I bought it just because I like the roman numerals and I like big hands and something quite simple. But whether it was a real Cartier or fake Cartier or any other kind of watch would be totally unimportant to me" – UK

Purchasing watches and jewellery is hard to justify in the rational world of the top earners. To a lesser extend, this aversion of superficiality even applies to China and Russia where wealth is openly displayed. With growing pressure due to the weak economy, this effect is likely to become stronger and we predict a further decrease in attractiveness of this category.

Just Wear It



Facts and Figures

"I like to follow what is fashionable"
56% disagree
(with the exception of China)

"Would you say that in the future you
will spend more, the same or less
money for:"

22% will spend more on clothing
fifth-highest item of 22

Clothing is seen as a necessity and not regarded as something to express your status.

"I would go to Nordstrom's or Nieman's market and buy a very well made high quality suit or tux because that's going to be with you for a very long time. A pair of shoes....those are good for your feet and you pay for it....a tie or shirt....that would go with it...I'll still buy something nice but I'm not going to spend \$125 on a shirt when I can go to a Nordstrom Rack and maybe spend 39. It's not different in quality it's just maybe a season ago. A white shirt is a white shirt." – US

Fashion and seasonality are not of great interest and clothing is often **bought in bulk** and **stored before usage.**

"I went to Hong Kong, which is good for shopping. I bought these pairs of trousers from Ralph Lauren because the cut fits me, and also several polo shirts" – Interviewer: "They still have the label on it. Didn't you wear them?" – "No, they are for next year" – CN

Top earners are emotionally detached from their clothing. It is a necessity, a coat – which must convey style but should not stand out. Most top earners buy out of habit in this category.

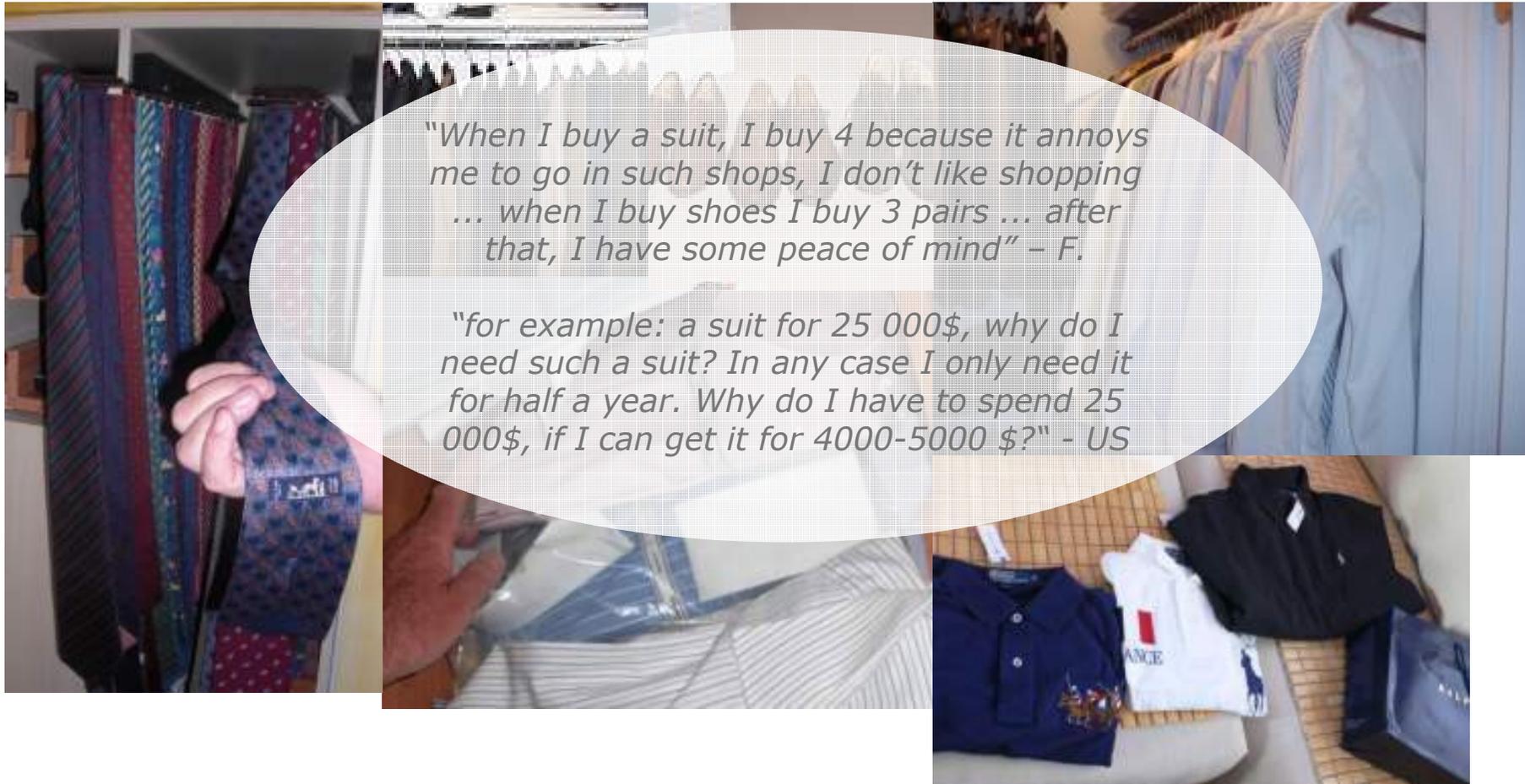
They are willing to pay high prices for clothing, to satisfy social norms. However, they will not invest time and effort, as there is no emotional appeal.

Investing in Appearance



"It's funny because there are enough snobbish and stupid people to tell me 'oh, you've got a nice watch', 'cause they can't imagine that I wear a € 3 watch. They think: it must be a brand ... I see some people walking around with awful Rolex watches which are worth a fortune, it's like Sarkozy with his watch, when Séguéla said this stupid thing like 'if you don't have a Rolex at the age of 50, you are a loser' " – F

Daily Wear





4. Implications for Marketing and Communication Targeting the Top 10% Male Population

Marketing Questions



REASON WHY - Top earners seek purpose.

They like to justify their purchase and hardly ever buy something just for the sake of it or because they want it. The product must therefore be a useful, profitable, durable investment for them.

PRICE - Money is not the problem.

A high price is no barrier, but it does need a more elaborate justification. The cost must appear appropriate or even a good deal and should take their price awareness into account. They will not buy anything just because it is expensive and are also not ashamed to purchase "cheap" goods if they are good value.

BRANDS - A brand is not enough.

Brands are important but not self-sufficient in selling a product. The brand must convey aspirational values and measurable benefits: e.g. "peace of mind" through durability, quality and/or service. Exclusiveness or design are not as relevant.

DISTRIBUTION - Convenient distribution is a must.

Top earners hate to waste time – the process of shopping is not the goal but just a means to an end. Especially everyday necessities including clothing and groceries must be quick and easy to buy.

How to Communicate with the Top Earners



Provide a rational reason.

As top earners feel a need to justify their investments, the reason why they should buy a certain product or service must be rationally argued. This is not only important for the actual purchase decision making but equally relevant for the after-sales-management – when they have to explain their peers that they have made a worthwhile investment.

Give them a good deal.

Despite their affluence, top earners are still smart shoppers and always looking for discounts, special offers and the best prices. Savings or special services should be relayed to them ideally from the higher authorities, e.g. store management, according to their status.

Tell a story – add value.

Top earners are aware of their greater responsibilities as a consumer and pay attention to the background of a product. Therefore locally produced goods, companies with a family history, or the support of a charitable cause can give a product the competitive edge.

Interesting Industries



Hobbies are exceptions.

Most top earners allow themselves a small irrational niche for special hobbies or interests, which they splash out on almost as if to balance out their otherwise rational purchase decision making. If a product or service hits the right nerve and makes an emotional connection it can become such a passion and does not need rationalisation.

Travels warrant high expenses.

Holidays are seen as an investment in terms of recharging the batteries and gaining new knowledge. Beyond that they are also an escape from the usual social setting and therefore a welcome opportunity to spend.

The own home gains importance.

Although socialising is still popular among the top earners, the trend shifts towards entertaining and dining at home. Therefore interior design, home entertainment technologies and high quality groceries are sought after to improve the time at home alone or with friends.

Progress thrives.

This target group appreciates technological advancement and is seduced by new and improved functions geared towards the superlatives: better, faster, safer, more (e.g. memory). They like to be up to date and buy the latest products in terms of IT, TV- and Audio equipment or cars.

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For the first time in the Séissmograph history, we have been able to conduct an international study across six countries with a combined qualitative-quantitative research approach. We could not have mastered this extensive study without our dedicated team and the support of excellent research partners:

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