

TABLE OF CONTENTS

I. Introduction	p. 3
a. Acknowledgments	p. 3
b. Context and background	p. 3
II. Presentation of the empirical research	p. 5
a. Definition of the target population	p. 5
b. Method and sample	p. 6
c. Scope of research	p. 8
d. Summary	p. 8
III. Understanding the mindsets of the Top 10% Male Population	p. 9
a. Realizing the denial of the “crisis”	p. 9
b. Observing the continuity in their spending patterns	p. 12
c. Discovering their need to justify their consumption	p. 16
d. Anticipating some shifts and reallocations towards more meaning and experience	p. 18
e. Summary	p. 20
IV. Measuring the attitudes and behaviors of the Top 10% Male Population	p. 21
a. The wish to appear a “rational purchaser” at home or in day-to-day life	p. 21
b. The reality of an “impulsive buyer” when it comes to passions	p. 26
c. The “irrational spender” outside the learned perimeter, i.e. on travel and holidays	p. 27
d. Winner and loser products: Outlook into the future consumption priorities	p. 30
e. Summary	p. 34
V. Implications: What does this all mean?	p. 35
a. Broad implications for the economy and the consumption climate	p. 35
b. Implications for the society: Our values and beliefs	p. 36
c. Implications for companies and managing brands	p. 38
VI. Appendix	p. 42

'You don't need a watch, Zayde. See how many watches there are in the world.'
She showed me the shadow of the eucalyptus that said nine in the morning with its size,
its direction, and its chill, the little red leaves of the pomegranate that said mid-March,
the tooth that wiggled in my mouth and said six years,
and the small wrinkles in the corners of her eyes that capered and said forty.

'You see, Zayde, this way you're inside time.
If they bought you a watch, you'd only be next to it.'

Meir Shalev, Four Meals



I. Introduction

a) Acknowledgments

My personal thanks to

- **Professor Tim Calkins**, Clinical Professor of Marketing, Kellogg School of Management, for his focused mind and enduring guidance
- Christine Garnier, Tea Kobakhidze, Christiane Trebeljahr, Rabea Maschke, Anne-Marie Naud and Lisa Zeng, psychologists senior researchers for their talented interviews
- Laurenz Ramdohr, Rolf Dobler, Isabelle Caldairou, Trish Gant for the accurate transcripts and the thorough web research
- Luc Milbergue (CEO Stratégir Group, Bordeaux, France), Line Kerrad (Managing Director Stratégir GmbH Germany) and Isabelle Goisbault (Deputy Director Stratégir SA France) for the development of an adequate questionnaire, the management of fieldwork and the comprehensive data analysis
- Stratégir Limited (London), Quotapoint GmbH (Frankfurt), Recrutement Services SA (Paris), Magram Research (Moscow), Murray Hill Center Cental Inc. (Chicago) and Psyma China (Shanghai) for the recruitment of qualified respondents in the qualitative interviews
- Roland Schnell (Senior Project Manager) and Dirk Peschke (Senior Manager Client Development) Toluna Group for the programming and data gathering via their qualified online panels.

b) Context and background

The company I am managing, Séissimo – Markt und Forschung, is a small agency located in Germany, but working worldwide, dedicated to qualitative consumer research in the field of ethnography and innovation. Since 2001, we provide big companies with insights about consumers' and shoppers' habits, routines, behaviors and attitudes. Our task is to explore unsatisfied needs, white spaces in the market place and steer consumer relevant innovation. Furthermore we help in fine-tuning the marketing mix elements of concepts, products, packaging, communication and distribution. We cover a various range of brands, services and products (mainly B-to-C) from 6 months development time (for instance a perfume) to 6 years (typically a car).

2009 has been a year of big interrogations and concerns from our B–t–C clients so far. “Is the crisis going to last long?”, “Which strategies should we develop to overcome it?”, and, most important to us: “Are the end-consumers going to be hit to the same extent as the companies?” A big German travel provider, TUI, noticed that the companies had cut down their travel expenses, but that the consumers were still traveling. Consumers were still very active visiting entertainment parks, buying the daily goods and driving their cars. Therefore companies would not know if they have to prepare for a massive decrease of consumption or not.

In parallel, we observed that the situation regarding the consumption climate differs between countries, but still gives hints that this crisis does not affect the end-consumer in the same way as it does the businesses. The consumer confidence shows some strength and optimism in many countries^{1/2/3}, not least because of the deflation going on, perceived by many consumers as a positive encouragement towards consumption and since the interest rates are low, the gratification for saving money is not very attractive. Even in the US, which in our survey was confirmed to be the most hit country in terms of consumption behavior, there are some signs of slight recovery⁴.

The Kellogg–WHU EMBA took place during the emergence of the crisis and many professors shared their assessment of the situation. I could not help thinking that I was living in two different worlds: On the one side the economic business world announcing and stating a strong downturn of the economy⁵ ... and on the other side, the opinion of hundreds of consumers per

¹ Germany: “The current recession is only contained by the domestic demand” ... “To the surprise of experts, the confidence of households has shown a clear rebound in June (2009) being now at the level before the crisis”. Prof. René Lasserre, Editorial of Regards sur l’Economie Allemande, Journal of CIRAC N°92 (Research Center on Economic and Societal Studies of Germany, located in Paris), July 2009, p. 3.

² China: Gallup, August 13, 2009 – Washington D.C. – “Chinese consumer confidence, rated among the lowest in Asia at the end of 2008, is showing signs of rebounding ...” In the second quarter of 2009, the confidence increased by 25% (from 44% to 55%: agree or strongly agree to: “Chinese economy will be getting better in 12 months”) ... “The growth in general consumer spending during the first half of 2009 may help China offset the drop in its export market and achieve its annual GDP growth target.”

³ UK: Even the UK consumers hit hard by the credit crunch due to the real estate purchase culture show increasing optimism in July 2009 compared to last year’s level. GfK NOP Consumer Confidence – July 2009

⁴ US: Last but not least, the “confidence data (US American consumers) has been considerably higher in August – reaching their high for the year – than in July. (...) The same should hold true for the Reuters/University of Michigan August consumer sentiment report Friday – despite the fact that its preliminary reading showed an August decline.” Gallup Poll Economic Weekly by Dennis Jacobo, Chief Economist, August 25, 2009.

⁵ I remember Finance Professor Thomas Lys kept saying (courses I attended in Chicago, August 2008 + Tel Aviv, January 2009) we would not have reached the bottom and the world economy would profoundly change after this crisis.

month (in interviews or group discussions), who did not seem to be really pessimistic and for whom the daily consumption seemed isolated from the total economic picture⁶.

As social researchers (*consumer profilers*, as we call us at Séissmo[®]), we felt we should look at the consumption patterns and attitudes of end-consumers in order to **anticipate possible adjustments in form of trade-offs, postponement, reallocation of resources or simply “consumption abstinence”**. We have been looking for **emerging value shifts** regarding the **nature of expenditure**, to understand the triggers which make a **purchase necessary or superfluous** in the perception of consumers. **The present thesis aims at delivering modest insights and a cautious outlook into consumption from an international perspective with the help of thorough empirical research.**

II. Presentation of the empirical research

a) Definition of the target population

As our goal was to anticipate shifts we started to consider the top earners of the population which are commonly regarded as **trend-setters and opinion leaders**. We assumed 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**. Some hints existed in the industry of luxury goods to support our hypothesis: High-end watches would turn from shiny and showy to matte and less ornamented – in order to allow affluent people to make less pretentious purchases and consume more discreetly. Overall, the industry of luxury announced dramatic sales reductions, which again reinforced us in thinking that a new area of consumption might be emerging due to the new economic landscape.

We decided to go for **the Top 10% Income**⁷: It is important to consult the upper layer of the population in order to anticipate emerging trends, but it is also “normal enough” to be of interest for FMCG manufacturers as we do not consider millionaires as a representative sample. We set the levels of income according to different research and statistical sources in each country, with the help of local research agencies (detail of levels and estimates in the appendix).

⁶ This was confirmed in our survey: While most people perceived the crisis to be “going on outside”, they did not feel personally affected– or only to a moderate extent.

⁷ Gross Annual Household Income, which is the commonly used measure.

Then another question rose, the **income evolution**: We could anticipate that a person being personally hit financially by the crisis would not have the same consumption patterns as a person not affected by it. We wanted to avoid trivial results like “people who lost 20% income spend 20% less”. So we decided to go for those whose **income would have been stable (or increased) during the last 12 months** – thus excluding of course all kinds of paper loss which affected everybody (stocks, real estate, life insurances ...). We had no idea if we would induce a strong bias in our sample by focusing on the “winners” (or at least “not losers”) of the crisis, but fortunately that was not the case – and here is one of the first important outcomes of the empirical research: By excluding the people who had seen their income decrease we roughly excluded on average 24%⁸ of the people fitting the criteria of Top 10% Income. This is the percentage of respondents missing the criteria of no decrease of income. In other terms, more than 75% of the respondents qualifying for the top 10% level have **NOT** seen their personal income decrease in the last 12 months⁹!

Finally, we decided to concentrate on **male respondents** as we wanted homogeneous and clear results, a task difficult enough in international research. Furthermore, we felt that outcomes stating that women like to spend their money on clothing or jewelry and men on electronics or wine would be of low value! We acknowledge that this empirical research will deliver a partial view on the total household spending: The qualitative interviews showed us that women have a huge importance in terms of “spending the money” and controlling the purchases done by the men. We will incorporate these qualitative insights into the report as far as relevant.

b) Method and sample

The research took place in two steps:

- **A qualitative phase** in order to gain knowledge, build hypotheses to develop a relevant questionnaire. For this part, the method of choice was individual in-depth interviews (N = 18) with ethnographic character, taking place in the home of the respondents, illustrated with documentary pictures about their recent and less recent (material) purchases, so we could have material proof for their spending. These interviews were conducted by trained socio-psychologists from Séissmo and local partners. The interviews lasted 3 hours and deepened the following topics:

⁸ USA: 29%, UK: 19%, Germany: 18%, France 27%, China 21%, Russia: 32%; i.e. 24,3% across the sample.

⁹ By comparison, only roughly 30% of households were not affected at all by the crisis in Germany (70% hit: 23% slightly, 29% affected, 19% strongly affected). GfK Consumer Tracking, Nürnberg, March 2009 (Die Finanzkrise – Auswirkungen auf das Kaufverhalten). So the crisis unequally hits the segments of population.

- Consumption and consumption behavior
- Recently purchased items (documented with pictures as far as possible)
- Relationship to money, importance of money
- Patterns and beliefs related to the wealth management: spending, purchasing, saving, investing
- Priorities and preferences in life, values and beliefs
- Perception of the economic, societal and political climate

The guideline for conducting the interviews can be found in the appendix. All interviews took place in the second half of July 2009.

- o **A quantitative phase** in order to quantify behaviors and attitudes. A questionnaire was developed together with the Stratégir Group, an international market research institute based in Bordeaux, specializing in quantitative research. In order to meet the requirements of timing and to fit the lifestyle of this mobile and ultra-connected target group, we decided to choose the **online method** (self-administered questionnaires, 15 minutes duration, N = 100 per country, total sample realized = 638). Online research has proven to deliver valid results over the last years. Online panels are very representative in countries like the US, but they do not cover the total territory in some countries (Russia, China ...) or do not reach all target groups (older people in Europe – due to less penetration of connected computers). The bias of consulting people belonging to the online community can be considered irrelevant in this target group we experienced as highly affine to any form of immediate communication. The advantage of the anonymity of an online consultation seemed to be essential for our research purpose, as the target gave the impression to be very controlled and wished to appear rational when it comes to consumption. The main items of the questionnaire were related to the qualitative topics, like
 - Consumption: attitudes and behavior
 - Money: perception, attitudes and behavior
 - Spending: intentions for the coming year (measured via single items, but also general areas)
 - Crisis: attitudes and beliefs, anticipation of the future

The master questionnaire in English can be found in the appendix. The sample was consulted in the first half of August 2009.

c) Scope of research

As the crisis had been affecting the world economy massively, we decided to cover a **broad international spectrum**. We went for the following countries:

- **USA and UK:** Anglo-Saxon countries where the credit crunch leading to the financial crisis started should be more aware of the whole economic situation.
- **France and Germany:** European countries which went into the crisis with some delay, Germany being hit more massively because of high rate of export. We were interested in European countries, because we were curious about the “cushion” effect of the social security net.
- **Russia and China:** Eastern countries with varying state economies, China being hit early through the massive decrease of export opportunities. The emerging wealth, increasing spending power and eagerness to consume were also aspects that motivated the choice of these two big political powers.

The qualitative phase took place in Chicago, London, Paris, Frankfurt, Shanghai and Moscow whereas the quantitative figures rely on a national panel (with an over-proportion of the big cities in the emerging countries).

d) SUMMARY OF THIS CHAPTER

- **Thesis based on a very recent international empirical research among Top 10% Income Male without decrease of income in the last 12 months with ethnographic and statistical methods; Total sample > 650 respondents.**
- **Focus on understanding and measuring spending attitudes & behaviors as well as the relationship to money in crisis times.**
- **Ambition to anticipate possible consumption adjustments and evolutions of our value system ...**
- **... in an environment which makes it more “suspect” to be well-off and produces uncertainty about the economic/ professional future.**

III. Understanding the mindsets of the Top 10% Male Population

a) Realizing the denial of the “crisis”

During the in-home interviews we wanted to observe if and when people would talk spontaneously about the **crisis**. The picture was diverse, but all in all the respondents had a very distant approach to the situation:

- Sometimes they **did not mention** the crisis/ economic situation **at all** (even after a 2 or 3 hours interview!) and we had to introduce the topic in the end ... The denial seemed obvious. Especially the UK respondents consider the crisis as “exaggerated by the media” (77%).

”Well, yes ... I have lost € 120 000 in the real estate fund ... I will not make it to recover because I am too old ... 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 more than me, but we never talk about that topic any longer when we meet” – D¹⁰

”If you switch off the television and don’t listen to the news anymore, then nobody would ever notice that there is a crisis going on. What kind of crisis is that??!!”

- Sometimes they **got around** the phenomenon or even **downplayed** it: This is revealed by the vocabulary they use to paraphrase the problem ... or solely focuses on banks/ finance. In quantitative terms, 60% of the total sample agreed with the statement that “the crisis is purely financial”. In UK and France the number is significantly higher with more than 70% of agreement. In the interviews, the term **CRISIS** was avoided ...

”before the market took a nose dive/ the downturn of the economy”– US
”the credit crunch/ it is just a state of no man’s land at the moment/ the economic aspect” – UK, ”these banker guys” – D

- Other respondents mentioned the crisis very early, and even all kinds of people and companies they knew who would struggle – but they not only did **not feel personally affected, they even benefited from the current economic instability**.
”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

¹⁰ Legend used throughout the thesis: D – Germany, F – France, UK – United Kingdom, US – United States of America, RU – Russia, CN – China. All quotes are literal verbatim from consumers. The nature of the oral language has been kept and the expressions, even if they do not “sound proper English”, are the results of a voluntarily little transforming translation.

can't. 'Cause the crisis hasn't actually hit me. My business rather benefits from it ... "
– RU

"It doesn't really affect me, I suppose. That probably favours me really" – UK

"Let's face it, we are in the middle of a crisis, I can notice it everyday, because I go everyday to the restaurant, and now I always find some place" – F

"The only way it's affected me is that it's easier to get into some restaurants that were difficult to get into before! Really great restaurants seem to be doing some fantastic offers for some reason. That makes a Saturday spend much more accommodating than it was. We do much more of it" – UK

This was confirmed by the data: the striking result is that out of the total sample of 638 respondents, **45% benefited** from the crisis since their income **increased** in the last 12 months. Also surprising: it could be observed transversally across countries¹¹.

- Only a strong **minority** was **in fear** (losing one's job in UK, wealth being confiscated by the Government in Russia ...). We will rather discover a cautious attitude, especially in the US, but the personal assessment is positive so far.

Globally, it seems that this segment has **only few concerns** – superficially at least. Research¹² suggests that the level of income is the most explaining variable for self-confidence: The high income population shows more **optimism towards the future** than medium or low income segments.

⇒ *"I wear this hat when I go to work or visit clients ... It gives me a distinctive style ... I don't need to disappear in the crowd ... I am me, I am an individual ... And my job is so secure! My employer has invested so much in me ... You know we cost them a lot when they hire us ... "*
D

⇒ *"What's unemployment? 6% or 7%? It's going up to 8 or 9% ... Let's say it's 10% ... It still means that 90% of the people ... have got a reasonable income stream ... you don't have to work tremendously hard to get a good standard of living and a period of price deflation is pretty helpful"* – UK

This self-confidence was reported by all psychologists who conducted the in-depth interviews. The rhetorical ease of most respondents was only surpassed by the length of their

¹¹ In China and Germany, 50-51% of the sample reported an increase of income compared to last year. In the other four countries, the percentage was about 40 to 47 %.

¹² „Some are more equal than others“, Public attitudes to health inequalities and social determinants of health, National Social Marketing Centre (NSMC) and University College London (UCL) – Research conducted by Ipsos Mori, representative survey with 1,994 interviews – August 2008.

monologues. They did not fear interrupting the moderators and gave themselves the full space during the interview time. In several situations they demonstrated leadership and took the cameras out of the (female) moderators' hands in order to ensure good quality in the end! In quantitative terms, 80% of the respondents consider their personal financial situation as good (very good + somewhat good), even significantly more in the US and UK (86%), while they tend to assess the economic situation of their country of residence as bad (63% overall top box somewhat bad + very bad). This figure is homogenous across countries, except for the US respondents, more negative about the own country with 83% "bad" assessment.

In order to understand the way of thinking, we shall explain that the target group **feels strong** by their singular personal skills and track record, which mainly come from a good **education** and a life attitude oriented towards **effort** => "They **MUST** be successful."

⇒ *"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

⇒ *"My original qualification was mechanical construction. I went back to studies, finished my university degree as an engineer. I wanted to go into private business while my children chose to become civil servants, they were looking for security. I did not, I wanted more, I wanted to bring in my own ideas. I achieved a lot. I introduced automatic processes in the automotive industry to achieve the same sales volume with less human power"* – D

The data suggest that they have **no complex about the origin of their money**:

- "In 2009 showing money is a sign that one has **worked hard**" obtains the highest level of agreement in the list of proposed items together with "a sign of success" (55%), followed by the item "is a sign that one has managed it well" (46%).
- The Chinese respondents show the most emancipated relationship to money with the highest rates about money being a sign of "competence", "power", "intelligence", "talent" and "professional achievement".

Furthermore, the target group, with the exception of the US, considers the crisis to be almost **necessary "to clean up" the global and domestic economy**. It is "a good way to purify the economy" for 63% to 87% of the respondents. Only 44% of the US respondents agree. This is of

course more difficult to confess living in the country in which the crisis was originated. The other countries manifest a different attitude, more distanced and less emotional. However, it is important to state that **all countries consider this crisis as “a crisis of capitalism”** (65% overall agree – the three European countries ranking even higher) and a **“moral and political crisis”** as well (77% overall agree).

This being stated, the Top 10% continue to live their lives of “well-off” and “privileged” people, and we will see that their consumption behavior was not dramatically affected by the crisis.

⇒ I¹³: *“Anything else about the financial crisis and how it affected you or not?”* – R: *“It’s sad but I don’t, we don’t, it hasn’t had a huge impact on us ... my investments have gone down but it’s a paper loss, they call it. You’ll see them go back up and they are now thank goodness”* – US

b) Observing the continuity in their spending patterns

The qualitative and quantitative data both indicate that the Top 10% target group has not changed much in regard to the amount of money spent on consumption.

When being asked about their consumption change in terms of quality and/or quantity, most of the respondents had a big question mark in their face ... and it took them time to realize that we implied change *due to* the crisis. The quantitative data give strong evidence for the **continuity of the spending** – with a positive trend toward an **increase** of consumption:

Evolution of consumption compared to the previous year (N=638, total sample of 6 countries)		Anticipated consumption in the next year (N=638, total sample of 6 countries)	
Increased	33%	Will increase	35%
Stayed the same	60%	Will stay the same	58%
Decreased	8%	Will decrease	6%

Illustrations of consumption continuity:

⇒ *“It is not going to affect my standard of living. Maybe when I will be retired, I will have only 60% of my revenue stream, so then it will be probably different, but not now”* – F

¹³ I: Interviewer – R: Respondent

⇒ *“If I need something, I will buy it. If I want something, I’ll buy, too. I am not counting ... If you have money, you have to spend it. That’s why money exists. The more you spend, the more you get” – RU*

Illustrations of increased consumption:

⇒ *“I am even buying more recently, items are getting cheaper ... well, and the crisis didn’t affect me” – RU*

⇒ *“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 overall picture is very homogeneous across countries, but the quantitative data reveal **two countries with opposite trends**: on the one side the **US** with a stronger movement towards continuity and **China** on the other side, deliberately consumerist. **We assist at a redevelopment of the consumption world map for the next years: Consumption goes East ...**

Evolution of consumption compared to the previous year (total N=638)			Anticipated consumption in the next year (total N=638)		
	US	CN		US	CN
Increased	18%	58%	Will increase	20%	63%
Stayed the same	70%	34%	Will stay the same	68%	31%
Decreased	12%	8%	Will decrease	12%	6%

In the case of the US, please note that although the economic situation is being assessed as most difficult, the respondents do not engage in a recessive consumption. They plan to remain the spenders they used to be.

⇒ *“The only thing it affected is that I had an equity line of credit on this home and the banks, you know how the banks are getting tighter about borrowing. They decreased that on me, which I thought was odd as I had wonderful credit. I always pay my bills, so they decreased the amount on my line of credit, which is fine as I don’t use it but ... ” – US*

⇒ *R: “How does it affect me? Frankly it hasn’t. But I’ve seen a lot of people I know who have lost their jobs ... although I think that they should have seen it coming ... it’s a weird thing ... [...] I don’t entirely fault the banks on it because it was the government*

and everything else that pushed it along ... it was ... built a house of cards up which almost did collapse on them ... it would have been ... what they did was sort of the right thing but it went a little too far ... and now with what our government's doing it's going way too far on the spending side ... it's so hard ... we're spending ourselves into oblivion ... " – I: "But you said it hasn't affected you?" – R: "In the firm I work ... it's the best year ... ever and we're hiring people there ... this year we made more money in the last 5 years combined ... " – US

These results can be supported by the qualitative data¹⁴: Walking around the respondents' homes, we found many recently bought items – and which would not have been “necessary”, i.e. only a small majority was a replacement of a broken article. Most items were new/ on top or renovation/ replacement in order to enhance and/or stay updated. We kept track of their other kinds of spending like travel, restaurants, gifts, receptions, etc. In most cases, we were granted access also to the more intimate places like wardrobe, bathroom, bedroom ...

Hearing these surprising results, Professor Calkins asked **how this relates to the big numbers** which show a less positive overall picture of consumption.

First of all, the **consumption climate** (for the end-consumers households), as we stated in the introduction, is not really bad in every country; it can be considered as quite **resistant** during this crisis.

Secondly, it can be estimated that the segments of population have been **unequally hit** by the crisis – and the top earners of each country still live comfortably according to their own assessment.

“I am well-off”: 71% agree in total (77% US, 85% CN, 91% RU)

“I am privileged”: highest rates of agreement in Europe: Germany (39%), France (34%) and the UK (24%)

⇒ *“We're again now looking to buy another investment ... not spending less ... now is the time to spend your money on stocks because the market is so low. 5 months ago we bought stocks ... we're looking to buy another building because it's not so cheap but it's so ... less expensive than it was years ago ... Ok ... it's ... unfortunate to ... sometimes I feel like you're*

¹⁴ Mostly, research finds evidence in the quantitative data – but we have to acknowledge that it is sometimes the contrary! We anticipated that respondents might over- or understate their spending; this is why we looked for “physical proofs”.

praying 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

There are plenty of respondents who explained that they had to cut salaries in the context of short-time work in their company/ plant; but they personally were not affected, "because they are part of the management".

⇒ *"Well, and the crisis didn't affect me. In the beginning, we had redundant employees, we calculated and fired 2 people and everything was regulated" – RU*

⇒ *"I decided not to fire the people, because after the crisis we will be missing qualified people ... so they agreed to cut salaries ... I am not willing to admit it, but I have to (the privilege of money will go on as his wealth will be transmitted to his child). Every year, we go out for traveling, but at the same time, many people are struggling for living. The fortune distribution is uneven now ... My monthly salary could be his yearly income" – CN*

Thirdly, the **theory of "mental accounting"**, a concept first named by Richard Thaler (1980), delivers a precious framework to understand how we split our financial resources. The theory argues that "people group their assets into a number of non-fungible mental accounts"¹⁵. It precisely explains that "people classify assets in three mental accounts: current income, current assets, and future income"¹⁶. **The propensity to consume is greatest when this can be done from the monthly salary**¹⁷ ("current income" in the language of mental accounting) rather than from the current assets, and smallest from the future income – and this is **very often the case for the top earners, who do not need to use their savings** ("current assets" in the language of mental accounting) to purchase a "more powerful" laptop, a more "efficient and silent" dishwasher, a "higher resolution" plasma TV, a "super light" carbon framed mountain bike, another umpteen "fancy" golf equipment, or another week of "cultural" vacation. These different items were "normal expenditure" for them.

¹⁵ From Wikipedia – Mental Accounting

¹⁶ Karlsson Niklas, Mental Accounting and Self-Control, Department of Psychology, University of Göteborg. *Göteborg. Psychological Reports*, 1998, 28, No. 2.

¹⁷ Idem – "in a study of specific buying decisions (Karlsson, Gärling, & Selart, 1997) ... it was found that willingness to buy was higher when subjects used money from current income than from current assets."

⇒ I: “Would you do it again? Imagine you could review your decision (of buying a motorcycle at the beginning of the crisis)...”

R: “I think so, well, I could have waited another year, but at that time, I had received some income tax back, so I didn’t have to touch my savings” – D

This is why we now have to **bury part of the initial hypothesis**: As long as the personal income is not negatively affected, the **propensity to consume remains high** – and this obviously **happened to our respondents**. The **perception** of an **ongoing crisis around them did not have a strong impact on the quantity and quality of items they purchased**.

Having said this, we will start to give **subtle nuances** to the findings **because the full picture is a little bit more complex ...**

- It seems that **the way** they make purchase **decisions** is evolving
- It also appears that **some product categories have a varying appeal** for this target group: We will discover which product areas are being **disregarded** – and which ones **still draw the full attention** of the top earners.

c) Discovering their need to justify their consumption

The way the respondents described their purchase however revealed a strong need to explain and justify their act. This can be interpreted as an “unconscious bad conscience”. But this target group hates to confess that they care about other people’s opinions when they purchase something. Their mindset is rather that they have deserved what they own, and it frees them from guilt.

We could observe different **justification mechanisms to authorize oneself** (and also towards others) the purchase of material or immaterial items.

⇒ “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

Same in the quantitative data: The highest rates of agreement, especially in the top box, can be found on items which **stress the necessity of the purchase** – as if it would be indispensable to buy it: It shall be “*useful*” (94% total agree, consistent over 6 countries; highest top box with 53% “fully applies”) and “*justified*” (92% total agree, 45% top box, valid transversally).

Justification mechanisms for material items and goods:

- If they are related to **recreation/ entertainment**, they need to **fulfill higher needs**
 - ⇒ *“I bought the Wii, because I think it is good, with some healthy games” – CN*
- If they are related to their **personal hobbies**, they must serve a **higher purpose**
 - ⇒ *“Photography is my hobby ... With the new Nikon camera, I enjoy looking at the pictures of my son, I took him to the zoo recently and it’s beautiful to look at the pictures, it reminds me of this moment ... ” – CN*
 - ⇒ *“After I finished to play handball because it was hurting me, I decided to buy a bicycle ... [2 full pages of monologue explaining the decision process] ... well, I have to make sport to stay fit ... I want to keep my body shape in order to be happy everyday at work and in my life” – D*
- If they are related to **status**, they shall be **justified by the “common good” and/or by “objective” technical superiority**
 - ⇒ *“[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*

Justification mechanisms for intangible items:

Travels are of high importance to the consulted men, who prefer this terminology to “vacation” or “holiday”, maybe because this conveys too little activity.

- However, **holidays are justified by health**: to keep successful, you need to keep yourself in good shape and maintain fitness!
 - ⇒ *“The life here (in Shanghai) is so tense ... the same position in America or Europe is more relaxed ... Leisure should give you a chance to get spiritual and body rest. We are*

so nervous with a lot of pressure nowadays, and during the period of holidays, we shall let our body and spirit relax totally” – CN

- **Travels are justified by cultural enrichment**, personal growth through learning and the **gain of knowledge** – which again should bring return on investment as one will be better on the job!

⇒ *“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*

⇒ *“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*

d) Anticipating some shifts and reallocations towards more meaning and experience

Interestingly, respondents also require a deeper meaning in what they buy, so they **do not feel it is superfluous or condemnable**.

⇒ *“The downturn of the economy has an effect on my savings obviously ... I’m waiting for my savings and stock portfolio to go back up again before I make any large expenditure ... I am not going to spend the money for an (E class, S class ... A6, A8 ...) I’d like to keep a price range, \$ 40-45 000 because a car is not an investment. You wear it down and then it’s worthless ... ” – US*

⇒ *“I’ve had massages, they feel good ... in the big picture it wouldn’t cost me that much ... but that’s something I did that seems so frivolous, I can’t bring myself to spend money” – US*

⇒ *“I stopped buying all this frivolous stuff ... all that junk ... we don’t watch the stuff ... we don’t use this” (DVDs, CDs ...)” – US*

We observe that the US consumers show symptoms of **consumption saturation** (“they’ve had it all”) and they deny significantly stronger the sentence: *“I am a wasteful consumer”* (76% vs. 64% total sample). The US rates are also significantly higher on the “total disagree” (58% vs. 36% on average in the total sample) of the following item: *“I carefully watch product novelties.”* This will have important implications for manufacturers to be creative in the argumentation in favor of a product/ service.

Another hint can be found in the survey regarding the mindset of the target, in a very homogeneous way across the 6 countries, demonstrating almost **no sensitivity for fashion**. This item ranks among the lowest in the list of attributes they look for when they spend money. It is confirmed by another sentence: *“I like to follow what is fashionable”*, with the exception of China¹⁸, as almost 56% of the other 5 countries disagree with the statement. Therefore, other ways than pure seasonality and peer group pressure **need to be found to create a need or impulse to renew items**.

The target group becomes more demanding in terms of **long-term return** of the spending: They will look for **memories**, for special **moments** they can keep in their hearts for ever – or items that will build a bridge to something important they have **experienced**.

⇒ *“Any spending that we tend to do tends to be more on experiences than on objects ... concert, theatre, traveling ... Helen, 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*

⇒ *“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, spend the evening with friends, that’s why I have the whole home entertainment system ... we can do funny things around here on the big sofa ... we had recently this game of drinking a Schnaps (strong alcohol) each time they would say ‘Harry’ in the Harry Potter 3 movie ... You cannot imagine how many times ... 82 times!... It was so cozy, we ate gnocchi for about € 8 for 7 people ... The whole evening cost so little and brings so much of memories ... It was a great experience, I still have this picture in mind how we were all laying down on the sofa, crazy!” – D*

⇒ *“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*

The quantitative data support the search for non cyclic products and services; the **benefits** of the act of consumption must be found **over a long period of time**:

- “When spending money, it shall give me a sense of ... ”
 - *An experience*: 77% total agree
 - *Long-lasting satisfaction*: 83% total agree

¹⁸ Culturally, China is a collectivist system in which every act is watched by others and/or authorities. The influence of fashion and the pressure of “belonging to” are both stronger.

- *Quality of life*: 88% total agree
- “As a consumer, I appreciate very much ... ”
 - *Durability*: 94% total agree/ 50% top box (fully applies) which turns out to reach highest levels in the US (72% top box / 99% total agree!)
 - *Craftsmanship*: happens to be another important dimension which is also more valued in the US (74% top box, 98% total agree/ in the overall sample: 50% top box / 89% total)

e) SUMMARY OF THIS CHAPTER

- **Target group not dramatically affected by the crisis. Feels quite strong in their social position and “forearmed” thanks to their ability to work hard.**
- **Motto: If they had to lose, they would recover quickly – but for now, they are still winners.**
- **Following the theory of mental accounting and macro–economics, top earners still spend their money on consumption as long as their income stream is stable (and they spend more when it has been increasing) THIS IS VERY GOOD NEWS FOR THE ECONOMY: THERE ARE NO SIGNS THAT THE ELITE WOULD TEND TO DEFER OR SUSPEND CONSUMPTION.**
- **No signs of “bad conscience” about their own spending as long as it can be justified in an “objective” manner – at least as a cover story for lying to oneself and to a lesser extent to be protected from others’ judgment.**

IV. Measuring the attitudes and behaviors of the Top 10% Male Population

a) The wish to appear a “purchaser” at home or in the day-to-day life

The research suggests that we have not entered a period of hedonism at all: nothing announces fun and pleasure, but rather purpose, function and efficiency ... Nothing exciting really, but at least predictable for the markets!

The target group indeed demonstrates a strong will to match the definition of the “*homo oeconomicus*”: perfectly rational, maximizing his utility, non wasteful.

Perfectly rational

The consumer profile emerging out of the item lists gives the following picture – in order of importance for the target (via the top box: “fully applies” which is most revealing):

⇒ A consumer ...

- *Who gathers information prior to the purchase* (93% total agree/ 54% top box)
- *Rational* (95% total/ 52% top box – 71% top box in the US, achieving 100% in total agreement in this country!)
- *Who purchases purposefully* (94% total/ 51% top box)
- *Thoughtful* (95% total/ 51% top box)
- *Aware* (96% total/ 50% top box)
- *Reasonable* (96% total/ 48% top box)

Some attributes like “impulsive”, “impatient” or “spontaneous” are denied. The respondents give a very controlled attitude of themselves.

⇒ *“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*

⇒ *“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*

They wish to have the **maximum of information prior to purchase**, because they mostly rely on their own judgment (and that of a few close friends) to make a decision. Only 40 to 50% of the total sample say they “like to ask the store clerks for advice”, which means they need to know **beforehand**.

⇒ *I like to make inquiries on the internet ...*

- Across sample 91% total agree, 43% top box

⇒ *I systematically compare prices ...*

- Across sample 84% total agree, 31% top box (significantly higher in the US with 38%)

Maximizing utility

The top earners turn out to be very sensitive to the **price-performance ratio**. They will try to find the optimum between **quality** (the highest ranked attribute for a purchased good or service) and **price**.

⇒ *As a consumer, I appreciate very much ...*

- *Quality* (72% top box/ 97% total agree!)
- *Price-performance ratio* (54% top box/ 92% total agree)

Here again the theoretical framework of mental accounting helps to understand this thinking pattern, it is called the “**transaction value**” and “is the value one attaches to having a good deal”.¹⁹

⇒ *“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*

⇒ *“It is interesting to ask for special offers, not to buy the most expensive right away, but quality pieces ... you can often compare prices and you can obtain a good deal if you have been looking around for a while” – D*

⇒ *“I am paying more attention to the quality of the product when purchasing, and I also would put the price issue into consideration. To me, the ratio of product and price is the main consideration factor” – CN*

¹⁹ From Wikipedia: Thaler, R. H. "Towards a positive theory of consumer choice" (1980) *Journal of Economic Behavior and Organization*, 1, 39-60 / Thaler, R. H. "Mental accounting and consumer choice" (1985) *Marketing Science*, 4, 199-214 / Thaler, R. H. "Saving, fungibility and mental accounts" (1990) *Journal of Economic Perspectives*, 4, 193-205.

⇒ *“I really like feeling like I got a good deal on it. A good bargain. It doesn't matter how much it is. I don't like buying things that aren't on sale ... I'm much more inclined to buy something if it's on sale or it's a good discount unless I really, really like it and I don't think I'm going to see it elsewhere ... unless it's something I need, particularly clothing. If I need light bulbs, I don't go to sale to get light bulbs” – US*

During the decision-making process, they will also consider their own **transaction costs** (another concept in mental accounting); some respondents had calculated their “hourly price” in order to **estimate the appropriate amount of time to be invested in the purchase process** – and to know when to end it because the utility curve would not be further maximized.

⇒ *“I like to invest time to think about the decision, but I want to include the possible disturbance that I will get if the item does not work properly or deliver the performance I expect. That was the case with the electric drill from Black & Decker which annoyed me 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*

⇒ *“We went to Best Buyers. It's what we're used to and it's close to us. We didn't want to make it a project. I didn't want to turn it into more than it was ... We knew what we wanted ... We wanted LCD or plasma ... LCD actually uses less energy so we chose that ... To me it's a T.V ... It broke, go buy a new one ... ” – US*

We also observed that they behave like **corporate purchasers** who aim at **rationalizing** purchase; this would explain some of the observed **bulk-buy**. In one of the French interviews the respondent would try to remember his last purchased items, and mentioned a (cheap) memory stick. The interviewer discovered a few minutes later that he had just bought 400 bottles of wine to fill his private stock; being asked why he did not mention this earlier, the respondent said that this was just his normal way of buying and that this was not memorable for him – while the USB stick stood out in his consumption patterns.

⇒ *“When I buy a suit, I buy 4 because it annoys me to go in such shops, I don't like shopping ... when I buy shoes I buy 3 pairs ... after that, I have some peace of mind” – F*

⇒ *R: “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” – I: “They still have the label on it. Didn't you wear them?” – R: “No, they are for next year” – CN*

In order to have some **tranquility**, this target group will invest in brands/ service offers which promise durability: they buy “**peace of mind**”, will be receptive for offerings like extra service, warranty to cover any trouble because they include in their decision the downtime of the item in case it would have a defect some day.

⇒ *“A brand gives me a feeling of reassurance and it guarantees the good quality. It has a reason that so many people go for this brand, for its value. I have two apartments, one is in Suzhou, and the other is in Shanghai. Here, in Shanghai, I use Dajing air conditioning, but a local brand in the Suzhou apartment. I feel Dajing is the best. ... It brings few troubles to me, and you see, this air conditioning, Dajing, is very quiet, with a superb refrigerating effect. However, the air conditioning in Suzhou is loud and not comfortable” – CN*

⇒ *“It’s the best telly in terms of my price bracket. It had a good specification and I got a good price and it was guaranteed for 5 years so ... ” – UK*

⇒ *“Since the last TV blew out we paid about 2 grand for the last one 5 years ago, so we figured ... since we’re getting such a good deal on this T.V (\$ 800) and it is a floor model, we might as well pay the extra \$ 120 dollars, just to have peace of mind. You’re still getting a great deal on the T.V. That was our thought process on it” – US*

This is where **brands** still have a **role to play as long as they can prove their quality records**, but they cannot rely solely on their reputation. They will need some “solid”, tangible attributes that make them look like a **timeless value** (need to have) instead of an ephemeral, superfluous image (nice to have).

⇒ *As a consumer, I appreciate the following dimensions very much ...*

- *Durability*: across sample 50% top box (72% in the US)
- *Versus Luxury*: across sample 19% top box – please note the “somewhat agree” is quite strong overall, especially in the US and UK, which shows that luxury is still an aspiration in these two countries, but that it should be less offensive, more subdued

⇒ *„Now I don’t care about the loud brand tag, I care much more about how I feel inside with it“ – RU*

Non wasteful

The consulted target group pays **attention to the price** and has a **high awareness of what is the appropriate cost of an item**.

We had included a small numerical test in the quantitative questionnaire asking for their price perception in regard to different items (a coffee, daily newspapers, a bottle of wine, dinner for two, a ticket for a sport event, a week of vacation, an artwork, the education of a child) which we had purposefully tagged at a relative high price (compared to the respective market price). Across all countries, the respondents condemned the price level unanimously; even though many of the items, among them \$ 5, \$ 60 or \$ 300, could be regarded as small expenses for them.

The “rich men” are **highly price conscious** and skilled at “hunting” for good deals. The price sensitivity seems to be part of their mindsets – but it is also definitely an effect of the crisis, because the US respondents turn out to be the most price-conscious consumers currently, which corresponds to the economic figures.

⇒ *For most of my purchases I do not look for the price ...*

- Across sample 59% total disagree, 75% in the US!

⇒ *I rather buy products of premium brands if they are on special or on sale ...*

- Across sample 27% fully agree, 40% in the US!

Their fear is to appear **without control of their money** (with the exception of Russia where it is less the case). They want to show that they know the price of single, small items – and **never waste** their money.

⇒ *Which type of consumer are you?...*

- *Wasteful*: 64% across sample disagree (76% in the US and 74% in China)

It can be regarded as a reassuring sign for our ethical standards in the economic life. Contrary to the press which repeatedly mentions disproportionate bonuses of top managers, **we could not confirm that the Top 10% are disconnected from economic reality**.

⇒ *“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*

⇒ *“Actually by trying to contrast, just shopping once a week and planning what we are going to eat, we have less waste, ahm, and therefore we probably spend our money more wisely. ‘Cause we used to throw a lot of food away” – UK*

⇒ *“A friend of ours was doing some consulting in Hong Kong and we were going to go out there for a week to visit and the air fares were crazy expensive. I’m not going to spend money and go out there for that ... that’s ridiculous ... so we didn’t do that ... we were just being smarter about what you’re spending money on. I definitely save more” – US*

b) The reality of an “impulsive buyer” when it comes to passions

Behind the façade of being perfectly in control, there are some **revealing anecdotes** of purchases which put a different light on these “wise consumers”. We have to short-cut them drastically, because the **lengthy monologues** would surpass the amount of pages allowed in this thesis ... Suddenly, the time of these “busy respondents” was suspended, and they would start to smile, to laugh, become personal ... and let go. Here are some examples of their “toys”:

❖ The snow machine to remove the snow around the dacha:

⇒ *„Recently I have bought a snow machine, in May 2009. It is an American production, there was also Japanese ... but I preferred American, they look nicer, are more comfortable, more striking. 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*

❖ The forbidden BMW motorcycle

⇒ *„Another hobby of mine is driving motorcycles. I am driving on Sundays; if the weather is nice ... mostly I go to these meetings of guys. My wife does not like it, she doesn’t accompany me ... The guys and I talk about technical stuff; you could call it ‘gazoline small-talk’ ... Well, and I bought myself a new motorcycle one year ago, then we bought the dishwasher ... I wanted a good brand for my motorcycle, BMW ... (lots of technical details) It was about € 13 000 ... I had to make it quite secretly because my wife wouldn’t allow it. The neighbours noticed first, because I took it red, so it was remarked ... My wife is still against it, but you know, I am getting closer to the age of retiring, I need a good piece ... and the other guys kept saying: You need to buy yourself a new one! My old one was not up-to-date anymore ... They were surprised that I finally did it ...” – D*

❖ The love story with a race horse

⇒ *“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 ... The pension is really costly, about € 1 500 per horse per month ... (long explanation about how to purchase such a horse, which is not trivial at all) So for every new horse, I set a budget of €20 000 ... it can be gone the next day, because a horse is very fragile ... The passion for this animal ... To be on the racetrack of Saint-Cloud at 6 am ... I never cry, but I cried when my horse won the Quinté race, I had a rare emotion ... ” – F*

❖ The automobile – and the pleasure of a cabriolet

⇒ *“If we were still back up in the Midlands, we would have much greater interest in cars for example and then we would both have a very nice car ... (the respondent tries to convince the interviewer that he does not pay attention to cars anymore, because he does not need a big one anymore for the life inside London City) It was too big and I kept bashing it about and everything. So we have a much more modest vehicle now ... It’s a Peugeot 207, a nice little convertible car” – UK*

c) The “irrational spender” outside the learned perimeter, i.e. on travel and holidays

When I am on vacation I spend a lot of money:

- 73% total agree

My money is supposed to help me to escape:

- 59% total agree, stronger in France 85%, UK 79%, and the US 69%

Travels definitely belong to the **major ingredients** of their life; it is part of their **financial architecture**:

⇒ *“I have a savings account ... for larger payments which go away automatically and then I have another couple of separate savings accounts I use for ... if it’s a travel account, just putting money in there ... so having money to go on a trip ... but I do have a fairly discretionary disposable income so ... I’m fortunate about that” – US*

⇒ *“Our spending on travel each year is about RMB 20 000. One big trip and 2 short trips” – CN*

Traveling seems to really become a **value in itself**:

- Able to deliver **knowledge**, as a learning opportunity in the US and China

⇒ *“Travel is very, very big for me ... we were very fortunate growing up that my family could afford that education and luxury of travel and it was nice but I always had kind of a goal and I wanted to see every single state in the US by the time I was 30 and I did it by the time I was 28 ... ” – US*

⇒ *“I would like to understand the local custom, because I believe that every country has its own culture, France, for example, it has street café culture, and America has cowboy culture. You may feel the different cultures in different countries, and they are amazing to me” – CN*

⇒ I: *“What do you consider important about traveling and why travel more?” – R: “The education. It’s fun for the most part ... butas an adult you typically retain more when you do something tangible versus reading it ... as an adult I love going to different countries, within the states here, doing things we’ve not done, going to different places and having those different types of experiencing and understanding history. I love historycultureswhen I travel I go out of my way to blend in. I hate when people can pick me out like you’re an American ... so I will go out of my way to kind of blend in to the wood work so to speak and just experience things ... I love going to the UK but when we’re in Europe or Australia is wonderful but it’s westernized but I love just sitting in cafes and just watching people and seeing what they do that’s different and their experiences, how they talk to each other and how they treat other people ... yeah ...” – I: “What does this give you personally?” – R: “Perspective” – US*

- Equivalent to **food and housing** in France

⇒ *“A justified expenditure is something related to food, and the house, and well also the vacation. I think it is necessary to have a break!” – F*

- Synonym of **status** in Russia

⇒ *„I will travel more. This kind of spending cannot be verified by the fiscal authorities ... And this is big fun ... I love traveling. There is a good travel agency around the corner down my street. They know me personally and I buy everything from them, they give me some good advice about where to fly to. I pay attention to experiencing new things ... It should be a 5 star hotel, but without old people – and also no teenagers/ children ... For 2 people, € 6 000 is not a high amount of money. We had a club status, which means we had a pick-up service with a Bentley at the airport and did not have to go through the pass control” – RU*

We have already mentioned the different reasons and motivations of consumers for loving this activity, which is revealed in the fact they want to **keep this habit** and even **intend to spend more** in this mental account:

- *Will spend more on vacation* (over the following 12 months): 33% across the whole sample
- *Will spend more on cultural trips* (over the following 12 months): 46% in China – *will spend the same on cultural trips*: 65% to 70% of the rest 5 countries

From the analysis of the in-depth interviews, it appears that the behavior of the Top 10% Male Population is **different on travel/ on holiday from the habitual pattern at home**. Many of their **self-control mechanisms are not effective**: They shop without a specific purpose or goal, buy small items as souvenirs, they spoil themselves, they do not try to make comparisons or effective decisions; **they do not want to restrict their spontaneous desires ...**

⇒ *“When we are at the Lake Garda in Italy, I always have some crazy ideas about buying a boat there ... ” – D*

⇒ *“If we go traveling, 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 rather than just buying it for the sake of having it on the shelf” – UK*

⇒ *„I want to spend more time on holidays when I will retire (in 2-3 years), I want us to be able to make a longer ski vacation in the winter time, not only 3 weeks ... in the winter, we also want to escape the cold weather, maybe for 3 months ... you need money for that ... we want to live comfortably on holiday, not like poor people, we want to be able to afford a car in order to explore the surroundings and insider places ... ” – D*

⇒ *“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. It’s a beautiful setting, nice pools, nice restaurants but also there’s local restaurants, as well. You’re not just restricted to just using the hotel restaurants. Hopefully we’ll be able to get out and see the local Thailand as well ... ” – UK*

d) Winner and loser products²⁰: Outlook into the future consumption priorities²¹.

In terms of quantity, we can anticipate a stable consumption within this target group population:

⇒ Overall, *33% said that their consumption over the last year had increased*, 60 % stayed the same, and only 8% had decreased their consumption. **And regarding the next year, 35% across sample intend to spend more, 58% to spend the same, and only 6% to decrease.**

- **UK, France and Germany** rank exactly in these averages and seem the most **stable** countries.
- **Russia** is similar to European countries regarding the last year, but the intention to **spend more** on consumption over the next 12 months comes close to the very high Chinese level.
- **China** is the **world's growth driving force**, with 58% of respondents who increased their spending, and 63% who intend to do so over the next year. Please note: this is not only due to the fact that they have had an over-proportional income progression (for instance, the Germans have a similar percentage of income raise) but to the fact that they have discovered consumption to the detriment of saving.
- The **US respondents** are the ones who declare the **smallest consumption increase** (18% last year, 20% over the next year) but this is **not synonym of consumption decrease** (12%, stable over the previous and coming year). It is rather that the US consumers shift to the category “stayed the same” with 70% and “will stay the same” with 68%. This comes along together with a **stronger willingness to save**: 46% last year saved more (total sample: 32%) and 50% want to save more next year (total sample: 40%). **This reveals the cautious attitude of US respondents, and that the Top 10% have been affected by the climate of uncertainty. However, only 6% think that their personal financial situation will decline over the next 12 months; on the contrary, 42% anticipate an improvement (total sample: 38%).**

²⁰ When we use the term products, we also mean services and any kinds of offerings dedicated to be purchased by the end-consumers.

²¹ Long series of questions in the quantitative survey asking the respondents in which domains/ product categories they would continue to spend money (more, same, or less) in the next future – as well as a question on the types of “considerable spending” that they would plan in the “following weeks or months” (pre-coded).

Analyzing the nature of spending planned, we can announce an **era of serious and down-to-earth values**. Here, we can anticipate ...

- A positive trend for all kinds of items which can be “**legitimized**” by any **alibi** means:
 - **Travels**: Because it is about learning, culture, and also health as previously discussed ... but it remains a way to free oneself from permanent peer group observation and to relieve from extreme stress levels.
 - **Multimedia**: Because of latest technology, better pictures, sharper images, extended memory, higher download capacity, lighter weight, thinner optics ... but it remains a status symbol which is visible by the close friends, colleagues and/or guests.
 - **Cars**²²: Because of safety, efficient (less) gasoline consumption, needs for flexible mobility ... but it remains a pleasure, a fun instrument, a means to escape and also to demonstrate (superior) status!

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

- *A vacation*: total sample 55%, highest ranked item, only Russia and France step out a little bit, the 4 other countries rank about 60%! Furthermore, 33% of total sample intend to spend *more* for vacations in the future.
 - *Electric appliances (TV, computer ...)*: total sample 48%, 2nd highest ranked item, mostly driven by the emerging markets like Russia and China whereas the US rank lowest in this product category.
 - *Purchasing a car*: total sample 38%, 3rd highest ranked item, very homogeneous levels across all 6 countries. Furthermore, 30% of total sample intend to spend *more* on the car in the future.
- A positive trend for all kinds of items which can be seen as “**durable and long-term oriented**” in the domain of **privacy**:
 - **Home purchase, home renovation and furniture**: it is about building something stable, increasing one’s quality of life and making life of relatives and friends coming over for a visit nicer ... but it remains a way to build a fortress around oneself, a nest to

²² We are aware that the automotive industry is in bad shape overall, but we found only positive signs from this target group in regard to the amount of money they intend to spend on cars in the near future. It seems this appetite for cars needs to be addressed properly by the manufacturers via the adequate product offer and communication strategy.

feel safe(r) in a world of turbulences ... and to impress the close social network. The strength of this product/ service category is also to be **invisible by the majority** (no jealousy, no temptation of the mass) and not immediately guessable “how much it has cost”, thus it makes it easier to spend unreasonable amounts of money on in-builds (as an example) or original Eames chairs ... And the contrary is also valid: it is easy to impress with fake Le Corbusier chairs ...

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

- *Furniture*: total sample 33%, 4th highest ranked item, less in the US only.
 - *(Re)construction of the house/ in the flat*: total sample 30%, 5th highest ranked item, highest in France and Russia (which are less traveling as we have just mentioned ... so arranging one’s home seems to be another way of escapism into a dream world ...)
 - *Real Estate*: total sample 25%, homogeneous picture internationally.
- A negative trend for items which are “**gratuitous**”, just for the sake of it and enjoying it, **not following any purpose**:
 - **Art**: sad, but true ... unfortunately, the negative trend related by Sotheby’s & Co promises to hold on for a while. What does it tell us? That pure, gratuitous acts and contemplation currently are not an aspiration? Or, following the mental accounting theory, if art is regarded as an investment, then the uncertainty and volatility in regard to investments in general makes this product category even less attractive? What, more than Art, violates the rule of efficiency, which is so dominant in this target group?

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

- *A piece of art*: total sample 13%, lowest ranked item (China and UK less severely).

Over the following 12 months will you be spending more, the same or less for each of the following items of expenditure (22 items) ...

- *Less for art*: 29%, homogeneous across all countries

- **Gambling:** difficult to spend money so irrationally, with little chance of return ...
Times are not for taking unconsidered risks!²³
Over the following 12 months will you be spending more, the same or less for each of the following items of expenditure (22 items) ...
 - o *Casino, gambling: 40% want to spend less*

- A negative trend for items which may **instantly** be **recognized** as an **external sign of richness:**
 - **Watches and jewellery:** discretion and understatement become more important; also the risk of attracting jealousy is high (with even a real risk of robbery in countries like Russia because of high social tensions); and finally the problem of justification: why would you need a new watch? Has the technology evolved? Do you really *need* another one? You can get the correct time with a watch of any price ...

⇒ *R: “I really don’t need much ... I have a Cartier watch, but it’s my wife who offered it to me ... I bought myself a watch²⁴ for only €3 in Spain. I don’t care at all ...” – I: “Do you wear this watch?” – R: “Of course, I have no problem with that (laughing)” – I: “What amuses you?” – R: “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 Séguéla²⁵ said this stupid thing like ‘if you don’t have a Rolex at the age of 50, you are a looser’ ” – F*

⇒ *“For example this watch, I bought this one of the last times I have been in Asia and it’s a fake Cartier. I think it costs something like 10/ 20 pound, in fact, the strap was more expensive ... But it’s 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*

²³ Interesting to notice that the target does not consider „risk appetite“ as an essential characteristic and requirement for being successful in one’s job (this item ranked least among a list of 15 attributes). The items “sense of responsibility” and “effort/diligence” ranked highest.

²⁴ These cheap watches can be found on page 2, together with the quote of Meir Shalev.

²⁵ Consultant of the French President in Public Relations, heavily criticized for making this controversial statement. The president had been attacked for wearing expensive watches (Rolex, Patek Philippe) in the context of the crisis.

Over the following 12 months will you be spending more, the same or less for each of the following items of expenditure (22 items) ...

- *Less for jewelry: 30% overall, Russia even 40% less!*
- *Less for watches: 32% overall, France 43% and Russia 39% less!*

e) **SUMMARY OF THIS CHAPTER**

- **The Top 10% Male are rational consumers, proud of their discernment and sagacity, and prove to be skilled at assessing the value of an item/ a service.**
- **Any item or service able to play “necessary”, “good deal”, “durable”, “quality”, “reasonable”, “long-term”, “justified” will have a good chance to land in their basket.**
- **But this target group is also made of “human beings”: They confess a tendency to act less rationally on selected, chosen items – provided they deliver escapism, distraction, dreams, fun, emotions, relaxation ...**
- **This is particularly true in the domain of travels and holidays: Being outside of their social (very normative) environment makes them switch off their self-control mechanisms. They will not look primarily for the price, but for the emotional and rather immediate satisfaction delivered by the product or service.**
- **Furthermore, the overall trend for consumption within the target group is stable to slightly positive (US), positive (Europe) and very positive (Russia, China).**

V. Implications: What does this all mean?

*“It’s an **odd economic crisis** ... eventually it will take a couple more years and eventually will start to grow again and the people’s spending habits will change hopefully (the respondent is referring to the exaggerate growth on credit and use of credit cards)” – US*

a) Broad implications for the economy and the consumption climate

The Top Income Population is stable – and this is actually good news for our global economy and the overall consumption climate. Yes, the top earners do acknowledge a crisis, but this does not have a full impact on them and their daily life. The fact that they continue to plan and build their future with small, medium and large spending reveals they feel quite safe and strong for the upcoming time.

“Upstairs, the other fireplace upstairs, the TV desk there is going to go in the master bedroom, we’re going to buy a 46” screen and then we’ll have the fireplace ripped out and a whole new custom mantle so the TV can be build into the wall. That will happen the end of this year. We are going to have the master bathroom redone. New paint. New shower, new tub, new granite for the vanity, will be done this yearand then Christmas is coming” – US

It is also true that the US (and UK) priorities are evolving towards cleaning the deficits, getting rid of debts and financial ballast. And this takes away money from larger spending regarding “superfluous items” like Art or luxury as we have explained previously.

*“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. **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*

⇒ From the quantitative survey: 27% of US sample and 24% of UK sample want to spend more on “clearing debts” in the next 12 months.

The picture in the East is different and confirms that growth is now coming from the emerging economies. The positive climate in China is amazing: although this country has been massively hit by the reduction of US orders, the consumers have discovered consumption instead of saving ... A high number of consumers make a comfortable living, enough to maintain the

economic inner demand. And the Government has put a considerable amount of money back into the economy to stabilize the social situation. Consumers feel they have been supported; the Central Government is willing (and rich enough) to take care of the situation. Ultimately, the crisis opens new horizons for the young, ambitious Chinese elite:

⇒ *“I think it brings a chance. The crisis also brings along some business opportunity. 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*

Let’s just finally state that **the crisis has hit people very differently**, and that the top population has been more protected than the bottom. This way, we are increasing the gap between “rich” and “poor” once more.

b) Implications for the society: Our values and beliefs

Not everything is moving: the importance of spending money remains, consumption (at high level) is still “in”. Everywhere in the world the **Top 10% Population** considers it as **important, for themselves, their families, and the economy. There are no hints of asceticism or consumption renunciation.** All over the world, the top earners **keep feeling better** after having spent money because they have “deserved it”. And they still derive pride and satisfaction from it; in parallel, the “bad conscience” about earning and spending money cannot be found anywhere. **Consumption remains a signifier of personal success and achievement.**

But ... the requirements toward the rational and emotional benefits derived from the spending are evolving.

First, because the capitalist model seems to have suffered, as “living on debts” has become a kind of (negative) brand name for the US and US-influenced economies. The US consumers manifest some doubts about the system, and their wish to clean up the past reveals that they want to turn the page of this history. **Will the world finally think that the Western economies have usurped their reputation of strength?** The Chinese consumers kept saying in our interviews: “It is ok to spend a lot of money as long as you can afford it.” The mentality of credit has not established itself there and the young population benefits indeed from two parent families who have saved a life time and not spent their money. The generation who is now living the middle of life will probably be very spoiled.

Secondly, because the relationship toward visible wealth is about to change in some countries. The US is leading the change, although the international picture is very diverse:

“In 2009, showing that one has money” is..

- **“inappropriate”, “arrogant”**: **US and France** in the same agreement levels (> 40%). This is an interesting picture: France has historically considered money as a “bad” sign of oppression and exploitation by the upper class²⁶ ... **whereas the US has always valued money as the result of hard work, but here it seems that the economic situation is changing the amount of socially acceptable visible wealth in the country.** Part of the German sample is following this view (> 30%).
- **“normal”** in Russia (> 40% agreement), Germany (35%) and UK (30%), even **“positive”** in UK
- **“justified”, “positive”, “normal” and “distinctive”** in China (40-60% agreement levels)

Since the **Chinese unfolding** will probably dictate (part of) our future economic development, we might **witness a transfer of Asian values**: money is a good thing, it is important to spend it according to your level of income – but not more –, your purchase should be justified and keep the Common Good in mind.

Thirdly, because the relationship to expenditure is shifting from material to immaterial wealth; a new semantic field of product attributes emerges: *“should give long-lasting meaning”, “should give good memories”, “the experience in the moment”*. The saturation in consumption of tangible items shows some limits in the Western countries. Even though China is still running the consumption race (to match the Western material standards), the speed of the Chinese evolution will soon let emerge immaterial values:

- **Nutrition and good food are gaining importance** (but it might be at the detriment of restaurants which cannot prove a good price-performance ratio)
=> *Would you say that in the future you will spend more, the same or less money for:*
Food: 23% want to spend more (across sample). Also “whole food” and “regional products” benefits from a positive trend according to the survey.
“We still do that from time to time, but rather than going into London and going to a really nice restaurant, and paying a lot of money for food and drink, especially if you buy a bottle of nice wine in a really nice restaurant, it costs a lot. 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

²⁶ They further agree with a high consensus in the questionnaire that showing money is „dumb“ and „disrespectful“.

*environment more. And I think it's nice to go out from time to time. I don't know, I just think **now we prefer doing it here**. That's what we prefer to do. Money wasted..." – UK*
"Some other goals ... desires, dreams ... retiring at 55 would be wonderful ... more travel absolutely, maybe going back to school ... I've had a curiosity about getting a culinary arts degree ... cooking degree ... yeah" – US

– **Wine is valued as a life art, not as a drink**

„In general, I would buy wine ... 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 ... As to red wine, I think it is something about health, and you could sit down to appreciate. If I have guest at home, I would like to drink red wine ... I think the meaning of a gift doesn't lay in the value itself, but how important this gift shall be" – CN

– **The wish to maintain health (+ youth in the emerging countries) has become a goal that should materialize in spending**

=> *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%!))

c) Implications for companies and managing brands

This target group is a marketing challenge, because the Top 10% consumers have a sense for authenticity and price-performance-ratio. They look for a true mission of the brand, trust long-term established brands and need to hear something about the product – no “small talk” about reputation, image, advertising... **They** make the reputation, they make the advertising as they recommend and disclose it (or not). And they need to feel in control of their opinions and beliefs.

⇒ *“I think what, why, just because of the name?! I personally don't get it, in fact I try to react against brands” – UK*

⇒ *I: “To me a waste of money is ...” – R: “Paying for marketing and brand name. I think there are a lot of things that are far higher quality than marketing and brand names ... There are a lot of products out there that are sold solely on label and are terribly crafted or manufactured” – US*

Brands must remain concentrated on their core competences and products; the brand guarantees the latest standards of **quality and user-friendliness** available at the time of purchase, and promise to release only fully validated products (i.e. **no breakdown**, durable, robust ...) because the basic expectation after purchase is **peace of mind**.

In terms of communication, the challenge is to convince them ...

=> prior purchase that they need this item,

=> during purchase that the item is useful and worth its price,

=> and after purchase that this spending was justified and explainable.

In the following example, Daniel, a brilliant lawyer in Chicago, would like a second pair of sunglasses but feels bad about it, because he can't find a good "reason". Early in the interview, he says this: *„I have one pair of sunglasses. I would like two. I can afford to have two pairs of sunglasses but I can't bring myself to buy a second pair of sunglasses. As long as I have a pair of sunglasses that's perfectly good. I know they're completely different styles and I should have more than one pair of sunglasses but I don't. I only have one pair. I keep telling myself I'd like to get a second pair so it looks different ...they're perfectly ok. I'm not going to get myself a second pair of sunglasses ... It's a need issue. I don't need a second pair ... (but) I'd like a second pair of sunglasses.”* At the end of the interview, all of a sudden, he asks with humor the interviewer lady: *“Can I buy a second pair of sunglasses now?”*

What to draw out of this anecdote? Brands will have a hard time if they fail to find a rational legitimization for the “need” regarding a product and if they cannot support consumers with a subtle “crutch”.

However, the implications are different depending on the type of company and vary according to the different types of brands.

The premium vs. low-end positioning

Luxury brands have to **get rid of the “superfluous” image** and find back to their mission and focus their discourse on products. What the Top earners expect from a brand is a **continuous dedication towards quality, craftsmanship and permanent improvement**. A good example of an appropriate discourse for the upper class male clientele stems from a recent catalogue of Georg Jensen²⁷: *“The men's collection epitomises a subdued confidence for the man with an elegant and timeless sense of style. Each piece in the collection draws strength from the subtle detail in its design and uncompromising craftsmanship with which it is made.”*

²⁷ Georg Jensen, The Jewellery Collection, 2008/09 – catalogue, p. 24.

If brands **fail to be true**, which has been the case of some so-called “luxury” brands who have diluted themselves, they will be **replaced** by another type of consumption: **vintage items**, antiques, self-made brands (personal discovery throughout a journey), or even **cheap alternatives** without any massive regret – because it has become **chic and smart** to say you’ve **consciously voted against** the more **expensive** solution.

⇒ *“You know, all this traveling of mineral water in heavy bottles ... it is senseless ... we have checked the quality of our tap water, and it is heavily controlled and objectively the best you can get, so we don’t buy any mineral water anymore and drink only tap water ” – D*

⇒ *“If I have a watch on, I like to wear vintage watches. I like to look down at it and think about the history behind it, the history behind the company, the history about the people who may have worn it before me and lots of times they’re not by any means the flashiest watches ... but I find them the more interesting watches, and the same thing with cufflinks ...I like to wear vintage Georg Jensen ...that kind of stuff isn’t really what you can go out looking for it’s just sort of fate, circumstance where you find it, where you least expect it” – US*

Offer them tangible benefits to create the need: new technology, visible results, proofs ...

Items and services need to have a **unique technology** and/ or to provide a **special service**; this **singular characteristic** triggers curiosity, because the target group does not want to fall back in terms socially speaking. Furthermore, this helps the “rich” to find rational arguments to justify their purchase.

⇒ *“I bought this phone because it has this recording function that no other one had” – D*

Efforts made by a manufacturer in **R&D** should be stressed; the target group is aware of the costs of research and will value functionality and design (as long as it is “form follows function”). It is also sensitive to the conditions under which it has been developed (for instance “engineered in Germany/ made in France ...”).

Furthermore, the **internet shall deliver a lot of information for this target group**. They love to look on the internet, this is their **preferred source** to **investigate**.

⇒ *I like to make inquiries on the internet: 91% total agree, 43% top box*

Make it quick, easy and not painful for them to shop

The Top 10% Male population²⁸ is basically not happy spending hours for shopping when it is about their dress code. We have discovered that shop layouts should focus on **minimizing the**

²⁸ ... with some slight exception of the UK and Chinese consulted respondents, who show the most addicted behavior towards shopping compared to the other countries.

time spent to find the items, create some extremely **clear and easy structure**, and test the **intuitive orientation within the shop**.

This is all the more important as this target does **not particularly like to have a lot of human interaction on the point of purchase**. Sales clerks are not asked for advice and rather looked at with distrust, but they are important for negotiation – but in that case the target prefers to talk to the **manager**, within the same level of hierarchy. So they should be **empowered to grant discounts**, or it could be another good tactic to call for the big boss to give the consumers the feeling they are being treated equally.

⇒ *“We went back to the store to buy the dishwasher from MIELE, we said: we close the deal if you discount further € 150. So they called the department manager, because that’s a sum which can only be decided upon with the head of department. You know, the sales people are limited to a certain amount and can’t go beyond” – D*

⇒ *I like to ask the store clerks for their advice: Only 11% of total sample fully agree²⁹*

⇒ *Buying a product that is recommended by the store clerk: rarely 33% total sample ... often 13% total sample (only 8% in the US, 5% in Russia, 6% in Germany)*

And don’t forget to let them dream!

They have **desires (and needs!) of escapism**. They want to take care of themselves. **Knowledge** is important, and helps them justify their travels. **Health** is becoming precious, and helps them justify their vacations. They have definitely the intention to keep their current status ...

⇒ *“Money allows realizing your dreams, to feel satisfied and to meet the needs of your family. Depending on how much money you have, you can exist. Money is never enough” – RU*

⇒ *“I don’t aspire to be that far ahead of where I am now but I don’t want to go back either. I’m comfortable where I am here” – UK*

“It’s not your salary that makes you rich, it’s your spending habits.”

CHARLES A. JAFFE

²⁹ And again, if we take out the British and Chinese sample, the other countries rank about only 7% ...

VI. Appendix

A) Levels of income in 6 countries to be considered part of the Top 10% and structure of income in the present survey

⇒ USA: minimum income level \$ 120k³⁰

In our sample, the income distribution of the top 10 percent was:

	USA
\$ 120k - 150k	19%
\$ 151k - 200k	38%
\$ 201k - 250k	14%
> \$ 250k	29%
# Interviews	111

⇒ UK: minimum income level £ 90k³¹

In our sample, the income distribution of the top 10 percent was:

	UK
£ 90k - 120k	58%
£ 121k - 150k	25%
£ 151k - 200k	10%
> £ 200k	7%
# Interviews	101

³⁰ US Census Bureau, overall household income distribution 2006 (Annual Gross Income Top 10%: \$ 118,200). The New York Times, March 29, 2007, The Income Gap Is Widening, Data Shows – by David Cay Johnson (“The top 10 percent, roughly those earning more than \$ 100,000”)

³¹ Official Government Statistics, Table 24 (Appendix 1): Average incomes, taxes and benefits by decile groups of ALL households (ranked by UNADJUSTED disposable income), 2005/06: Gross income £ 96 883 ; Stratégir Limited internal research.

⇒ France and Germany: minimum income level € 90k^{32/ 33}

In our sample, the income distribution of the top 10 percent was:

	France	Germany
€ 90k - 120k	61%	53%
€ 121k - 150k	23%	26%
€ 151k - 200k	9%	11%
> € 200k	7%	10%
# Interviews	101	103

⇒ Russia: minimum income level RUB 600k³⁴

In our sample, the income distribution of the top 10 percent was:

	Russia
RUB 600k - 800k	59%
RUB 801k - 1.000k	17%
RUB 1.001k - 1.500k	14%
> RUB 1.500k	10%
# Interviews	111

⇒ China: minimum income level Yuan 60k³⁵

In our sample, the income distribution of the top 10 percent was:

	China
RMB 60k - 80k	33%
RMB 81k - 101k	30%
RMB 101k - 120k	20%
> RMB 120k	17%
# Interviews	111

³² Bundesministerium für Arbeit und Soziales: Lebenslagen in Deutschland [Federal ministry for Labor and Social Affairs]; Simulationsrechnungen RWI und FIFo 2008. (Gross Income 2008: € 88,948)

³³ Landais, C. (2007). "Les hauts revenus en France 1998-2006: Une explosion des inégalités?" [Top incomes in France 1998-2006: An explosion of inequalities?] Paris School of Economics Working Paper. (Gross Income € 79,210 in 2006)

³⁴ Demoscope RU Periodical 373 – 374 March 2009; Ekaterina Sharbakova (2009): "Net income growth of Russians has greatly slowed in the year 2008"; Magram Research, Moscow, internal sources of on-going surveys; Price Water Cooperhouse Consulting, Moscow.

³⁵ Toluna internal data (RMB 60,000 to 65,000); Psyma China, internal data of on-going surveys.

B) Detail of the qualitative sample

Interview	Date	Country	First name	Age	Profession	Industry	Marital status	Household size
#1	10.7.	Germany	F.	60	Management	Automotive supplier	M	2
#2	10.7.	Germany	J.	39	Sales representative	Internet conferences	M	2
#3	10.7.	Germany	F.	29	Electrical engineer	Product certification	M	2
#4	07.7.	France	R.	57	Manager	Insurance	M	2
#5	16.7.	France	A.	32	Manager	Luxury goods	M	2
#6	18.7.	France	P.	60	Executive director	Sports	M	2
#7	23.7.	United Kingdom	D.	43	Trainer and coach	Training education	M	2
#8	24.7.	United Kingdom	T.	34	Researcher	Marketing	M	2
#9	24.7.	United Kingdom	P.	53	Global relationship manager	Financial	M	2
#10	16.7.	Russia	G.	52	Managing Director	Cleaning company	M	3
#11	16.7.	Russia	S.	40	Associate Manager	Nanotechnology	S	1
#12	17.7.	Russia	V.	51	Manager	Logistics	M	3
#13	20.7.	USA	P.	38	Trader	Financial	Co-hab	2
#14	21.7.	USA	A.	42	Program director	Entertainment	M	3
#15	21.7.	USA	D.	36	Trial Lawyer	Insurance	M	3
#16	25.7.	China	Z.	39	Plant manager	Tele-communication	M	3
#17	29.7.	China	J.	48	Manager	Logistics	M	3
#18	29.7.	China	M.	29	Sales manager	Luxury goods	M	2

C) Guideline of the qualitative sample

INTERVIEW ABOUT THE BUYING BEHAVIOR, THE SPENDING MANAGEMENT, THE RESOURCE ALLOCATIONS

Explain to your interlocutor:

- that you will be talking about general subjects, particularly about money, spending and consuming;
- that you need this to understand the individual as a whole, according to his way of life, and that therefore the questions won't be too normalized (you will be following the person's train of thoughts);
- that you will be taking some pictures to illustrate his life choices.

1. We will be starting with a very general subject, to help me getting to know you: it is about your consuming profile. I would like to understand on the whole what type of consumer you are. How would you define yourself?

- What are the importance and the position of consuming for the interviewee? Does he appreciate consuming or does he consume reluctantly?
- What kind of consumer is he? (demanding, spontaneous, thoughtful, thrifty, ...) For which reasons?
- Were there significant evolutions in comparison to the past? (Before, I used to be rather... I cared less about...) If so, what are they linked to?
- What is the interviewee's relation to money? (materialist orientation or not...) How does he deal with it? Which importance does he give to it? In which areas does he spend a lot, in which areas does he spend less?
- Which position does the interviewee give to brands in his life? How important are they? (questioning of the authority or not...)

2. I would like to enlarge our talk to your lifestyle. How would you describe your lifestyle?

- Your tastes?
- Your passions?
- Your outings?
- What changed or evolved (in comparison to the recent past, last year...): I do more... less... care more about... less about...

3. What if we talked about your values?

- Ask for them to be listed
- What do you want to convey around you?
- Your life priorities?
- Your dreams? And what would you need/ what do you lack to succeed/ fulfill them?
- How do you see the political reality? And the economic life? What's your influential power within all this?

4. Now, would it be fine for you to show me some recent purchases, for which you can remember the buying context and decision... (if possible, take pictures)

- Suggest a non-guided visit... walk around in the apartment, discover...
- Interviewer: list the purchases, then come back to the "sitting" area, review some purchases (try to cover different areas) then rebuild the context for each one:
 - Is this purchase the replacement of something (if so, was there throwing away), an addition/ something new?
 - Context
 - spontaneous/ impulse, planned/ chosen... (what makes us succumb ...)
 - which store (chain, boutique, why here... the role that played the advice, the choice, the price, the place, the experience and the ambiance of the place...)
 - which process (alternatives, hesitations, reasons for the different alternatives)

5. And what if we talked about the whole non-visible spending, maybe even immaterial... What have you been spending the money for these times?

- Think about the trips: affected budget, and how has it evolved (to more... less...)
- Think about hobbies (same)
- Think about presents made for other people...
- Think about the food
- Other ideas...
- Finally: immaterial spending versus material spending: you spend rather for...

6. Anticipating position of your close future... When you think about your next spending budgets... which evolutions do you expect?

- I spend as much and the same way...
- I spend as much but my priorities have evolved... (to...)
- I spend less (in order to... because...)

7. We will be sending a final closed-answers questionnaire within the whole world via electronic way. Which questions seem appropriate to you? Which ones would you not want to answer?

- Let him brainstorm
- Then let him maybe end the following sentences:
 - In comparison to last year, my consumption has...
 - In the coming year, I will spend my money for... but not for...
 - To me, trivial spending is...
 - To me, justified spending is...
 - When I spend money, I want this to give me...

- When I purchase something, I don't want that... (that my friends think... that the people close to me... that my family thinks...)
- I think that today, in 2009, having money does ("create responsibilities/ represent a problem/ is a big chance/ is a privilege...").

D) Quantitative questionnaire

Questionnaire
ROTATION 1/2/3/4/5/6

Nr.

The topic of this questionnaire is your consumption behavior. Thank you very much for your participation.

Q1 Here you find a few **characteristics and requirements**. Please state for each of them if you regard them as essential or subordinate for **being successful in your job**.

ONE ANSWER PER LINE – ROTATION

		Essential	Subordinate
01	Accuracy	1	2
02	Creativity	1	2
03	Sense of responsibility	1	2
04	Caution	1	2
05	Effort/ diligence	1	2
06	Pragmatism	1	2
07	Non-wastefulness	1	2
08	Curiosity	1	2
09	Risk appetite	1	2
10	Luck	1	2
11	Social skills	1	2
12	Leadership	1	2
13	Management abilities	1	2
14	Open mindedness	1	2
15	Acceptance of failures	1	2

Q2 Which type of consumer are you? Please state for each of the following attributes if it applies to you fully, somewhat or not really as a consumer.

ONE ANSWER PER LINE – ROTATION

		Fully applies	Applies somewhat	Does not really apply
01	Reasonable	1	2	3
02	Spontaneous	1	2	3
03	Thoughtful	1	2	3
04	Impulsive	1	2	3
05	Aware	1	2	3
06	Demanding	1	2	3
07	Wasteful	1	2	3
08	Impatient	1	2	3
09	Rational	1	2	3
10	Indifferent	1	2	3
11	Who gathers information prior to the purchase	1	2	3
12	Who considers the opinion of others	1	2	3
13	Who purchases purposefully	1	2	3

Q3 And as a **consumer**, would you say that you **appreciate following dimensions** very much, somewhat, not really or absolutely not.

ONE ANSWER PER LINE – ROTATION

		Appreciate very much	Appreciate somewhat	Do not really appreciate	Do absolutely not

					appreciate
01	Quality	1	2	3	4
02	Price-performance ratio	1	2	3	4
03	Aesthetics	1	2	3	4
04	Price	1	2	3	4
05	Service	1	2	3	4
06	Durability	1	2	3	4
07	Origin of the product	1	2	3	4
08	Brand	1	2	3	4
09	Commercials	1	2	3	4
10	Sustainability	1	2	3	4
11	Fashion	1	2	3	4
12	Craftsmanship	1	2	3	4

Q4 Please state for each of the following sentences if you agree to that statement fully, somewhat, not really or absolutely not.

ONE ANSWER PER LINE – ROTATION

		Fully agree	Agree somewhat	Do not really agree	Do absolutely not agree
01	I prefer purchasing a premium brand, also if this is more expensive	1	2	3	4
02	I tend to purchase products at the best possible price performance ratio	1	2	3	4
03	I carefully watch product novelties	1	2	3	4
04	For most of my purchases I do not look for the price	1	2	3	4
05	I like to ask the store clerks for their advice	1	2	3	4
06	I like to follow what is fashionable	1	2	3	4
07	Shopping is a pleasure for me	1	2	3	4
08	I rather buy products of premium brands if they are on special or on sale.	1	2	3	4
09	For most of my purchases I do not pay attention to the brand	1	2	3	4
10	I like to explain why I bought this particular product and not the other	1	2	3	4
11	Shopping means pure stress for me	1	2	3	4
12	I like to make inquiries on the internet	1	2	3	4
13	I systematically compare prices	1	2	3	4
14	I don't like to attract attention due to my clothes	1	2	3	4
15	If it concerns my hobbies or interests I don't pay attention to the price	1	2	3	4
16	It is difficult for me to buy a brand that I don't know	1	2	3	4
17	When I am on vacation I spend a lot of money	1	2	3	4
18	I appreciate the design and atmosphere in a store	1	2	3	4

Q5 In the following several **behaviors** are listed. Please state for each if you act like that often, once in a while, rarely or never.

ONE ANSWER PER LINE – ROTATION

		Often	Once in a while	Rarely	Never
01	Buying special offers	1	2	3	4
02	Buying on sale	1	2	3	4
03	Buying a product that is recommended by the store clerk	1	2	3	4
04	Paying the list price without negotiations	1	2	3	4
05	Purchasing on credit	1	2	3	4
06	Negotiating a price	1	2	3	4
07	Looking at a web page to compare prices	1	2	3	4
08	Paying attention to the price	1	2	3	4
09	Buying a product without testing it	1	2	3	4
10	Purchasing online	1	2	3	4

Q6 Following sentences may reflect **the feelings that you have when spending money**. Please state for each sentence if it applies to you fully, somewhat, not really or absolutely not.

ONE ANSWER PER LINE – ROTATION

	When spending money it shall give me a sense of:	Fully applies	Applies somewhat	Does not really apply	Does absolutely not apply
01	An experience	1	2	3	4
02	A sense of well-being	1	2	3	4
03	Security	1	2	3	4
04	Pleasure	1	2	3	4
05	Luck	1	2	3	4
06	Peace of mind	1	2	3	4
07	Long lasting satisfaction	1	2	3	4
08	Immediate satisfaction	1	2	3	4
09	Luxury	1	2	3	4
10	Quality of life	1	2	3	4
11	Status	1	2	3	4

	I spend money to...	Fully applies	Applies somewhat	Does not really apply	Does absolutely not apply
12	be admired by others	1	2	3	4
13	be accepted by others	1	2	3	4
14	be loved by my partner	1	2	3	4

	If I spend money I want it to be...	Fully applies	Applies somewhat	Does not really apply	Does absolutely not apply
15	useful	1	2	3	4
16	socially accepted	1	2	3	4
17	justified	1	2	3	4
18	non-polluting	1	2	3	4

Q7 Do you agree to the following statements fully, somewhat, not really or absolutely not?

ONE ANSWER PER LINE – ROTATION

	My money is supposed to...	Fully agree	Agree somewhat	Do not really agree	Do absolutely not agree
01	enrich me culturally	1	2	3	4
02	make my family happy	1	2	3	4
03	make my friends happy	1	2	3	4
04	enable me to learn	1	2	3	4
05	enable the education of my children	1	2	3	4
06	maintain my good health	1	2	3	4
07	help me build up wealth	1	2	3	4
08	add establishing a heritage	1	2	3	4
09	make me ascent socially	1	2	3	4
10	ensure my retirement	1	2	3	4
11	help me to escape	1	2	3	4
12	help me realizing my dreams	1	2	3	4
13	help me afford early retirement	1	2	3	4

Q8 Which **considerable spendings** of the following list do you consider to make in the **following weeks** or **months**?

ONE ANSWER PER LINE – ROTATION

		Yes
01	(Re)construction in the house/ in the flat	1
02	A vacation	2
03	Purchasing a car	3
04	Electric appliances (TV, computer, ...)	4
05	Real estate	5
06	Higher spendings for health care	6
07	Furniture	7
08	Higher spendings for educational purposes	8
09	A piece of art	9
10	Investing in a business	10
11	Others	11
12	No considerable spending planned for the near future	12

Q9 Over the following **12 months** will you be spending more, the same or less for each of the following items of expenditure.

ONE ANSWER PER LINE – ROTATION

		More	The same	Less
01	Clothes	1	2	3
02	Shoes	1	2	3
03	Watches	1	2	3
04	Automobiles	1	2	3
05	Multimedia	1	2	3
06	Interior design	1	2	3
07	Art	1	2	3
08	Hygiene, cosmetics	1	2	3
09	Fitness	1	2	3
10	Cultural trips	1	2	3
11	Insurances	1	2	3
12	Clear debts	1	2	3
13	Casino, gambling	1	2	3
14	Household services	1	2	3
15	Vacation	1	2	3

16	Going to the restaurant	1	2	3
17	Jewelry	1	2	3
18	Food	1	2	3
19	Wine	1	2	3
20	Regional products	1	2	3
21	Medicine	1	2	3
22	Whole food products	1	2	3

Q10 Very generally: Would you say that **in the future** you will **spend** more, the same or less **money** for...

ONE ANSWER PER LINE – ROTATION

		More	The same	Less
01	Pleasure	1	2	3
02	Surviving	1	2	3
03	Saving	1	2	3
04	Investments	1	2	3
05	Gifts	1	2	3
06	Maintaining youth	1	2	3
07	Maintaining health	1	2	3
08	Supporting the economy of my country	1	2	3
09	Spoiling myself	1	2	3

Q11 Here are a few **expenditures**. Please state if you consider **the prices** to be really very expensive, expensive, normal or not very expensive.

ONE ANSWER PER LINE – ROTATION

		Really very expensive	Expensive	Normal	Not very expensive
01	A dinner for 2, all inclusive for \$ 300	1	2	3	4
02	A spoiling week of vacation all inclusive for \$ 30 000	1	2	3	4
03	A coffee for \$ 5	1	2	3	4
04	A work of art for \$ 30 000	1	2	3	4
05	A daily newspaper for \$ 5	1	2	3	4
06	The education of a child for \$ 350 000	1	2	3	4
07	A ticket for a sports event for \$ 300	1	2	3	4
08	A bottle of wine for \$ 60	1	2	3	4

Q12 Do **you perceive money** as...

MULTIPLE ANSWERS – ROTATION

		Yes
01	A sign of success	1
02	A source of problems	2
03	A sign of competence	3
04	A gift	4
05	Something subordinate	5
06	Something important	6
07	An addiction	7
08	A goal in life	8
09	Something that I inherited	9

Q13 In 2009 having money is...

MULTIPLE ANSWERS – ROTATION

		Yes
01	A chance	1
02	A responsibility	2
03	A potential cause for trouble	3
04	A privilege	4
05	A risk	5
06	Power	6
07	Freedom	7
08	A danger	8
09	Flexibility	9
10	Sexy	10
11	Success	11
12	A burden	12

Q14 In 2009, **showing** that one has money is...

MULTIPLE ANSWERS – ROTATION

		Yes
01	disrespectful	1
02	justified	2
03	inappropriate	3
04	arrogant	4
05	indecent	5
06	distinctive	6
07	normal	7
08	upgrading	8
09	positive	9
10	dumb	10

Q15 In 2009 showing money is a sign that one...

MULTIPLE ANSWERS – ROTATION

		Yes
01	was clever, intelligent	1
02	was lucky	2
03	is talented	3
04	is a social climber	4
05	has managed it well	5
06	has exploited others	6
07	has worked hard	7
08	is corrupt	8
09	has achieved everything professionally	9
10	has a bad taste	10

Q16 Compared to the **previous year** your consumption

ONLY ONE ANSWER

increased	1
stayed the same	2
Decreased	3

Q17 Compared to the current year your **consumption** in the **next year** will...

ONLY ONE ANSWER

Increase	1
stay the same	2
decrease	3

Q18 Compared to the previous year, **this year** you have ...

ONLY ONE ANSWER

saved more	1
saved the same	2
saved less	3

Q19 Compared to the current year, next year you will ...

ONLY ONE ANSWER

save more	1
save the same	2
save less	3

Q20 In **your own country** do you consider yourself...

ONLY ONE ANSWER

Well-off	1
Rich	2
Privileged	3

Q21 From your point of view the **economic situation** of the United States in general **at the moment** is

ONLY ONE ANSWER

Very good	1
Somewhat good	2
Somewhat bad	3
Very bad	4
I don't know	5

Q22 And would you say that the **economic situation** of the United States will in the **next 12 months**...

ONLY ONE ANSWER

improve	1
stay stable	2
decline	3

Q23 Generally your **personal financial situation at the moment** is ...

ONLY ONE ANSWER

Very good	1
Somewhat good	2
Somewhat bad	3
Very bad	4
I don't know	5

Q24 In the next 12 months your personal financial situation will...
ONLY ONE ANSWER

improve	1
stay stable	2
decline	3

Q25 Here you find statements concerning the crisis. Please state for each phrase if you fully agree, somewhat agree, not really agree or absolutely not agree.
ONE ANSWER PER LINE – ROTATION

	The current crisis is...	Fully agree	Agree somewhat	Do not really agree	Do absolutely not agree
01	Purely financial	1	2	3	4
02	Exaggerated by the media	1	2	3	4
03	A crisis of capitalism	1	2	3	4
04	A reality which does not affect me directly	1	2	3	4
05	A moral and political crisis	1	2	3	4
06	A good way to purify the economy	1	2	3	4

Q26 In your opinion when will the crisis be overcome?
ONLY ONE ANSWER

Less than 6 months	1
6 to 12 months	2
12 to 18 months	3
More than 18 months	4
I don't know	5

PERSONAL DATA

QA What is your highest level of education ?
ONLY ONE ANSWER POSSIBLE

High school diploma	1
Associate degree or certificate	2
Bachelor's degree	3
Master's degree	4
Gibt es für USA nicht	5
Ph. D. or Advanced Professional Degree	6
No degree	7

QB What is your profession?

QC And what is the profession of your partner?

	QB RESPONDENT	QC PARTNER
Farmer	1	1
Craftsman/ small-scale trader and Owner/large-scale trader	2	2
Senior management/professions	3	3
Middle-management	4	4
Employee	5	5
Manual worker	6	6
Retired	7	7
Not working	8	8
I don't have a partner	9	9

QD Including yourself, how many persons do live in your household ?

ONLY ONE ANSWER POSSIBLE

One	Two	Three	Four	Five	Six and more
1	2	3	4	5	6

QE How many children do live in your household ?

ONLY ONE ANSWER POSSIBLE

One	Two	Three and more	None
1	2	3	4

QF Of your principal residence you are the ...

ONLY ONE ANSWER POSSIBLE

Owner	Renter
1	2

QG Do you have a secondary residence?

ONLY ONE ANSWER POSSIBLE

Yes	No
1 => QH	2 => END

QH Of your secondary residence your are the...

ONLY ONE ANSWER POSSIBLE

Owner	Renter
1	2

E) Detail of sample

	TOTAL SAMPLE 1-A	USA 2-A	UK 2-B	France 2-C	Germany 2-D	Russia 2-E	China 2-F
Age Base (Interviewed) - Results in %	638	111	101	101	103	111	111
Younger than 25 years	13	4	8	16 A+b	9	26 A+B+cD+f	16 A+bd
25-40 years old	41	17	48 A+D	42 A+	33 A+	45 A+d	64 A+BC+D+E+
41-60 years old	38	54 B+CE+F+	34 F	40 eF+	50 BE+F+	29	20
Older than 60 years	8	25 B+C+D+	11 C	3	8	0	0