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Contacts: American Express Publishing  
Jill Davison 212 382 5679 / 347 423 3951(c)  
Liz Marsh 212 382 5684

Harrison Group  
Elizabeth McCrocklin 212 871 3020, ext. 101

**FAR REMOVED FROM SUB-PRIME MORTGAGE CRISIS,  
TODAY'S WELL-TO-DO FAMILIES SHARE FINANCIAL ANXIETIES**

**SECOND ANNUAL SURVEY OF AFFLUENCE & WEALTH IN AMERICA  
PRODUCED BY AMERICAN EXPRESS PUBLISHING CORPORATION  
AND HARRISON GROUP REVEALS:  
WELL-TO-DO COPE WITH UNCERTAIN TIMES THROUGH SAVVY SHOPPING**

**-- BUSINESS DISCIPLINE, SEARCH FOR CERTAINTY, AND CHILDRENS' PREFERENCES  
DRIVE PURCHASING DECISIONS --**

**EMBARGOED UNTIL APRIL 15 AT 2 PM EST**

WESTLAKE VILLAGE, CA/NEW YORK, NY (April 15, 2008) – Amid uncertain times, the Affluent consumer is coping with restlessness and anxiety by shifting their purchasing habits, turning to the Web to evaluate price and value. America's "iWant" economy is quickly moving to an "iNeed" economy, a shift driven by the consumers' growing ability to compare price, quality, and value in order to bring masterful due diligence to their shopping.

With a nod to the power of the Internet and big box discounters, 70 percent of the top tenth of American households with the highest household income are choosing to shop High Tech versus High Touch, according to The Second Annual Survey of Affluence & Wealth in America, produced by American Express Publishing Corporation and Harrison Group. The survey findings were announced today at the seventh-annual American Express Publishing Luxury Summit at the Four Seasons Hotel Westlake Village in Northern Los Angeles.

This year's study surveyed individuals representing ten percent of the U.S. population, or approximately 12 million households. With an average of \$352,000 in discretionary annual income, this group accounts for 50 percent of U.S. consumption and 70 percent of all assets. In addition to surveying the three segments -- the Affluent, Super Affluent and Wealthy -- polled in 2007, the 2008 survey includes an additional seven million Upper Middle Class households, accounting for almost six percent of U.S. households. Nearly eighty percent of this entire group grew up in a middle class or lesser environment.

"Our research illustrates how today's Affluent and Wealthy consumers consider a variety of marketplace and lifestyle factors when making purchasing decisions, be it online or in-store. These customers are also searching for greater certainty in their shopping experiences -- whether it's the certainty of excellent value or the certainty of quality," commented Ed Kelly, president and CEO, American Express Publishing Corporation. "Clearly, it's a new game for luxury marketers and a considerable opportunity to understand and anticipate these changing behaviors and purchasing patterns."

Dr. Jim Taylor, vice-chairman, Harrison Group, commented: "The great change propelled by Internet access and transparency is a consumer revolution in economic power and choice. Shoppers can readily compare price, quantity, features, warranty, delivery and amenities online. Shoppers have learned to apply intelligent logics to their purchasing and present their interest to stores and vendors and ask: 'What will you do to get my business?' The result is what we are calling a 'demand auction economy.'"

Thoughtful, non-frivolous, non-impulse consumers turn to the Internet, catalogs, and in-store for their shopping decisions, and they search for details and terms on the products. In contrast with stereotypes of frivolous consumption, respondents consider spending money serious business. Three-fourths state "managing my family's finances requires strong business management skills" -- skills that are applied to the successful, entrepreneurial, opportunistic home economy. Adds Dr. Taylor, "It's a new world of true power shoppers."

### **Key Highlights:**

- The overwhelming majority (70 percent) of respondents are High Tech and use of Internet strategies to identify, price and compare and sometimes buy significant fashion and home purchases online. The remaining 30 percent, are High touch, and prefer to shop alone, in-store with a knowledgeable salesperson.
- Savvy purchasing can increase the value of household income by more than 35 percent, freeing up in excess of \$100,000 annually in additional after-tax cash flow. In households where the wife does not work, the money she can save from intelligent shopping is often greater than what she might make working, after taxes.
- The day-to-day running of upscale households is often managed by the female head of household. Women, working or not, run the purchasing arm of the American economy. Eighty-one percent of respondents (males and females alike) said the primary responsibility for buying supplies, including groceries, household necessities, apparel and high-tech needs, is handled by the wife, compared to 26 percent by the husband. From scheduling household appointments and activities (wife 67 percent; husband 19 percent) to keeping up with family health matters (wife 63 percent; husband 13 percent), the wife could easily be called the household CEO.
- Her "home executive team" is populated by the children of the family. Mom depends on her children for ideas on brands to buy, places to shop, technology to deploy, vacation ideas and even "home capital spending choices." Fifty-three percent of respondents report an inclination to purchase "brands that are preferred by my children". Child preference is extremely/very important in many of the financial decisions, including "what we do for fun" (82 percent); "planning vacations" (62 percent); "what we watch on TV" (42 percent); as well as "buying cars" and "high tech product purchasing" (24 percent).

"It's a true home enterprise world. The children are deeply involved because parents value their opinions and the shared experience of decision-making. Parents are teaching their kids about the value of money and intelligent purchasing. At the same time parents get a little respect: they learn that their kids are often more familiar with brands, particularly luxury brands, because they have been exposed to them throughout their lifetime," said Cara David, a co-director of the study and senior vice president, strategic insights, marketing and sales, American Express Publishing.

- Nearly 60 percent of the respondents representing the wealthiest of this group said they are "concerned about my children's work ethic because they have grown up with money."

### **Bricks versus Clicks**

- An overwhelming majority (70 percent) of respondents are High Tech in terms of their preference for purchasing online, versus 30 percent who prefer shopping in-store. The

High Touch shopper views the shopping experience as an art form; this individual enjoys shopping alone, the relationship with a salesperson, and the ability to find new items. The High Tech shopper makes money through logical purchasing via a passion for the Internet, the ability to comparison shop, and transparency.

- The well-to-do tend to choose an in-person retail experience when it involves less than 30 minutes of travel time, when they want to savor the shopping experience, when they are searching for something unique, and when they believe a salesperson will add value. Yet, they tend to choose online outlets when they are pressed for time, when their past in-store experience did not meet delivery/fulfillment, and when they are unafraid of fraud. This trade off equation can be influenced by warranty and exchange privileges.

### **Science of Shopping**

- What motivates purchasing? Purchase decisions are driven by specific needs, either as replacements (57 percent) and upgrading an existing piece (35 percent) or to purchase a new piece for a specific occasion (35 percent).
- In contrast, only one-third of purchases are spurred by browsing. Purchase decisions are largely derived from personal experience (71 percent), family and friends (37 percent), followed by point-of-sale elements such as, salespeople and the in-store experience (35 percent).
- Among the drivers of eventual product choice is one's self expression (one's own personal taste, style and aesthetic uniqueness), the intrinsic qualities of the product itself (quality and craftsmanship) and across all categories, more than half of the respondents, determined their purchase decisions when they decided the product was "good enough" to meet their needs.

### **Anxiety**

- Far removed from today's sub-prime mortgage crisis, today's well-to-do families have financial anxieties. While nearly three-quarters of respondents (73 percent) are extremely/very optimistic about their own future; only 30 percent share that optimism about the future of America, and even less (26 percent) share this feeling about the future of the world. The study reveals that the more money the respondents have, the less anxious they are.
- As these individuals become more financially sound, respondents overwhelmingly say they feel happy and successful. However, nearly 30 percent of all segments across the respondent pool said that "over the past year, I have found myself coping with feelings of depression."

### **Media**

- Among mass media, the Internet (43 percent) and magazines are cited (30 percent) as the top purchase influencers. Just over a quarter rely on experts and objective sources of information (29 percent), with only 19 percent relying on more traditional mass communication outlets such as radio, television, and direct mail.

American Express Publishing is dedicated to informing, enriching and empowering affluent Americans, and the Harrison Group specializes in understanding affluent and wealthy markets. Together, the two companies have partnered to produce this study that provides a deep and rich understanding of the people at the top ten percent of the American financial pyramid.

### **Methodology**

The study sampled more than 1,800 individuals with a household *discretionary* income of \$100,000 and above. The four groups in our research – Upper Middle Class, Affluent, Super

Affluent and Wealthy – represent just 10 percent of the American population, yet hold over 70 percent of all the assets.

The groups were defined by *discretionary* spending: gross income reduced by factors representing household mortgage, taxes, education and utilities. Discretionary household income was used because we wanted to make sure that our sample represented people who have a high propensity to spend.

The survey itself addressed many aspects of respondent lifestyle, values, shopping process, brand preferences, family characteristics, sources of success and wealth, attitudes toward money, general lifestyles, purchasing patterns, and media consumption.

More than 1,800 interviews took place in November-December 2007 via a 45 minute Internet-based survey. To reach the first 1,600 completed interviews, 2,800 households were contacted, a response rate of 64 percent. We over sampled the highest income strata so that we could also analyze households of extraordinary wealth (\$20 million in assets and above).

**Fielded in November-December of 2007**

**Internet survey**

**Over 1,800 respondents with \$100,000+ household *discretionary income***

**Upper Middle Class:** \$100K to \$149K (n=437)

**Affluent:** \$150K to \$249K (n=415)

**Super Affluent:** \$250K to \$499K (n=461)

**Wealthy:** \$500K+ (n=442)

- **Controlled for gender and age**
- **45-minute survey per respondent (1¼ hours of question content covered)**
- **Use of multiple panels and starting points to assure proper demographic and psychographic representations within each segment**

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