AMERICAN MARKETER

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7 trend caveats for the 2012 luxury and affluent market

January 27, 2012

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At this time of year, the media is inundated with trend forecasts and predictions from marketing and research agencies, consultants and pundits of all types. These predictions are often based on anecdotal research, old data or large changes in very small numbers, if they are quantified at all.

It is important to keep these predictions in perspective, as they are frequently prompted by a hidden agenda to attract media attention and to generate new business prospects.

Rather than joining the fray of trend predictions, we would like to remind you of certain facts that should serve as signs of caution before you start to base your marketing plans on these trend forecasts.

1) Affluent consumers are not prone to substantial changes in their basic behavior and values from year to year or even over an extended period of time. This is evidenced by research begun in the 1970s by Thomas Stanley, author of "The Millionaire Next Door" and the more recent "Stop Acting Rich and Start Living like a Real Millionaire." Our research since 2002 has been consistent with that of Mr. Stanley's.

2) A change from one year to the next is not necessarily a trend, especially if it applies to a large increase in a very small percentage of the market. That is more likely to be a fad that may or may not become a meaningful trend over a period of two or more years.

For example, a market segment that triples from 1 percent to 3 percent is not a trend but may be an indicator of an emerging market.

3) Affluent consumers are not necessarily luxury consumers. Of course, the definition of "luxury" is in the eye of the beholder, which could be another important caveat when considering the forecasts of the trend pundits.

Only the wealthiest 1 percent of U.S. households appear to be knowledgeable about the price points and brands of true luxury products.

Before the recession, some luxury consumers were among the so-called mass or aspirational affluent. These consumers have been largely shaken out of the true luxury market.

4) It is important to stay focused on the key marketing priorities of attracting new customers and retaining the loyalty and increasing the purchases of existing customers.

Marketers should avoid chasing emerging consumer market segments if that will cause them to be distracted and dilute efforts targeting their existing primary consumer markets.

5) Traditional marketing communications channels should not be forsaken, especially if marketers are targeting

affluent and luxury consumers.

The conversations among marketing professionals seem to be exclusively focused on the opinions and statistics regarding the importance of the various forms of digital channels of communications.

An unintended consequence of digital media is that the consumer audience has been substantially fractionated.

While this provides the opportunity to personalize communications, it can also make it more difficult to reach large portions of the target market effectively and cost-effectively.

Equally important, many in the large numbers of digital fans and followers of luxury brands are aspirational consumers and other "luxury-curious" voyeurs who cannot afford the products.

6) The true affluent, who are typically careful spenders who live within their means, are the more knowledgeable and more sophisticated consumers. Their priorities have always been quality and value when making a purchase decision.

In addition, the vast majority of the affluent have always avoided ostentatious or conspicuous consumption. These are not new priorities for the affluent.

7) Last but not least, there is no substitute for using common sense when thinking about how to be consumer-sensitive in all aspects of the relationship, interaction and communication with customers.

Just put yourself in the shoes of your customers. This Golden Rule applies to product, pricing, service, post-sale relations, communications and all forms of interaction with the customer.

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