



GOOD FORTUNE:

A Look At The Behaviors & Media Consumption Of Affluent Americans

☰ 2018 REPORT

Overview

Many marketers speak of the Affluent in America as “time poor, but cash rich.”

Affluents have the motivation and means to design their lives – including how they consume media – on their terms. The concern we have heard from advertisers and their agencies is that this can result in affluent households moving away from TV platforms and adopting behaviors of ad avoidance.

Join us as we explore the lifestyle traits and media behavior of the affluent and evaluate the implications for TV/Video and advertising:

How dissimilar (or similar) are Affluent households demographically and attitudinally?

To what degree are the affluent watching TV?

To what extent are they adopting new forms of video consumption – time shifting, use of OTT devices, viewing on other digital platforms?

How do they perceive advertising, and are TV ads effective for them?

Ultimately, we will answer the question of whether this “time poor, but cash rich” condition impacts how affluents consume media. It may surprise you to learn that, when it comes to media behavior, the affluent look a lot like the average person!

Agenda

- Affluence in America: An Overview
 - Definitions & Breakouts by Income, Lifestage, Region
- Demographic, Attitudinal, & Lifestyle Traits: How do the Affluent Compare with the Average American?
- A Closer Look: The Affluent and TV/Video Usage
- The Affluent and Advertising: Perceptions and Impact
- *Good Fortune* Key Takeaways

The background features a map of North America, including the United States, Canada, and Mexico. The map is rendered in a monochromatic blue and green color scheme. A prominent diagonal band, transitioning from dark blue to light green, runs from the bottom-left towards the top-right, passing through the Great Lakes region. The text "Affluence in America: An Overview" is centered over the map in a white, sans-serif font.

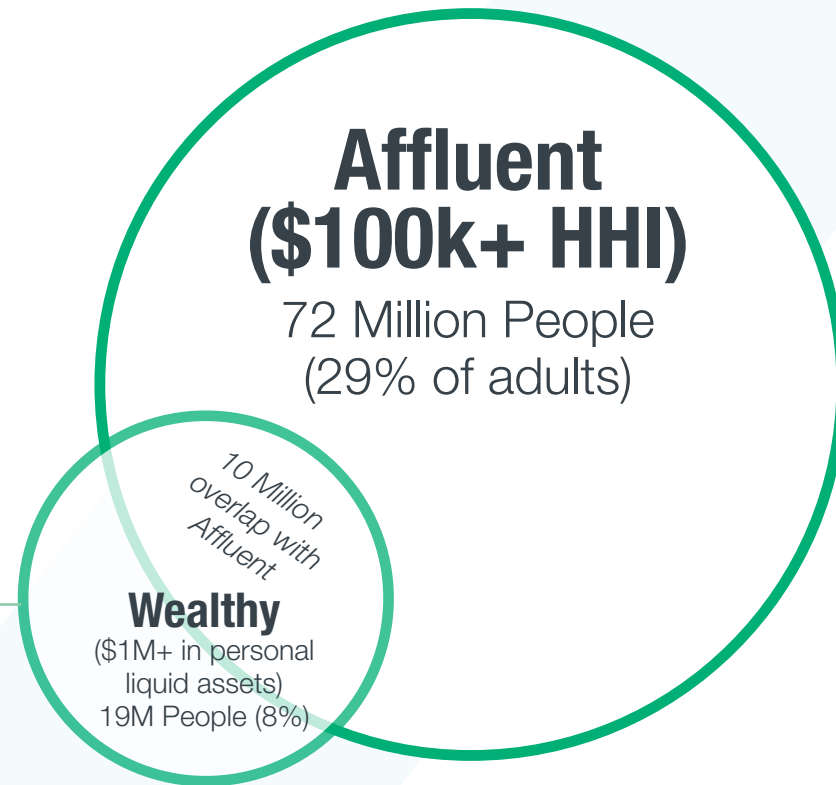
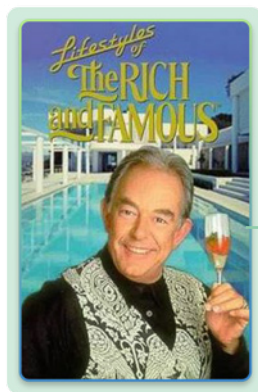
Affluence in America: An Overview

“Affluent” vs. “Wealthy” – A Quick Level-Set

“Affluence” is defined by most marketers as households with an income over \$100k+.

At times, this is interchanged with “wealthy household.”

There is a big distinction in the amount of wealth, and one that is important to understand when thinking about the behaviors of the “Affluent” consumer.

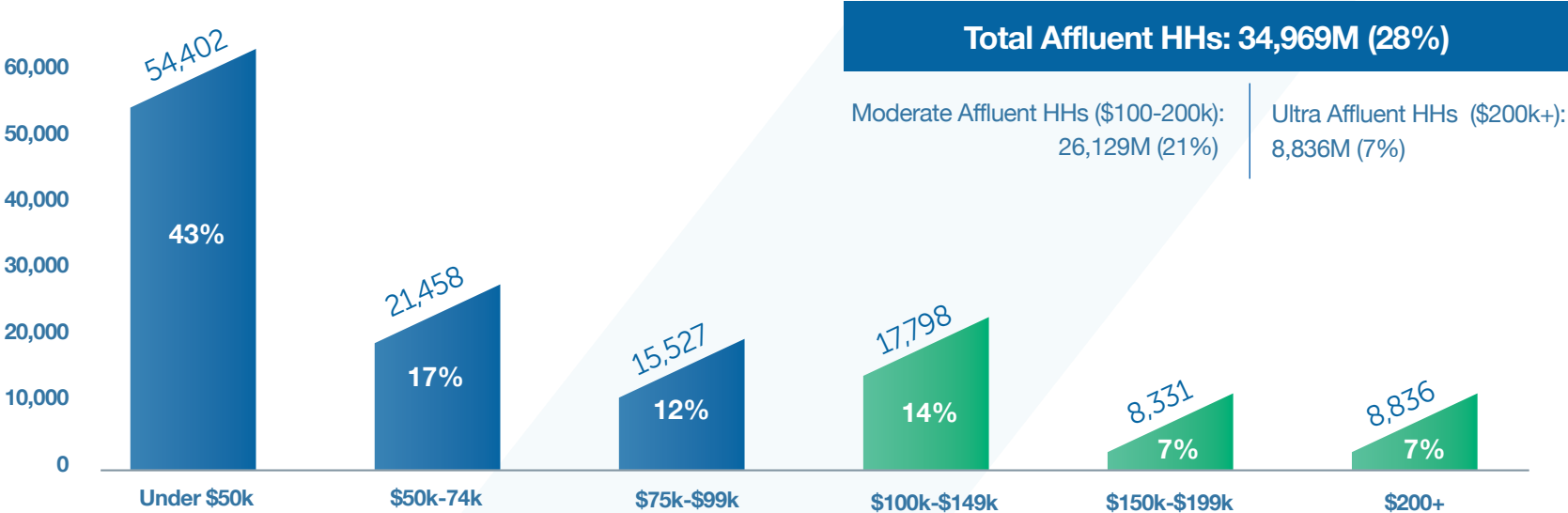


← This report focuses on the Affluent group as it represents just over one-quarter of all Adults and is also the income target of many premium brands

Source: “All Affluent, Wealthy, And Luxury Consumers Are Not The Same” - The Shullman Research Center, 6/16/17 – data based on US Bureau of Labor Statistics

Affluent Households Represent 28% of All U.S. Households

of Households by Income Bracket (000)



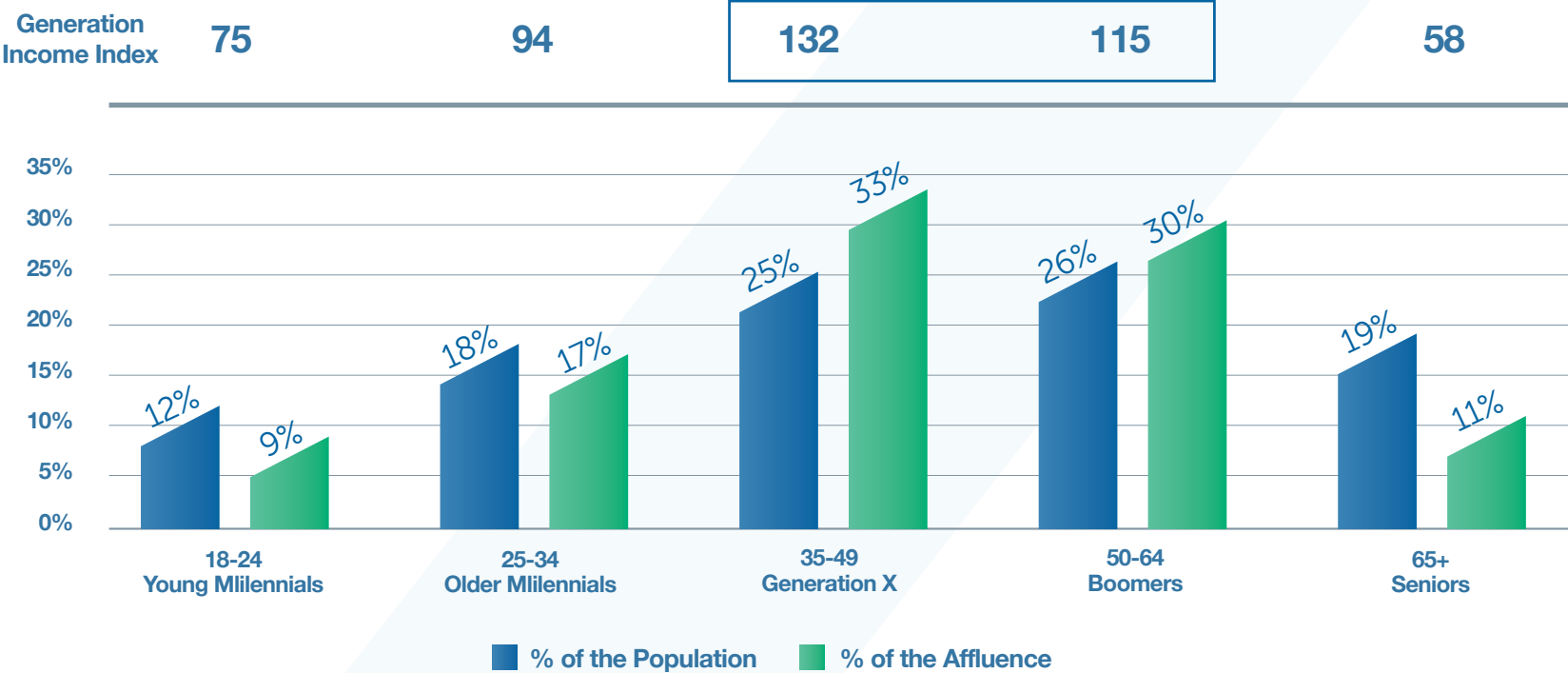
For reference, the median US Household Income is \$59,039

Source: US census 2016 data, Table A-1 Households by Total Money Income

The Majority of Affluent Households Belong to Gen X (A35-49) and Boomers (A35-64)

Households within the Gen X and Boomer generations have a higher likelihood of being affluent than those of younger and older age groups

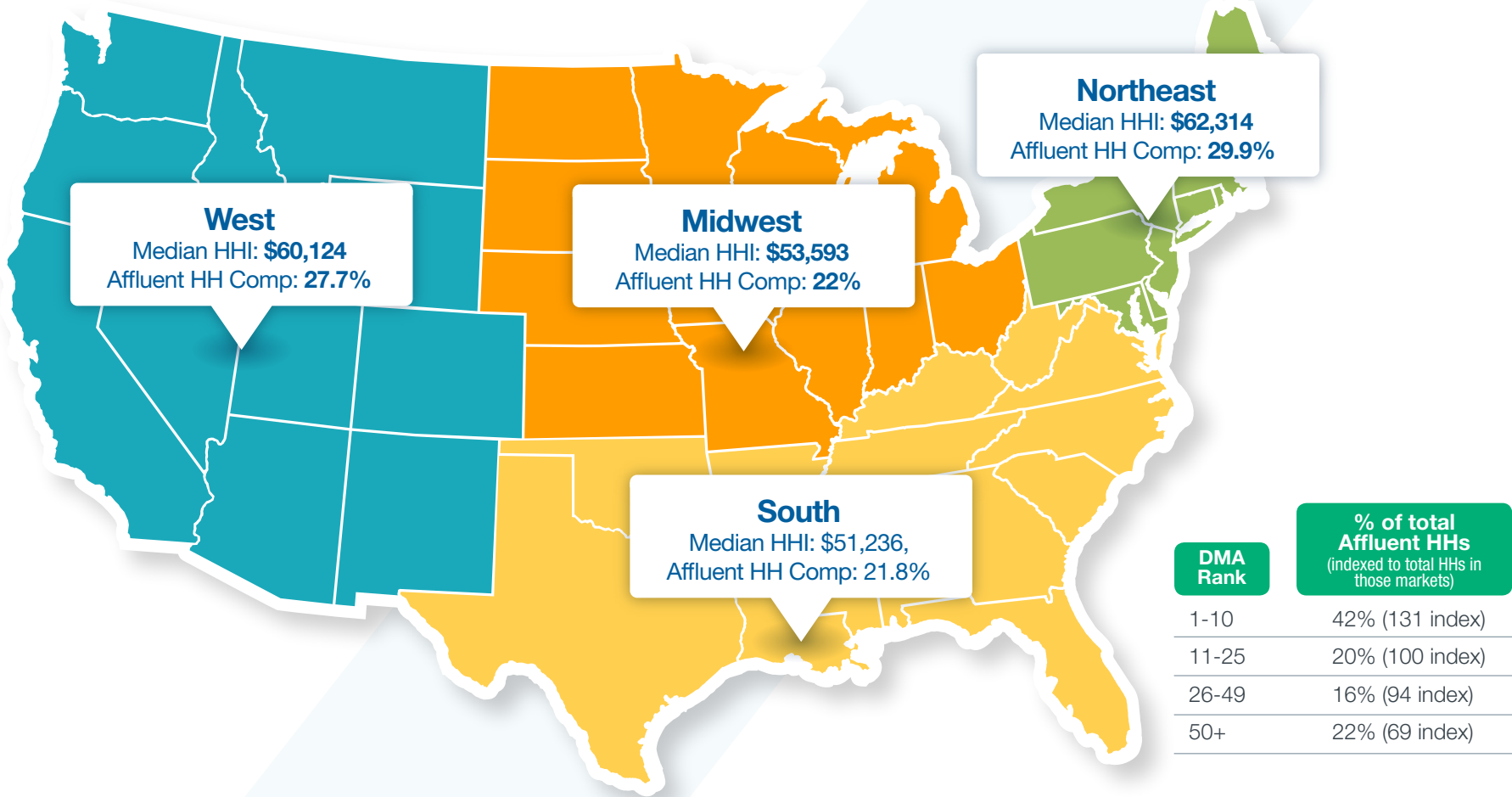
Percentage of the U.S. Population and Affluence, by Generation



Source: 2017 GfK MRI Doublebase, Affluent defined as Adults + HHI \$100k+; Index as compared to each generation's size of the population

While Affluence Skews Towards West and Northeast, Affluent Households Live Throughout the U.S.

Comp = % of HHs in the region that are affluent



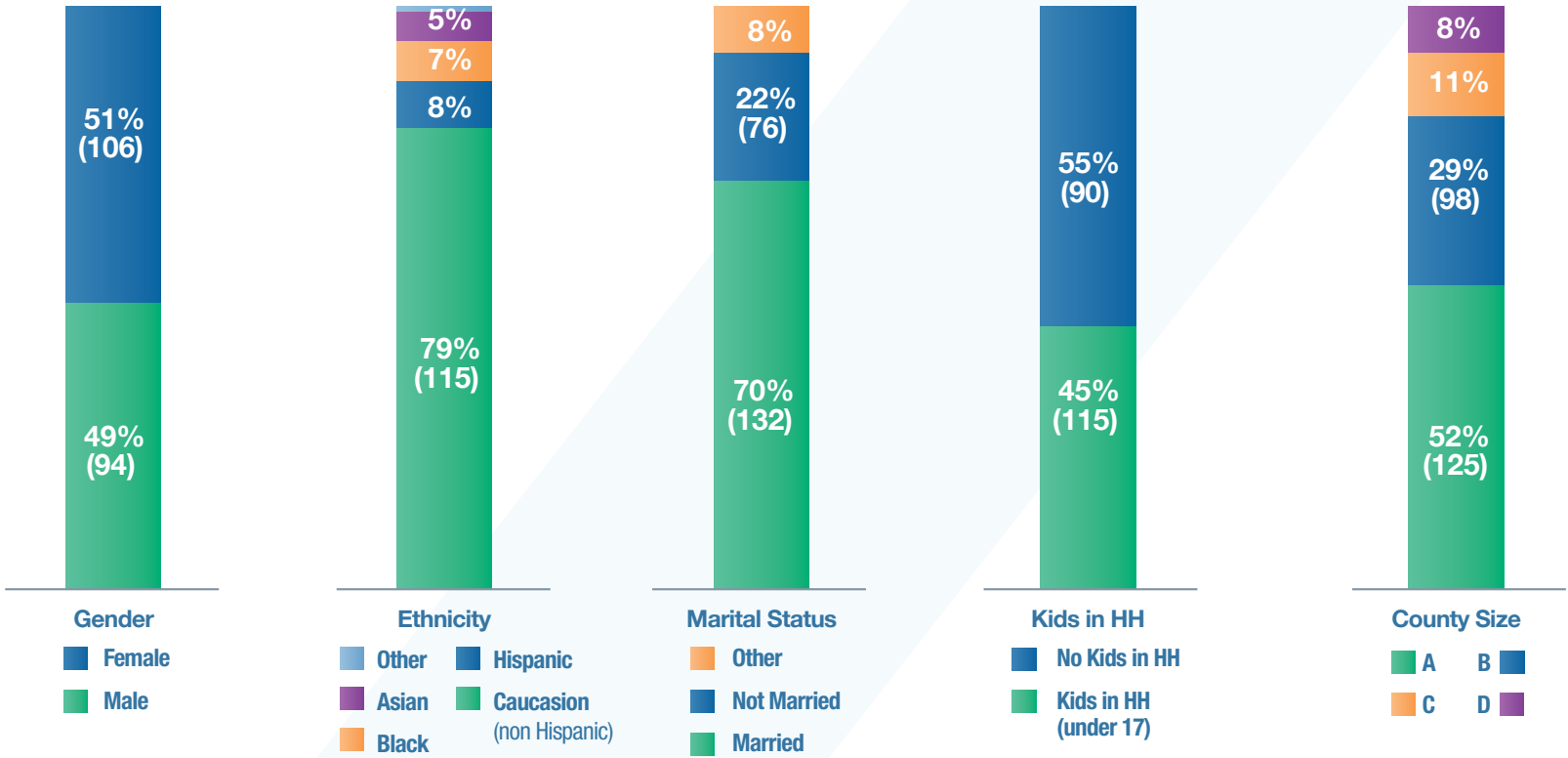
Source: US Census Bureau, 2016 American Community Survey; DMA Rank Data: Nielsen UE Report, December 2017

A man and a woman in business attire are looking at a tablet together. The woman is on the left, smiling, and the man is on the right, also smiling. They are both holding the tablet. The image has a blue overlay and diagonal stripes. The text is overlaid on the image.

Demographic, Attitudinal, & Lifestyle
Traits: How do the Affluent Compare
with the Average American?

Demographically, the Affluent are More Likely To Be Married and Live Within Large Metropolitan Areas

% Affluent and Index vs. Adults 18+



Source: GfK MRI, 2017 Doublebase. Affluent defined as HHI \$100k+, Indices are vs. Total Adults 18+

They Are Higher Educated, More Likely to Work Full Time, and Hold Professional and Management Positions

% Affluent and Index vs. Adults 18+

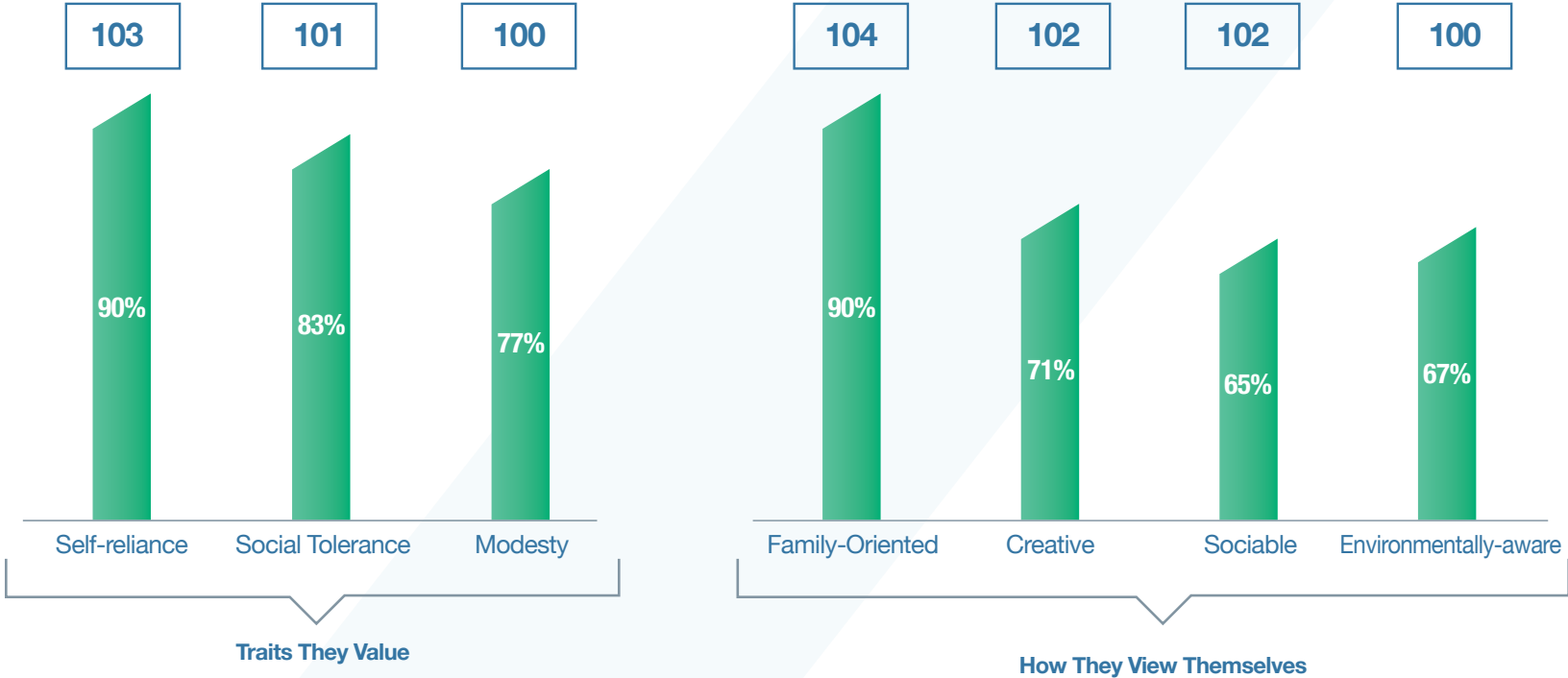


Source: GfK MRI, 2017 Doublebase. Affluent defined as HHI \$100k+, Indices are vs. Total Adults 18+

Although they Have Different Demographic Characteristics, Their Values Are Largely the Same as the Average Person

Just like the average adult, the affluent view themselves as sociable and invested in their families and communities.

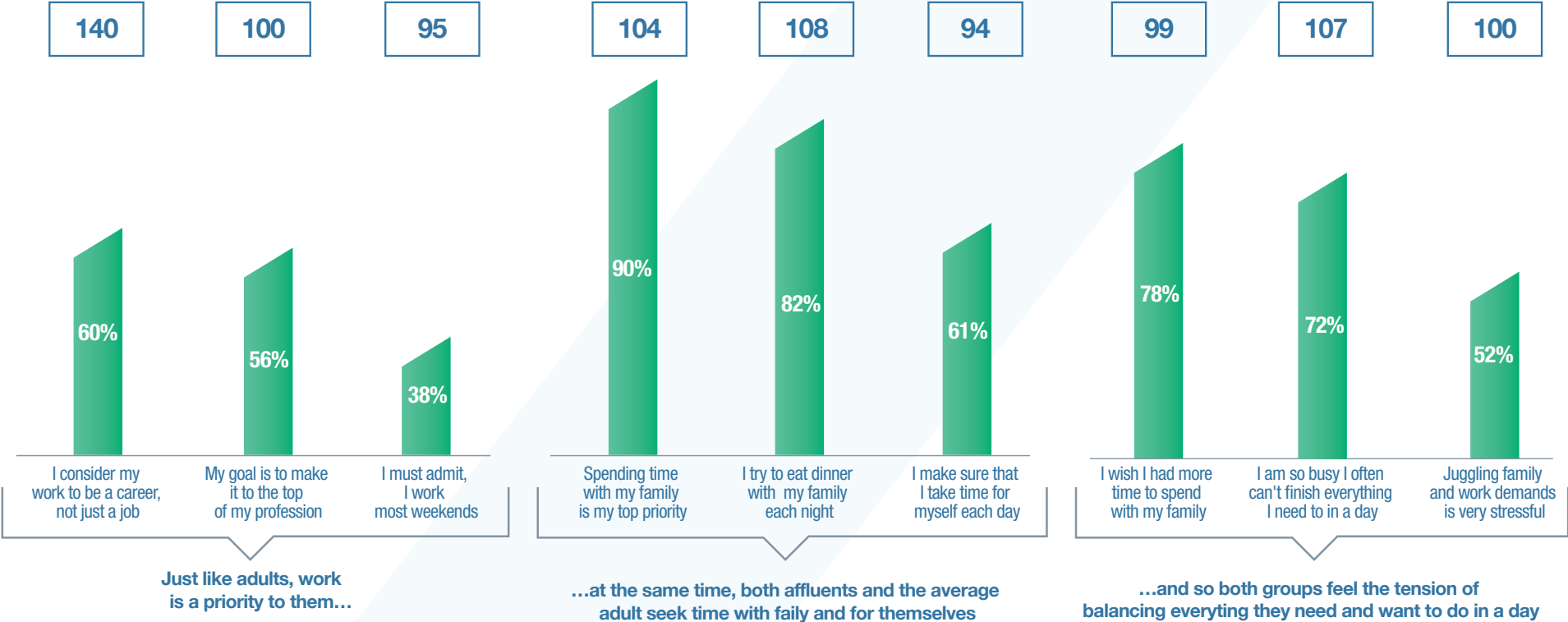
% Affluent Agree and index vs. Adults 18+



Source: GfK MRI Doublebase; Affluent Adults (\$100k+ HHI) = Self-reliance – “Being self-reliant is very important to me”; Modest – “Being modest is very important to me”; Social Tolerance – “Social tolerance and respect is very important to me”; Family-Oriented – “My family is my top priority”; Creative “Being creative/imaginative is very important to me”, Sociable – “I consider myself to be very sociable”, Environmentally-aware – “I am interested in finding out how I can help the environment.”

And Just Like the Average Adult, One of Their Core Tensions is Being Time-Pressed as They Struggle to Maintain a Work/Life Balance

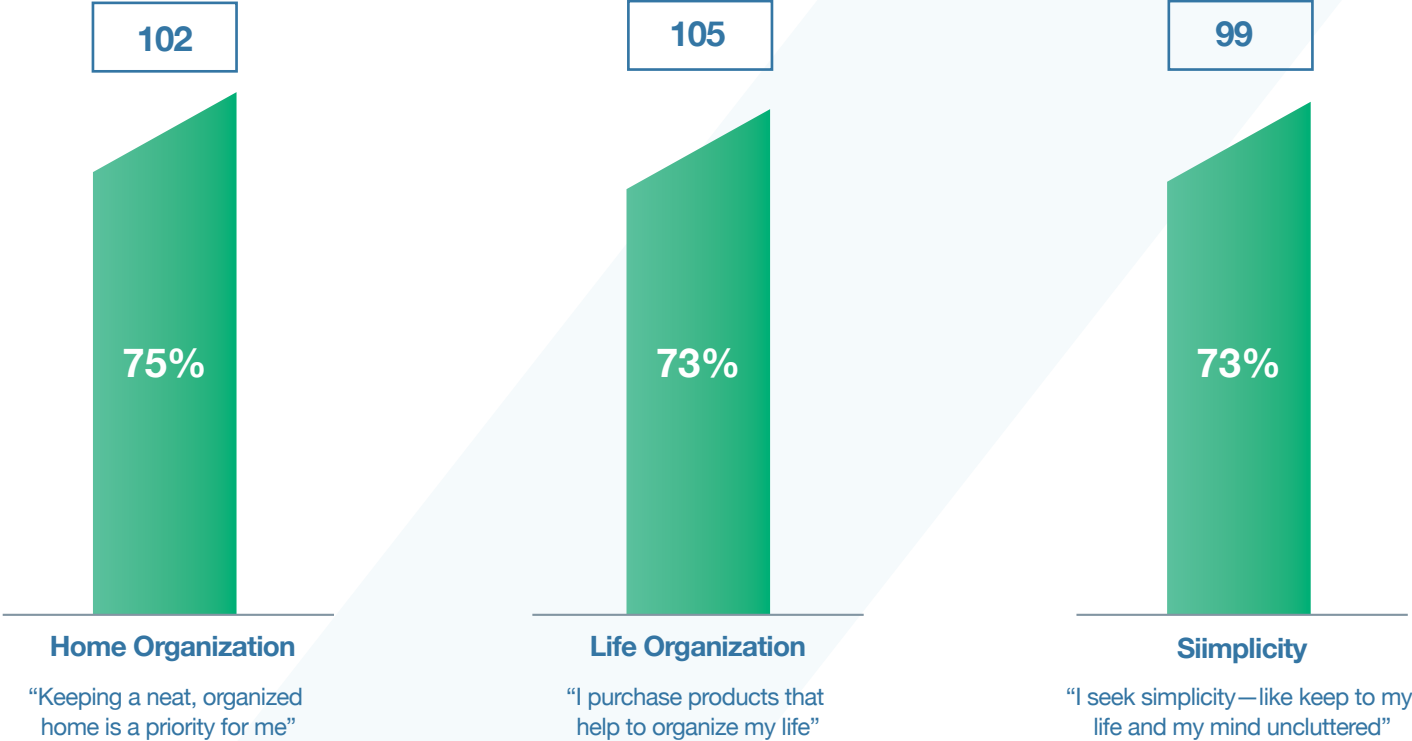
% Affluent Agree and Index vs. Adults 18+



Source: GfK MRI, 2017 Doublebase. Affluent defined as HHI \$100k+, Indices are vs. Total Adults 18+

And Therefore, Just Like the Average Adult, the Affluent Seek Out Ways to Keep Their Lives Organized and Streamlined

% Affluent Agree and Index vs. Adults 18+



Source: GfK MRI, 2017 Doublebase. Affluent defined as HHI \$100k+, Indices are vs. Total Adults 18+

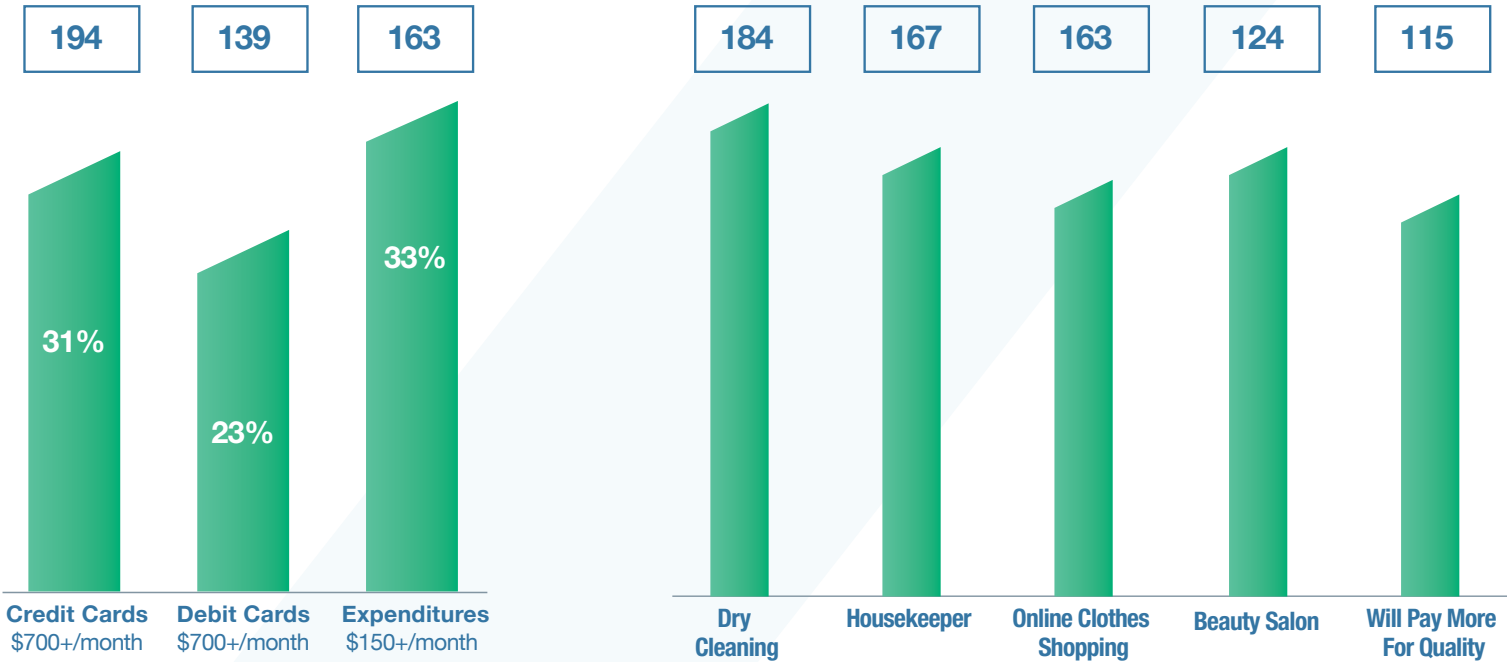
What Differentiates the Affluents is Their Disposable Income

Their income allows them to spend significantly more than the average person

And they are able to spend on conveniences to help manage their time

% Affluent Behavior and Index vs. Adults 18+

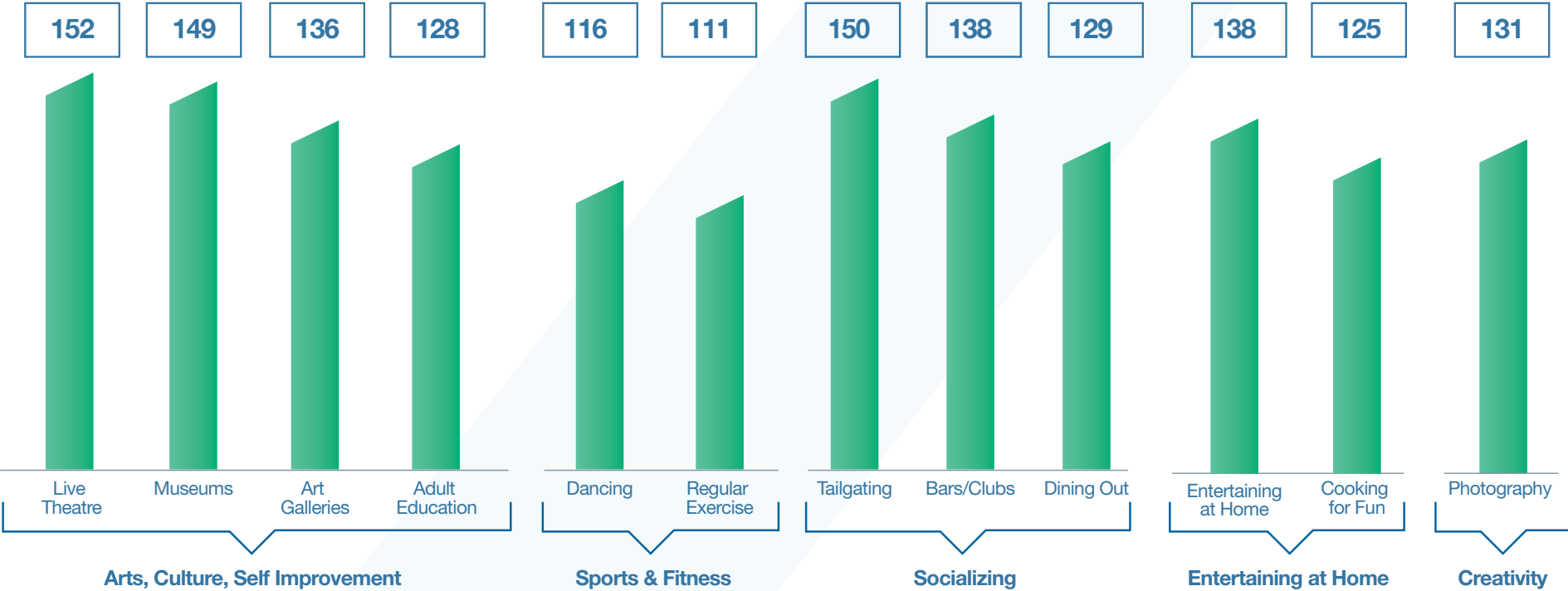
Affluent Index vs. Adults 18+



Source: Source: GfK MRI Doublebase; Affluent defined as HHI \$100k+; Dry Cleaning – any expenditure; Housekeeper – any expenditure; Online Clothes Shopping – any expenditure; Beauty Salon - any expenditure; Expenditures is an aggregate score of spending \$150+ in last 6 months across over 25 product categories such as apparel, laundry services, personal grooming, goods & services.

Their Discretionary Income Enables Them to Indulge Their Many Interests, Which Increases Their “Busyness” But Also Their Self Fulfillment

Affluent Index vs. Adults 18+



Source: GfK MRI 2017 Doublebase; Affluent (HHI \$100k+) participation in last 12 months

It Allows Them to Enjoy “Upgraded” Experiences...

Affluent Index vs. Adults 18+



They seek luxury when on vacation

Spent \$6k+ on foreign vacations: **222**
 Spent \$6k+ on domestic vacations: **223**
 Stayed at a luxury hotel property: **178**



They opt for fine dining

Visit fine dining restaurants twice a month: **173**



They invest in their sporting pursuits

Spent \$75+ on fitness sneakers: **167**
 Spent \$75+ on golf shoes: **223**
 Spent \$100+ on swimsuit: **214**



They go to the cineplex to watch movies

Watch a movie in the theatre at least once a month: **132**

Source: GfK MRI 2017 doublebase: Affluent Households \$100k+ vs. Adults 18+; All expenditures, except fine dining, are within the last 12 months

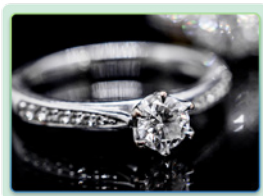
...As Well as Finer Material Possessions...

Affluent Index vs. Adults 18+



They indulge in their homes and cars

Own a 2nd or vacation home:	196
Home value is \$500K or more:	239
Most recent auto purchase/lease was a luxury car:	191



They purchase accessories and jewelry that reflect their style

Spent \$250+ on handbags:	177
Spent \$1,500+ on fine jewelry:	179
Spent \$250+ on designer jeans:	186



Pay more for the quality goods sold at upscale shops

Shop at Crate & Barrel	185
Williams-Sonoma	171
J. Crew	175
Lord & Taylor	159
Ulta	147

Source: GfK MRI 2017 Doublebase: Affluent Households \$100k+ vs. Adults 18+; Luxury car is aggregate weighted index of Mercedes, BMW, Cadillac, Infiniti, and Lexus; Handbag, jewelry, and designer men's jeans expenditures are within the last 12 months

Affluent Traits - Key Takeaways

1

Demographically, Affluent adults are different from average adults – better educated, more likely to live in urban areas & work in white collar jobs.

2

However, at their core, Affluent adults have similar values & beliefs as the average person - work and family are important and therefore they struggle with creating a work/life balance.

3

Money allows affluent adults the ability to address their “stresses” differently – they invest in time-saving conveniences which enables them to spend quality time with loved ones, and indulge in a variety of life-enriching leisure pursuits.

Source: GfK MRI 2017 Doublebase: Affluent Households \$100k+ vs. Adults 18+; Luxury car is aggregate weighted index of Mercedes, BMW, Cadillac, Infiniti, and Lexus; Handbag, jewelry, and designer men's jeans expenditures are within the last 12 months

A photograph of a young man and woman sitting on a couch, smiling and eating popcorn. The image is overlaid with a semi-transparent blue filter and diagonal stripes in shades of blue and teal. The text is centered over the image.

A Closer Look: The Affluent and TV/Video Usage

With More Disposable Income, Affluent Americans Have the Means to Invest in the Latest Technology (or own everything...)



High-End Home PC: **183**
Spent \$2k+ in last year on a PC



PC Software: **140**
Spent \$500+ in last year



Smart TV: **139**
Smart TV most recent TV purchase



iPhone: **155**



Xbox 360: **121**



eReader: **156**



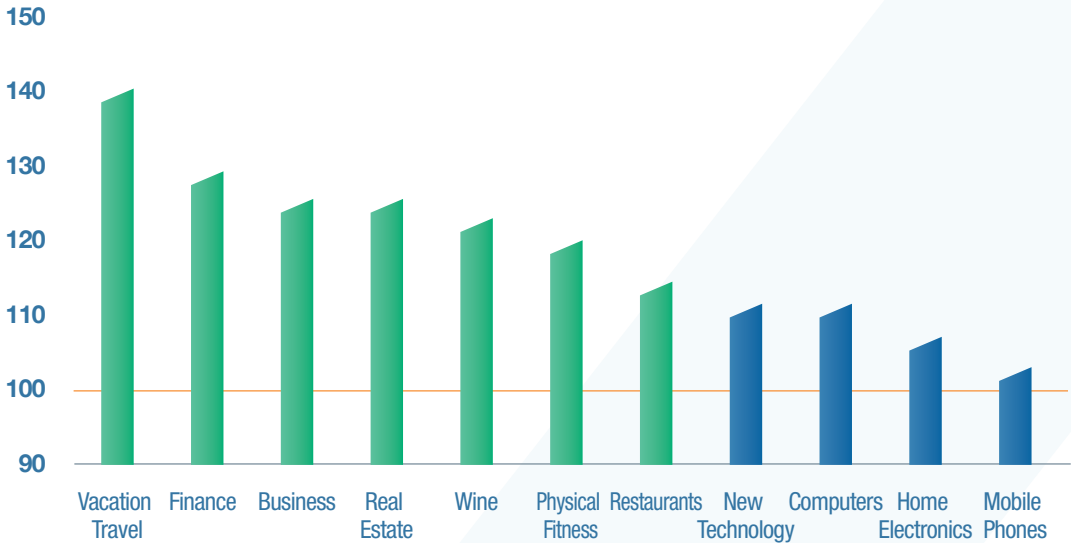
Tablet: **136**

Source: GfK MRI 2017 Doublebase; Index of Affluent HHI \$100k+ vs. Total Adults 18+

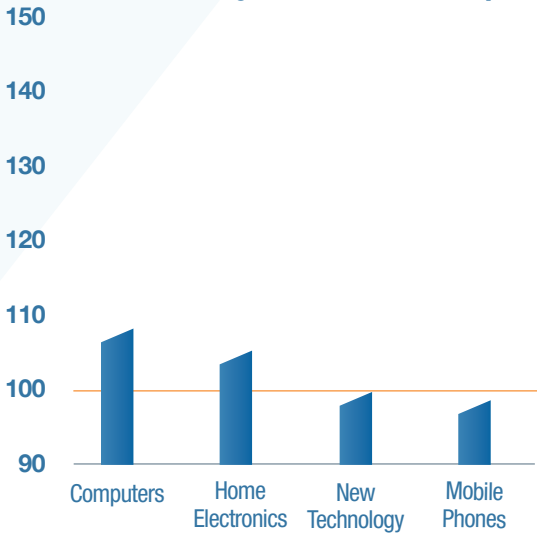
Although They Own All These Devices, They Aren't (And Don't Consider Themselves to Be) Significantly More "Tech Savvy" Than the Average Person

In fact, "tech" ranks behind several other areas they consider themselves to be more of an expert in, and they aren't readily consulted for their opinions in this area either.

"I have a great deal of knowledge or experience in this subject"



"My friends/family often ask for and trust my advice on this topic"



Index Affluent Adults vs. Total Adults

Source: GfK MRI 2017 Doublebase; Index of Affluent HHI \$100k+ vs. Total Adults 18+

One Area They Invest Heavily in is Video/TV Related Devices

Index vs. Total Adults 18+

150

Own a 4K or Ultra HDTV

139

Most recent purchase was a Smart TV

128

Have 3+ TVs in their home

131

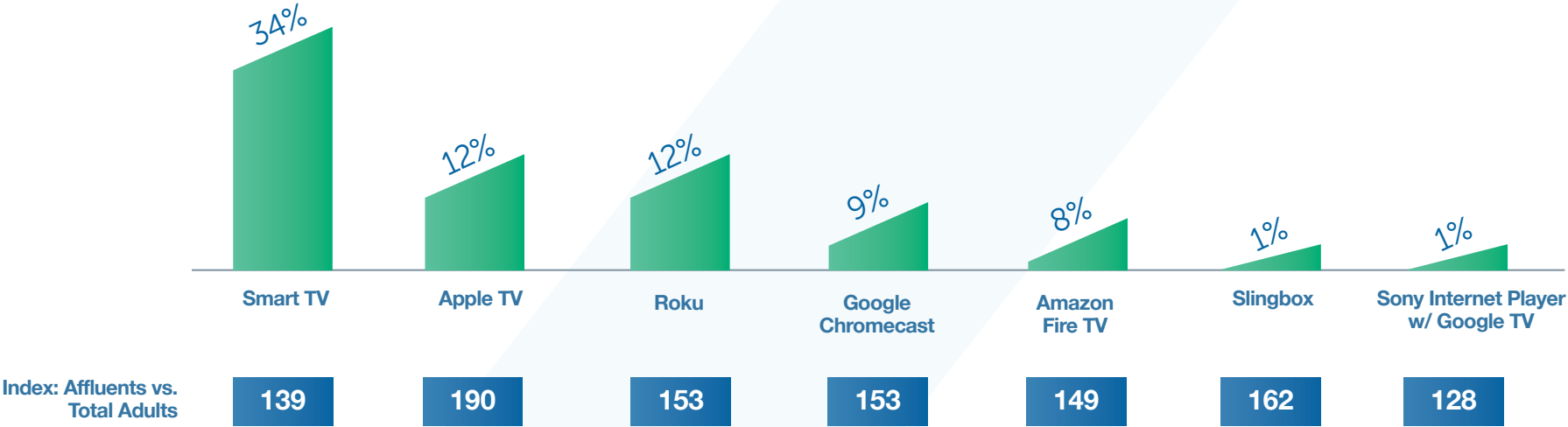
Have an XL or XXL (43"+) TV screen



Source: GfK MRI 2017 Doublebase; Index of Affluent HHI \$100k+ vs. Total Adults 18+

Affluents are More Likely to Own Connected-TV Devices, However, They Don't Own Them in Large Numbers

% Affluent Ownership of Connected-TV Devices
"Does your household own this device?"



Source: GfK MRI 2017 Doublebase; Index of Affluent HHI \$100k+ vs. Total Adults 18+. Q. Does your HH own this device? Percentages are of the total Affluent population.

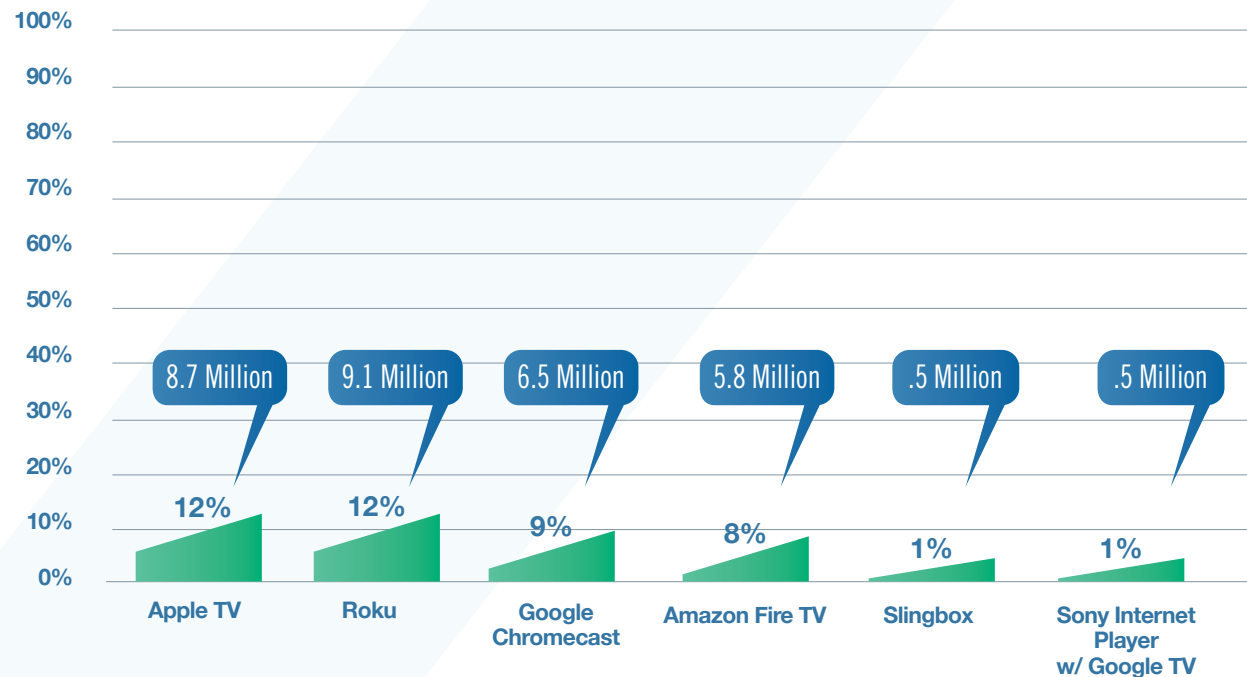
As 74% of Affluent Households Have a Cable+ Subscription, Connected-TV Devices Are Largely Supplementary Viewing

Affluents want choice, and the ability to view where/when/how they want.

74% of Affluent Households have a Cable+ Subscription
25.7 Million HHs



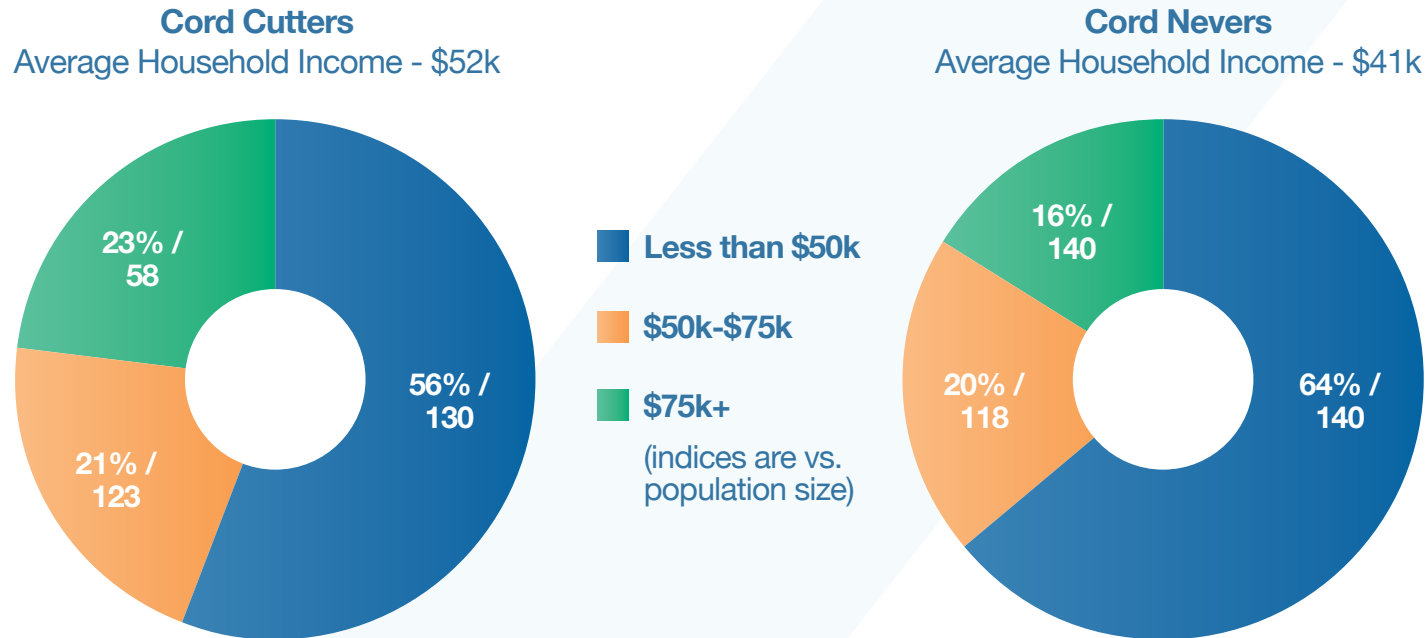
% Affluent Ownership of Connected-TV Devices
“Does your household own this device”



Source: Cable+ subscription: Nielsen Universe Estimate, Cable+ = Cable, Satellite, or Fiber Optic Subscription, 12/1/17-12/31/17, A18+ & HHI \$100k+; Other device data - 2017 GfK MRI Doublebase, Affluent = HHI \$100k+; Q. Does your HH own this device? Percentages are of the total Affluent population.

Since Cost is Not an Issue, Affluent Adults Want as Many Different Options as Possible to Watch TV Content

As such, “Cord cutter/Never” households tend to be lower income, not affluent



85% of consumers said price (not ad avoidance or disinterest in content) was the primary reason they cut the cord

Source: SNL Kagan, 2017 S&P Global Market Intelligence, 2017 cord cutter and cord never updates, May 2017; Gfk MRI “Cord Evolution”, 4/24/17; Index is vs % total US households for each HHI bracket; TiVo Q3 2017 Video Trends Report

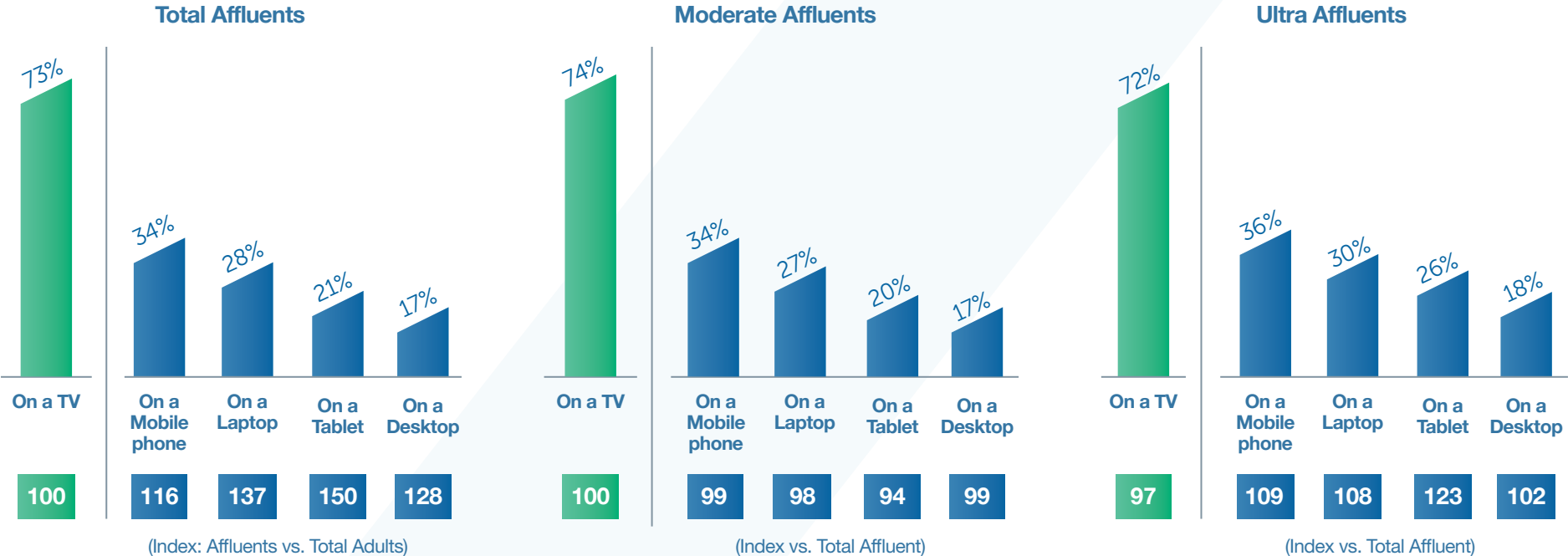
A man with short, dark hair and glasses is sitting on a couch, looking towards the right. He is wearing a light blue button-down shirt. He is holding a black remote control in his right hand. The background is a blurred indoor setting. The entire image is overlaid with a semi-transparent blue gradient. A diagonal line of a darker blue color runs from the top right towards the bottom left, crossing the text.

The Affluent Demonstrate a
Commitment to TV Content and
Their Viewing Behavior Looks a Lot
Like That of the Average Adult

Just like the Average Adult, the Television Clearly Continues to Be the Affluents' Preferred Screen to Watch TV Programs

Due to their active lifestyle, Affluents, particularly the Ultra Affluent, are more likely than the average person to view on other devices, however they most enjoy TV programming on the television.

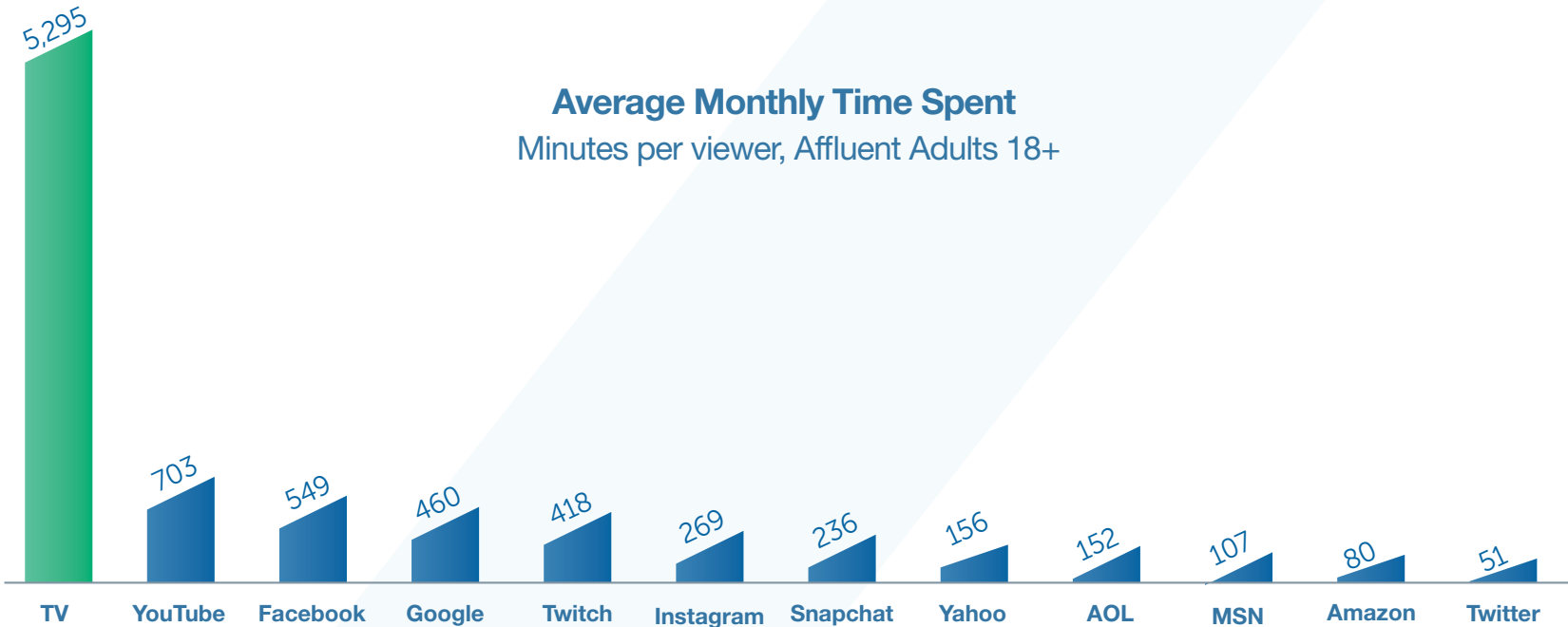
“How do you watch TV Programs compared to 12 months ago?”
Response: ‘More or the Same Amount’



Source: 2017 GfK MRI Doublebase, Affluent Households HHI \$100k+, Moderate Affluents, HHI \$100k-\$200k, Ultra Affluents HHI \$200k+

From A Platform Perspective, Affluent Adults Spend Over 4x More Time Watching TV Than With YouTube and Facebook Combined

Time spent with TV dwarfs that spent on other top digital platforms

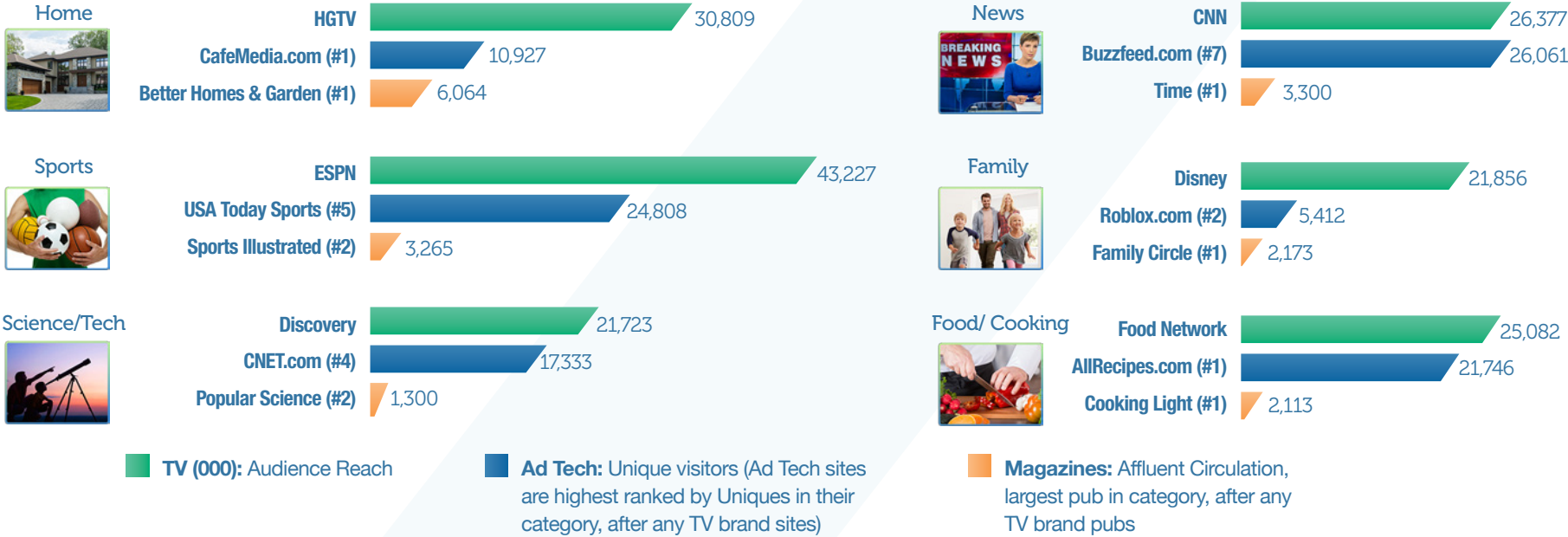


Sources: Affluent Adults 18+ - Nielsen R&F Report, Nov 1-Nov 30 2017, Live+7, P18+ & HHI of 100k+ Average Monthly Time Spent – TV = Live + DVR + Time-shifted TV (Ad-Supported TV only); comScore Media Metrix Multi-Platform Data, P18+ & HHI \$100k+, November 2017, Average Min Per Visitor; note comScore data for digital platforms does not include mobile video

Affluent Consumers Are Passionate About TV and Can Be Reached in Larger Numbers Than on Other Enthusiast Platforms

TV brands are the “go-to” authority across a variety of subjects, offering significant Affluent reach.

Affluent Reach of Enthusiast Platforms Affluent A18+ Monthly (000)

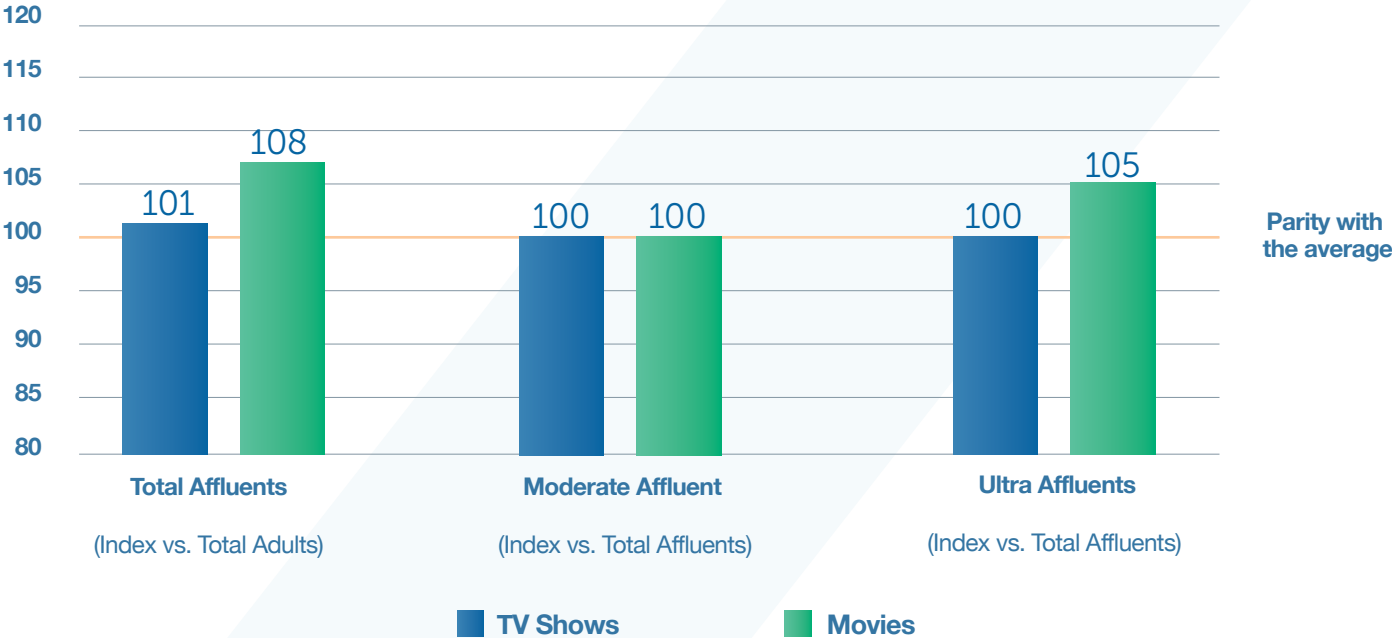


Sources: TV data - Nielsen Npower Live+7, Total Day, P18+ & HHI of \$100k+ 11/1/17-11/30/17, TV - Linear with VOD; Ad Tech data - comScore November 2017 Total Unique Visitors; P18+ & HHI of 100k+; Magazine data - GfK MRI Doublebase, response "I take note of the advertising in this publication" HHI \$100k+; Ad Tech sites and publications selected are the highest reaching in their category, after any TV brand sites/pubs

The Affluent Are as Knowledgeable About TV Shows and Movies as the Average Person

“Category Influential” Indices: TV Programs and Movies

“I have a great deal of knowledge/experience in this topic” and “My family/friends often ask for and trust my opinion on this topic”



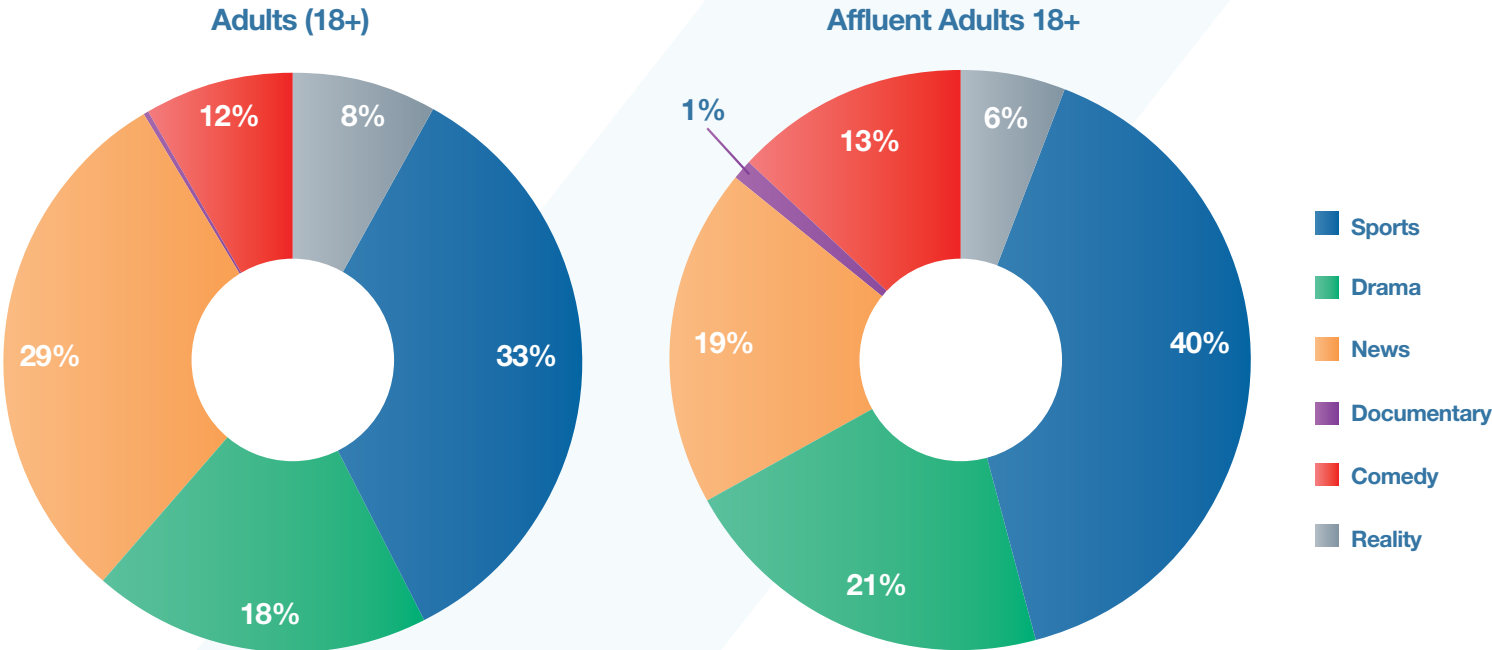
Source: 2017 GfK MRI Doublebase, Affluent Households HHI \$100k+, Moderate Affluents, HHI \$100k-\$200k, Ultra Affluents HHI \$200k+;

This Is Because, Just like the Average Adult, the Affluent Enjoy a Wide Variety of Programming

VAB performed an analysis looking at the top 200 TV programs for Adults and Affluent Adults.

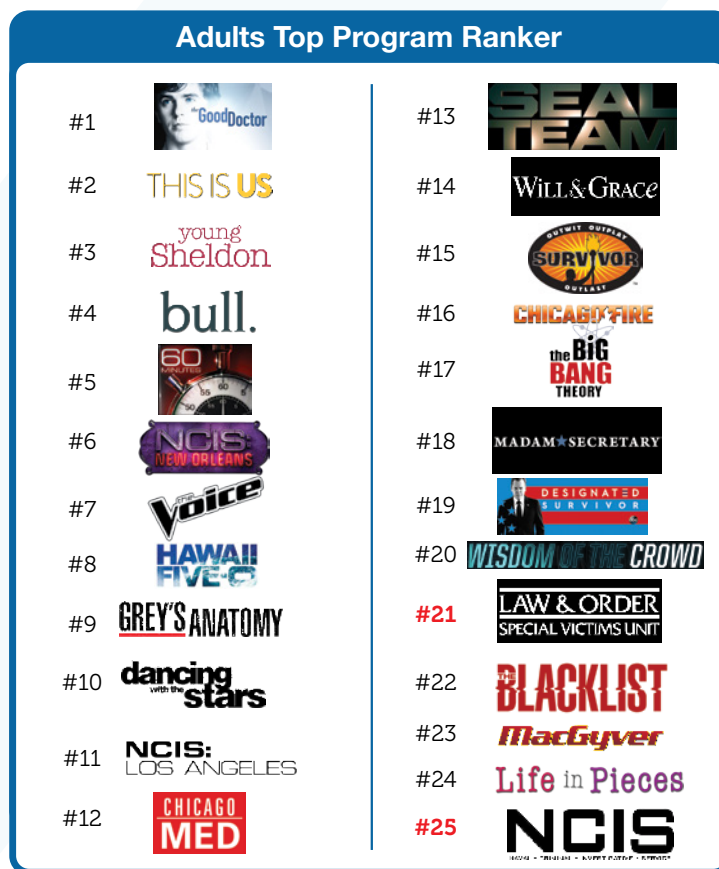
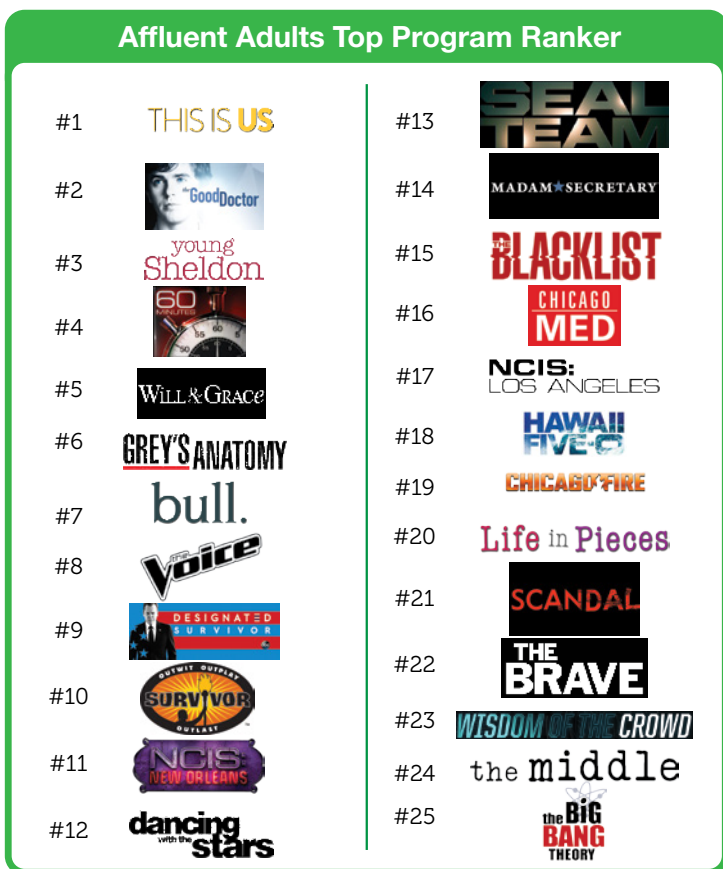
While Affluents skew more towards Sports and less News, their preferences compared to their peers are very similar in enjoying a robust and diverse slate of programming.

Top 200 TV Programs Grouped by Genre



Source: VAB analysis of Nielsen Npower PowerPlay, Total Day, Live+7, 10/1/17-10/31/17; Demos – Adult = Adult 18+, Affluent Adults P18+ & HHI \$100k+.

In Fact, the Affluent Have the Same Favorite Programs as the Average Adult...23 of the Top 25 Programs Overlap



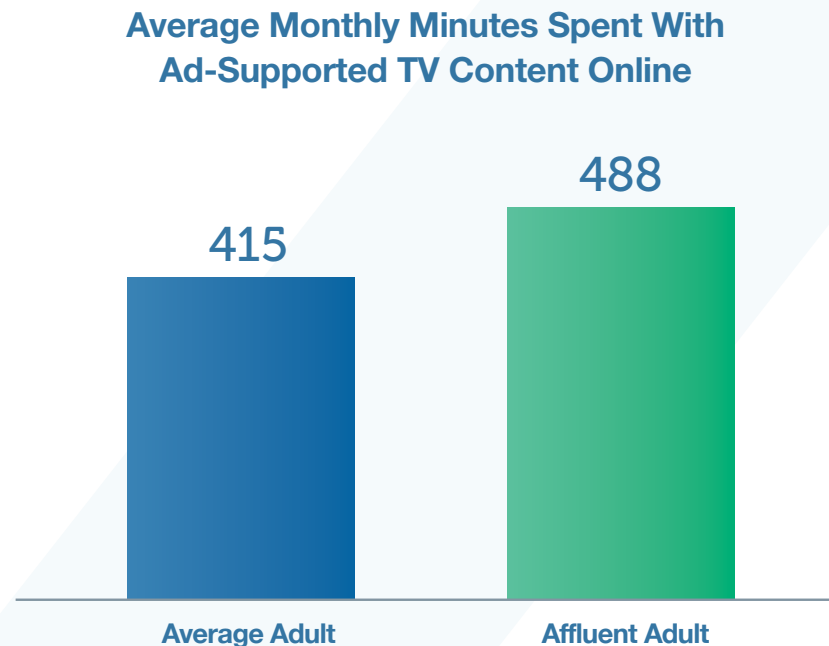
Source: "Average 18+ population" data based on Nielsen NPower, Oct 1 – Dec 31 2017, P18+, Live+7 for cable + broadcast, excludes specials and sports. "Affluent 18+ population" data based on Nielsen NPower, Oct 1 – Dec 31 2017, P18+, HHI of 100k+, Live+7 for cable + broadcast, excludes specials and sports. If program airs multiple times a week, the highest rated airing is reflected.

A man in a dark suit and tie is seated at a wooden table in what appears to be a cafe or office setting. He is smiling and looking down at a tablet computer he is holding with both hands. In front of him on the table is a white coffee cup on a saucer. To the left of the coffee cup, there is a tablet device and some papers. The background is blurred, showing shelves with books or products. The entire image has a blue color overlay and a diagonal line running from the top right to the bottom left.

Their Interest and Commitment to
TV Programming Results in Following
Their Favorite TV Content Online

Due to Their Active, On-The-Go Lifestyle, Affluent Adults Spend More Time Viewing Ad-Supported TV Digital Content Than the Average Person

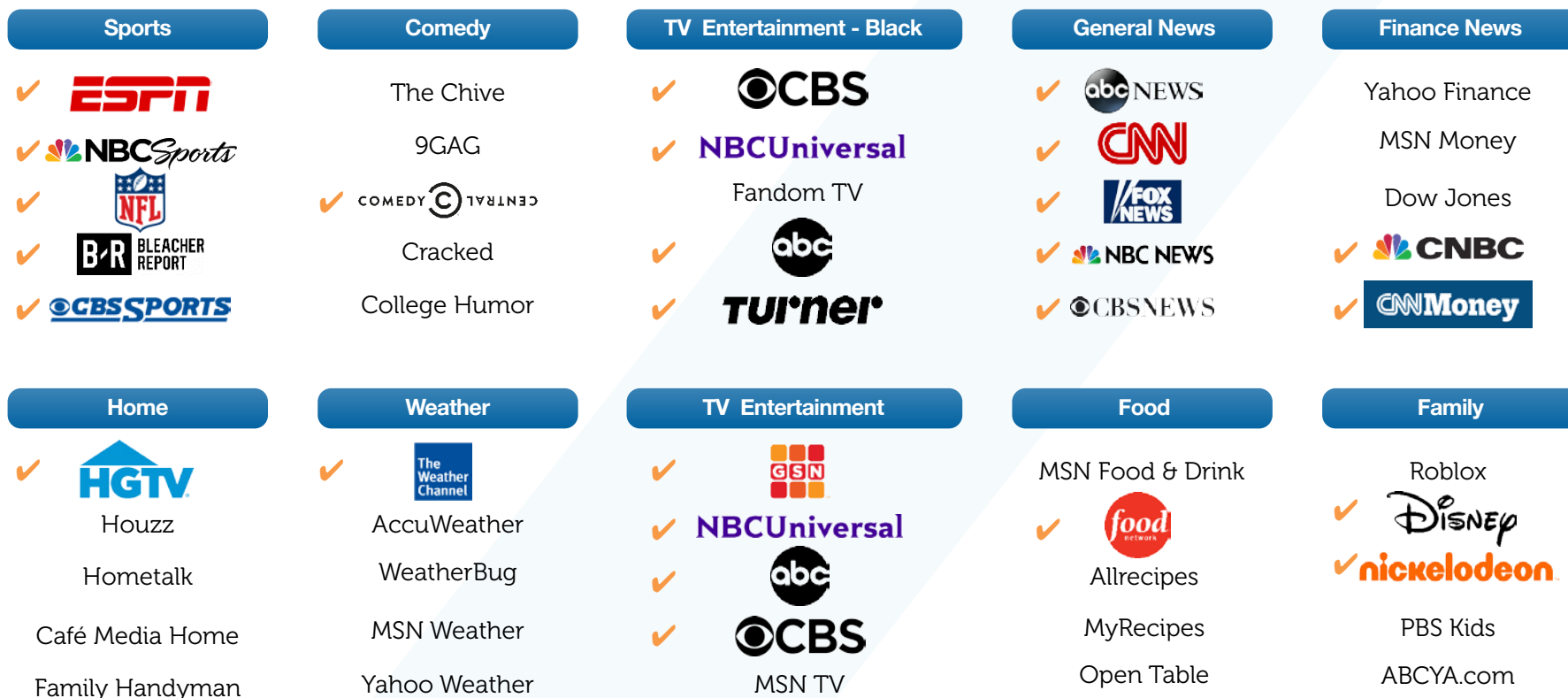
An affluent adult spends nearly 20% more time with TV content online than the average person



Source: VAB analysis of Media Metrix Audience Duplication comScore data, December 2017; Adults 18+, Affluent Adults 18+ (\$100k+), "Ad-Supported TV" custom group.

Across a Variety of Genres, Affluent Adults Seek out Ad-Supported TV Brand Content Online

Top 5 Rank on “Total Minutes Viewed” By Genre
Affluent Adults 18+

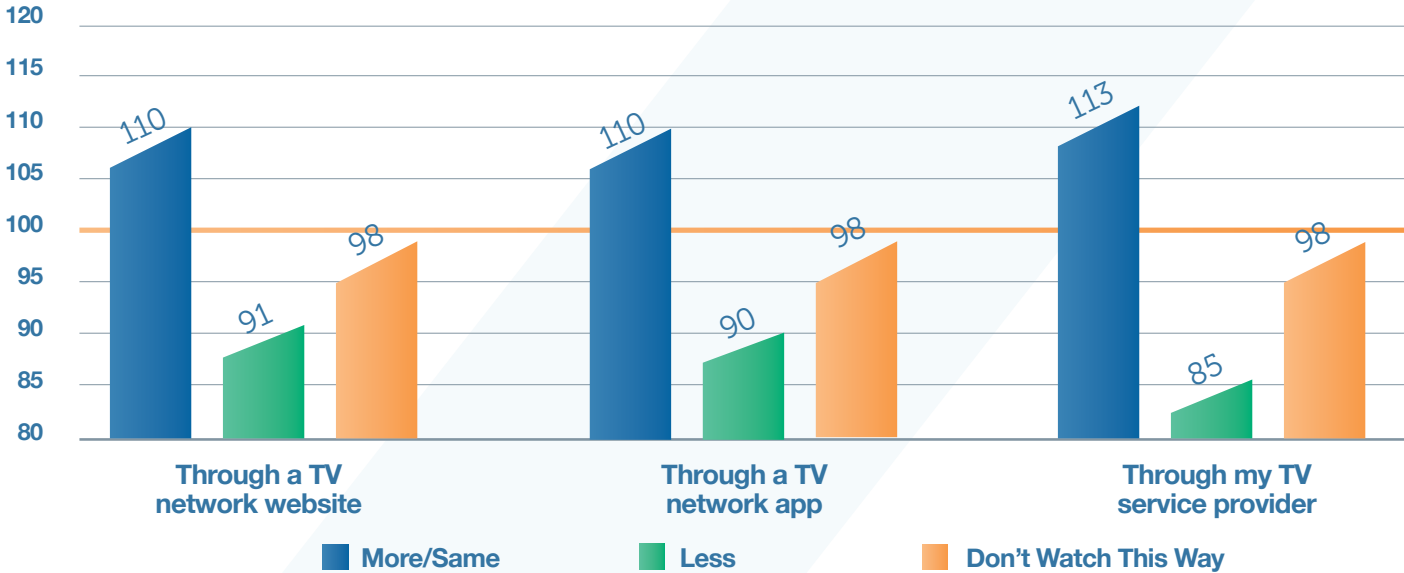


Source: VAB analysis of Media Metrix multi-platform comScore data, January 2017 (Ranking based on “Total Minutes Viewed”) Affluent Adults = P18+ & HHI of \$100k+

Due to Their Hectic Schedules, the Affluent Are Somewhat More Likely Than the Average Adult to Explore Alternative Means of Viewing TV Programs

“How do you access TV programs compared to 12 months ago?”

Index: Affluents vs. All Adults



Source: 2017 GfK MRI Doublebase, Affluent HHI \$100k+ vs. Adults 18+

TV/Video Usage - Key Takeaways

1

While their disposable income allows the Affluent to own the latest technology, they don't consider themselves to be (and aren't viewed by others as) particularly tech savvy.

2

Due to their means and on-the-go schedules, the Affluent are more likely to explore other ways of accessing TV content (streaming, OTT, viewership on mobile devices), however they do so in small numbers, and so it is supplementary to - not a replacement of - their TV viewing.

3

Their commitment to TV content & their active lifestyle result in spending more time with TV brand content online than the average person.



The Affluent and Advertising: Perceptions and Impact

60% of Affluent Households Own a DVR

Affluent households are slightly more likely than the average household to own a DVR (9% more likely).

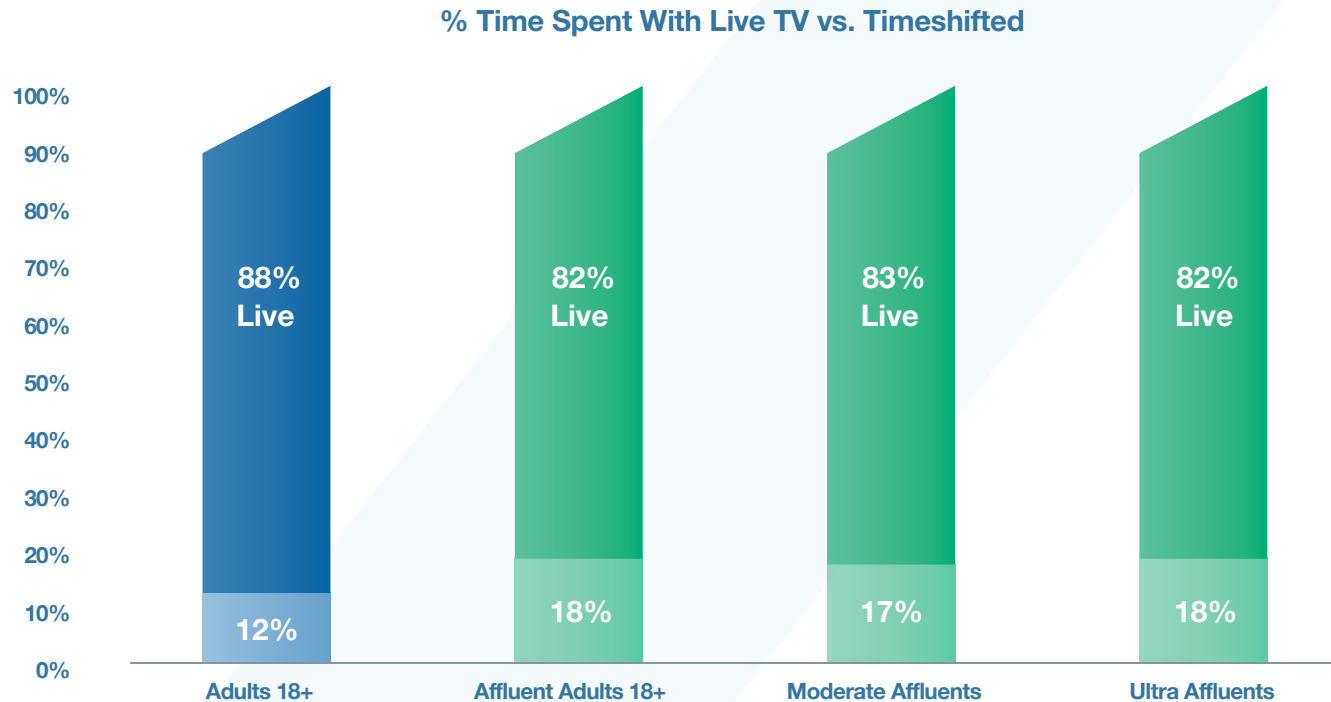
Interestingly, Affluent DVR homes spend **+27%** more time watching TV than Affluent *non-DVR households*



Source: VAB Analysis of Nielsen NPower Live+7 HUT/PUT; Weekly Time Spent of Affluent (HH w/ \$100K+) DVR vs. Non-DVR HH; Prime=M-Sa 8-11&Su 7-11p; M-Su 6a-6a; 9/25/2017 – 1/14/2018.

Although Affluent Homes Are More Likely to Own a DVR, the Majority of Their Viewing Is Enjoyed Live, Just like in the Average Household

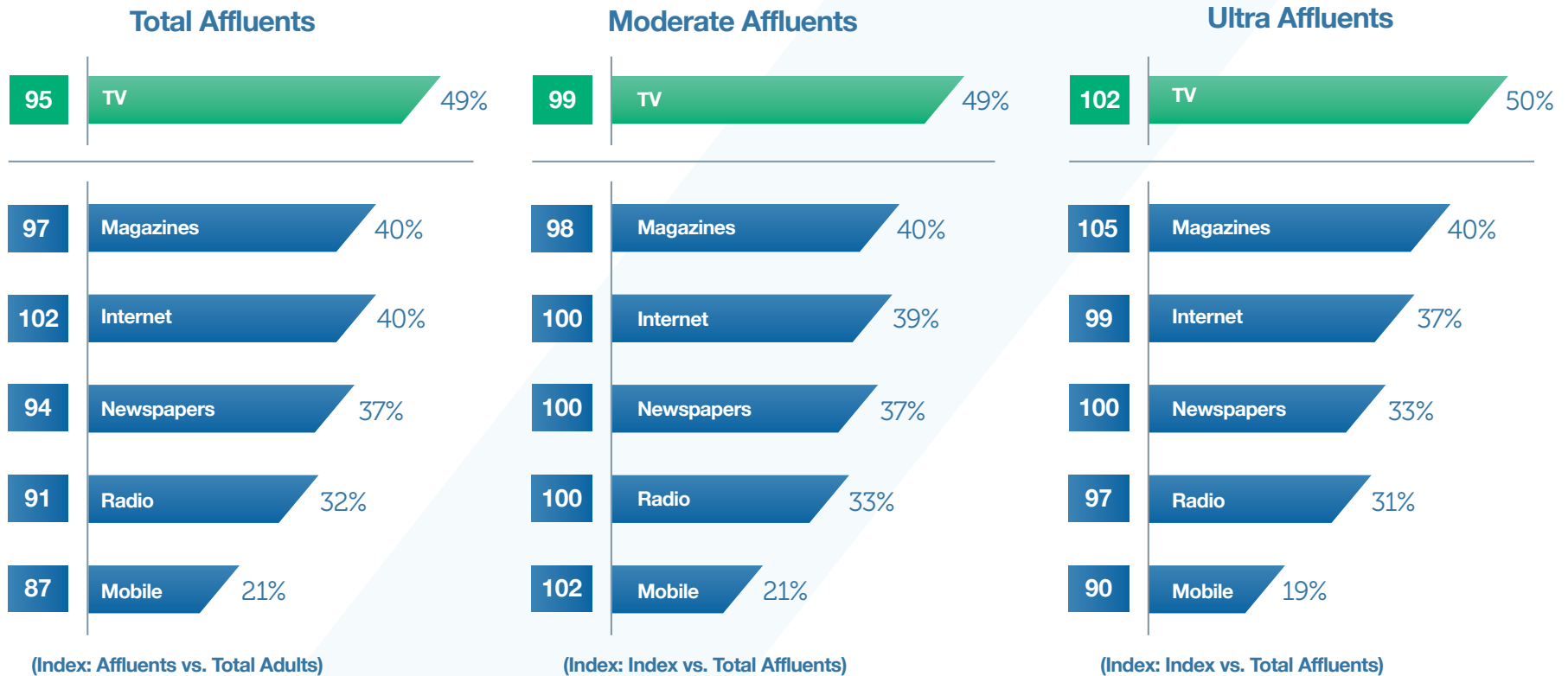
Despite having the means to ‘customize’ their viewing, Affluents watch the majority of their TV live.



Source: Nielsen Ratings Analysis Time Period Report- Playback Time Period: Live | TV | Linear with VOD(Live|TV|Linear with VOD), Playback Only within 7 Days | TV | Linear with VOD(Playback Only within 7 Days|TV| Linear with VOD), Measurement Interval: 09/25/2017 - 12/31/2017; Affluent defined as Adults 18+ & HHI \$100k+, Moderate Affluents defined as HHI \$100k-\$200k, Ultra Affluent defined as HHI \$200k+

Given Their Demanding Schedules, Affluents Are Likely to Look to TV Advertising for Information, on Par with the Average Person

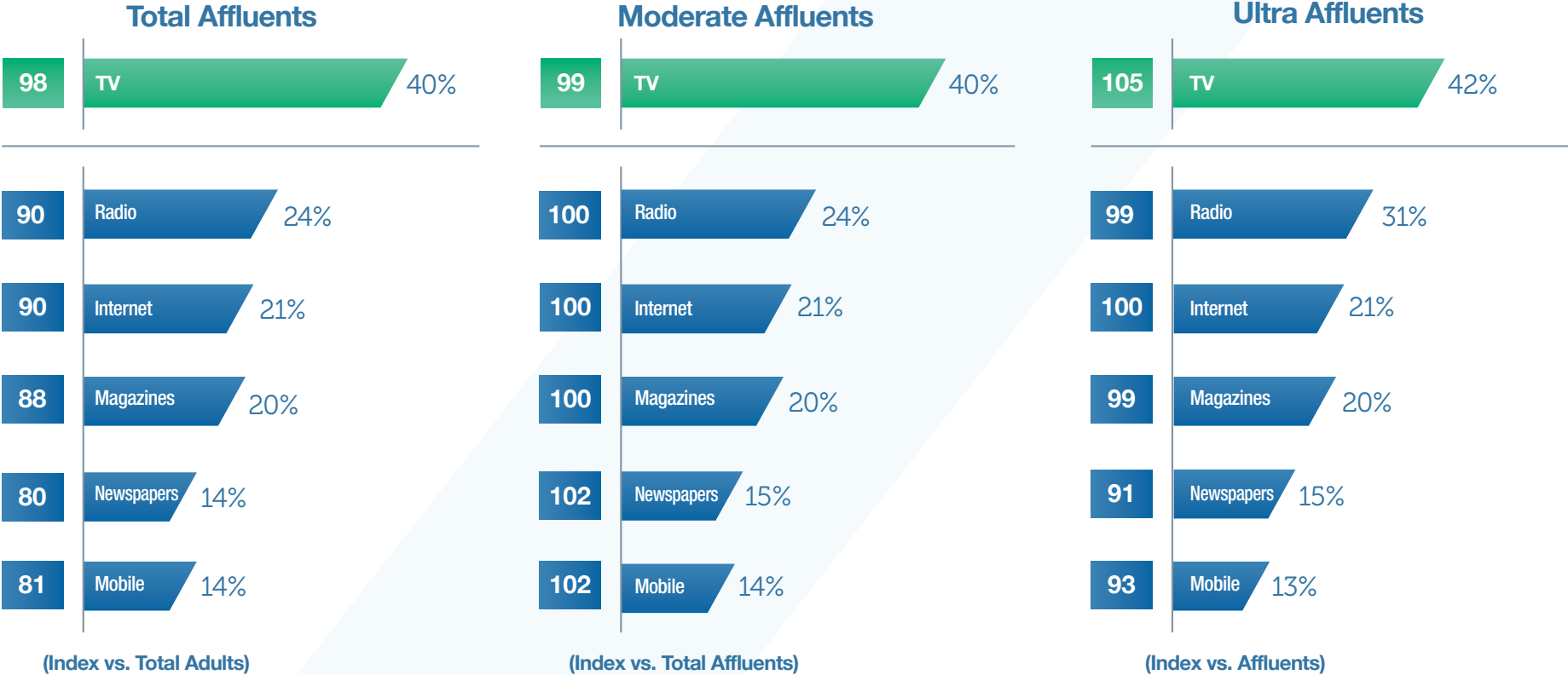
“Advertising in this medium provides me with useful information about products or services”



Source: 2017 GfK MRI Doublebase, Affluent Households HHI \$100k+, Moderate Affluents HHI \$100-\$200k, Ultra Affluents HHI \$200k+; response “any agree”

Similarly, Across Media, Affluents Are Most Likely to Find TV Advertising Amusing, on Par with the Average Adult

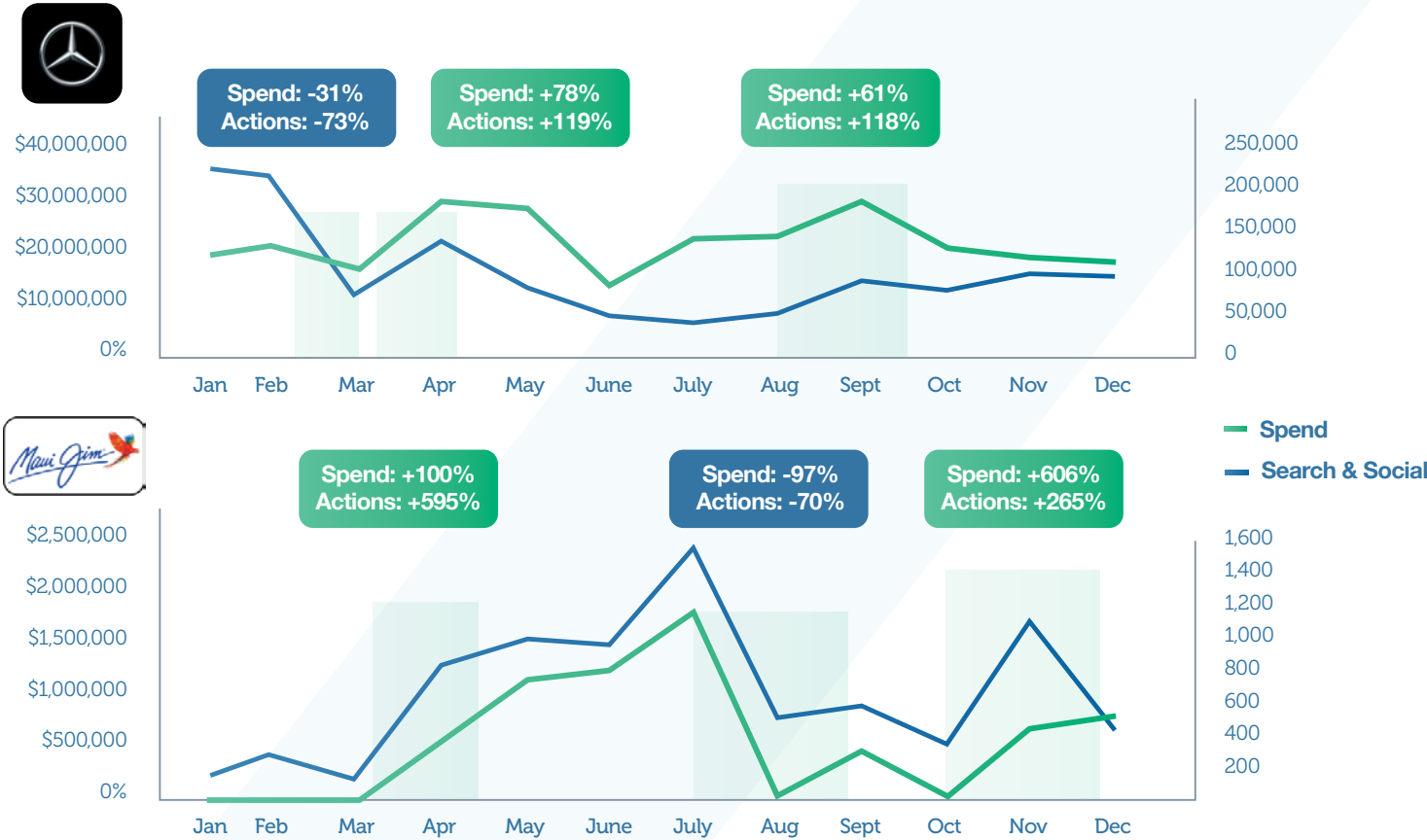
“Advertising in this medium is amusing”



Source: 2017 GfK MRI Doublebase, Affluent Households HHI \$100k+, Moderate Affluents HHI \$100-\$200k+, Ultra Affluents HHI \$200k+; response “any agree”

As a Result, TV Advertising Is Proven to Stir Action for Premium Brand

VAB conducted a custom analysis using TV attribution research, iSpot. In this analysis, the 2017 monthly TV spend for a variety of premium brands was compared to the monthly Search & Social Actions (e.g. likes, posts, comments in social media) for those brands. Via the attribution model, it can be determined how many Searches & Social Actions were taken as a direct result of the TV ad.



Source: VAB analysis of iSpot.TV data, Reflects brand's total monthly TV ad spend from 1/1/17-12/31/17. Actions = Social Actions & Searches attributed to the TV advertising activity

As a Result, TV Advertising Is Proven to Stir Action for Premium Brands: Tech & Fragrance

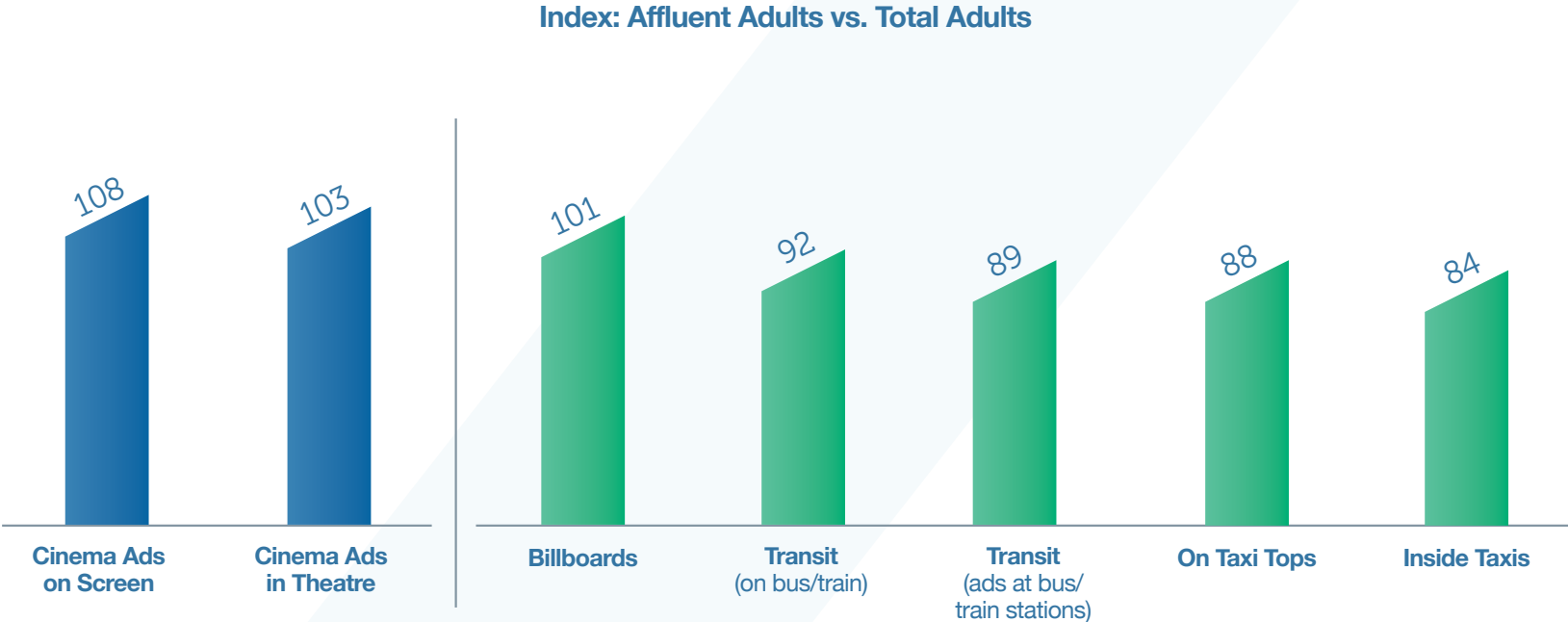


Source: VAB analysis of iSpot.TV data, reflects brand's total monthly TV ad spend from July – December 2017 (Bose) and 1/1/17-12/31/17 (Chanel).
Actions = Social Actions & Searches attributed to the TV advertising activity

When It Comes to Advertising Opportunities Outside the Home, Affluents Are More Likely Than the Average Adult to Be Interested in Cinema

Despite their on-the-go lifestyle, they are fairly disengaged in many OOH formats

“I have considerable or some interest in ads in these places”



Source: 2017 GfK MRI Doublebase, Affluent Households HHI \$100k vs. total Adults 18+

Advertising Perceptions & Behaviors – Key Takeaways

1

Time-shifted viewing is not impacted by affluence. While Affluent households are slightly more likely to own a DVR, the majority of their viewing is live, just like the average household.

2

Similarly, their higher income does not impact ad tolerance. Affluents have favorable opinions of TV advertising relative to other vehicles and on par with the average adult.

3

Affluents respond to TV advertising, with correlations found between TV advertising and consumer searches/social actions for a variety of premium brands.

Good Fortune Key Takeaways

- Demographically, Affluents are different than the average adult, but their values are similar.
- The Affluent lead complex lives, filled with work and family demands, as well as a variety of self-enriching leisure activities. As such, they want the convenience of more ways to watch the content they love.
- Even though their means allows them to own devices and gadgets, ultimately their video consumption is no different than the average adults.
- The overwhelming majority hold a Cable+ subscription, and they dedicate more of their time to watching TV than they do to the major digital platforms.
- Although their income allows them to customize their viewing, that doesn't translate to ad avoidance or lower ad tolerance.

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