

# Affluents Are Hardly Gluttons for Luxury Goods

They tend to have other plans for their money

## ARTICLE |

**eMarketer Editors**

**W**hile typically spending carefully, affluents are also in a better position than non-affluents to indulge themselves by buying luxury goods. Both kinds of purchasing are part of their mix as consumers. “Across almost every category, we see affluents exhibiting both splurge and economizing behavior,” said Michael Baer, senior vice president and team lead at Ipsos Affluent Intelligence Group.

But splurging on luxuries is not a frequent practice for most affluents. And even if they would like to be flashy in that way, affluents do not necessarily feel they can afford it. A January 2017 Ipsos report got a telling glimpse of this when it asked respondents at various levels of affluence how much more income they would need “to buy luxury on a regular basis.” Those in the \$100,000-plus bracket felt they would need an additional \$111,000 on average. Respondents in the \$250,000-plus class would need an extra \$179,000.

In an October 2017 presentation, Milton Pedraza, CEO of the Luxury Institute, was skeptical of the notion that tax cuts would prompt high-income consumers to splurge on more luxuries. “Whatever tax savings these consumers achieve will likely be consumed by credit card and automobile debt, with little left over for additional luxury spending,” he said.

At the same time, the affluents who squeeze some luxury into their budgets are not always the ones with the most money. Baer noted that Ipsos has identified an affluent segment it calls “a taste of first class.” As he explained, “These are probably the youngest and definitely not the most financially high end of the segments. However, they’re the ones who have clearly indicated that they’re willing to splurge for pampering, for first class.”

These insights are drawn from eMarketer's latest report, "US Affluents 2018: Examining the Foundations of Their Consumer Behavior." The report examines the demographic composition of the US affluent population. eMarketer PRO subscribers can [access the full report here](#). Nonsubscribers can [learn more here](#).