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THE INSIDE LINE ON BEHAVIORAL MARKETING

Affluent And Wired

by Steve Smith , Friday, September 12, 2008

**THE RICH ARE DIFFERENT.** Not only do they have more money, but they are simply more wired than the rest of us. While marketers chase youthful demos as the natural target for digital goods and interactive advertising, they may be missing the real sweet spot: the wired affluent. A standout insight from the 32nd iteration of the Mendelsohn Affluent Survey is how the 23.3 million households making \$100,000 and up (19% of U.S. adults) are deeply committed to digital media. For example, while less than 20% of all cell phone subscribers use their mobile devices to access the Internet, 40% of these affluents do. Even more striking is how that share escalates quickly to 57% of those making \$250,000 and above. As Ipsos Mendelsohn President Bob Shullman and Vice President Richard Vogt tell us, money matters when it comes to media behaviors.

**Behavioral Insider: In terms of media usage, how are the rich different?**

**Bob Shullman:** In total from my point of view, most of the affluent basically have access to and the wherewithal to do what they want. Everyone talks about things like mobile mainly as they relate to youth. When I look at the stats, the affluent all have cell phones. They all have computer access. They are totally digital-enabled.

These people are not only digitally enabled, they have the money to spend. But the [marketing] focus is on youth because the youth are the ones with the phones.

But there is a bi-modal distribution. You have all of these people on the top of the economic spectrum, millions of them out there. And we see from our surveys they are buying on the Net and even buying on their phones. Yeah, the more you have the more you are into it.

A lot of people think of the 16-year-old kid going down the street with his phone and media players but the ones really doing a lot of this stuff are the affluent older person, probably closer to you and me. That's the reality. They're the prime prospect because they have the money to spend. When you look at \$400 for an iPhone, affluent person doesn't think about it.

**BI: Are there overall trends or recent changes in media behavior? Is increased use of one medium eroding another?**

**Shullman:** We went back five years for things like the number of issues people are reading and hours on the radio and watching TV and hours of Internet. We keep hearing that publications are dying, TV is dying, etc. Clearly Internet usage is going up, but it appears from the numbers that people are just multitasking a lot.

**BI: I noticed in the stats that the lower-end affluents (\$100,000 to \$149,000) tended to**

**engage more with video games and indoor electronic activities, but at the higher end there was more use of devices for informational activities than entertainment. Is that a fair assessment?**

**Shullman:** I think it is pretty fair. My impression is that as you go up the income strata, they clearly are using media much more for informational purposes, for financial transacting. They are using it to run their lives, not to just listen to music. I see that in a lot of other research we do on a proprietary basis for people. As you go up the income and wealth strata, people are using it for different purposes. The wealthier person in most respects is using it to further their economic success. The lower-income users are using it to entertain themselves.

**BI: Although I noticed that in affluent shopping habits and their venues, affluence doesn't seem to exclude presence at a Wal-Mart, Home Depot, or J.C. Penny, which actually index well among your \$100,000-plus demo.**

**Shullman:** We think these people are also intelligent buyers. So depending on where you are and what you need, they will go to a Costco or Home Depot. It probably will be less expensive and give more choice, but they may not give a lot of service.

**BI: There seems to be an opposite relationship between TV and Internet use. As income goes up, TV hours decline and Internet use goes up. What is your impression about why that is?**

**Shullman:** I don't think there is a significant fall-off, but there is a stepping stone aspect to the numbers. The affluent have other things they are looking at: increased travel, they work hard, and the higher income people actually in most respects tend to be a little younger than some of the other ones and perhaps with busier lives. And the Internet is integral to their work life.

**Richard Vogt:** And the whole concept of television is getting blurred. I don't think a lot of questions about streaming [were asked], but are they watching TV on a TV or on their PC or mobile screens?

**Shullman:** We do have a question about whether they watch TV shows on a PC or a cell phone, and one out of eight are doing it. One thing I can speculate about is that the more affluent you are, the more convenience you are looking for. Convenience is a very important part. The more money you are earning, the busier you are, and time becomes much more important than anything else.

**BI: It seems that the viewing habits of the affluent actually change dramatically as you slice the overall demo into very high net worth or income levels. It seems that the people with the highest liquid assets watch different channels.**

**Vogt:** Especially when you look at composition versus total numbers. [For all \$100,000+], the top five channels are CNN, Discovery, ESPN, History and Weather. But when you look at composition of the higher incomes of \$250,000+, it's Bloomberg, Golf, CNBC, BBC and then

CNN. When you look at liquid assets of a million or more, here you see some duplication in Bloomberg, Golf, BBC, CNBC and then MSNBC. Then we talk about the sweet spot of marrying those two groups together, \$250,000 income plus \$1 million or more liquid assets. And then we get back to Bloomberg, Golf, CNBC, BBC, and MSNBC.

**BI: What does that suggest to you about what happens to media tastes as the net worth escalates?**

**Vogt:** When you look into the smaller pies of the smaller networks, some of their compositions are going to be much higher [income]. Bloomberg doesn't have as big a national footprint, but its audience is very affluent.

Shullman: When you look at the wealthier segments, it's about them managing their money.

*Contributing writer Steve Smith is a lapsed academic who saw the light, bolted the University and spent the last decade as a digital media critic and consultant. He is chair and programmer of OMMA Mobile and OMMA Behavioral conferences from Mediapost and is the Digital Media Editor at Media Industry Newsletter (MIN) from Access Intelligence. Contact him at popeyemsmith@comcast.net.*

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