



AFFLUENT SHOPPER SNAPSHOT REPORT ON ART GALLERIES & CUSTOM-FRAMING STORES

*The essential guide to trends in retail shopping
in art galleries, custom framing & wall decor
stores*

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CHAPTER 1: AFFLUENT SHOPPERS IN 2015

OVERVIEW

Affluents Enjoying the Little Things in Life – Resisting the Temptation to Over-Spend & Liking It

Affluent consumer confidence took another turn for the worst in the second quarter 2015, according to the latest survey conducted by Unity Marketing. The five key measures of how affluents feel about the overall economic health of the country and their personal financial situation all dipped in the most recent survey after rising in the first quarter 2015. “The LCI – Luxury Consumption Index – stands only about 9 points above its lowest point during the recession, in 4Q2008,” reports Pam Danziger, president of Unity Marketing and lead researcher in the most recent Affluent Consumer Tracking Study.

“But the climate today is very different from that back at the end of 2008. Unlike the hang wringing and doom saying we saw during the depths of the recession, affluents have gotten on with their lives. They have adjusted to a level of lower expectations and they are doing just fine. Sure, they may still miss some of those free-spending days before the recession hit, but they are finding pleasures in the small, everyday things. They learned the lessons of living close to the edge of their financial limits and have grown accustomed to a ‘new normal’ where luxury is only occasional indulgence.”

“Today the real challenge is for marketers to adjust to this ‘new normal’ of lower expectations,” Danziger says. “Yes, the rich are getting richer, but those at the top 2-3% of all U.S. households account for only about 10% of overall consumer spending, while 40% of total consumer expenditures are made by the HENRYs – high-earners-not-rich-yet consumers with incomes \$100k-\$249.9k—or the top 18% of households. It’s the HENRYs that gave rise to the boom in the luxury market up to the recession, but today they are living a comfortable middle-class lifestyle. In fact, the HENRYs are the newly emerged American middle-class consumers with discretion, now that the old middle-class has lost much of their discretionary spending power due to the recession. The HENRYs are also the gatekeepers for the future luxury market, but today they simply aren’t buying into it.”

Demographic Forecast: Luxury Drought

The ‘new normal’ for the luxury market means a slowdown in the rate of consumer purchase and a reduction in consumer spending at the high-end. Unity Marketing calls this the ‘Luxury Drought.’ Why? Very simply: Demographics. Danziger explains, “Consumers reach their peak earning years between 35 and 54. This period also corresponds to the years when consumers spend the most. But today, the Baby Boomers, born 1946-1964 and aged 51 to 69, are rapidly advancing out of that range. The GenXers that follow, aged 36 to 50 years old, are roughly half the size of the Boomer generation. As a result, they will not and cannot pump enough dollars into the consumer economy, including the luxury market, to make up for the loss of the Boomers’ spending power. That means the U.S. economy as a whole, and the luxury market in particular, is facing a crisis: not enough customers with enough spending power to keep all the brands, the retailers, and the marketers going, not to mention, growing. The consumers have already adjusted to the reality of lowered expectations. Now it is time for the marketers.”

Economist Harry Dent explains the impact of demographic shifts in consumer demand and spending. He says, “People spend sharply more between age 19 and 39 as they get married, have kids, and build their households. Those between age 27 and 41 purchase most of the homes, which is the largest and most leveraged purchase they ever make. They enter a high plateau of spending, on average, at age 39, hit the peak at 46, and decline sharply after 53. It’s that plateau, between age 39 and 53, that’s so important. The generation responsible for the most consumption in our economy, the boomers, first hit that plateau in 2000...We hit the end of this plateau in 2014 when the peak boomers hit age 53. As you can see, their spending will decline more dramatically in the years ahead. This is when the real demographic cliff hits. Nothing will entice them to spend what they did in that 39 to 53 year plateau. Nothing!”

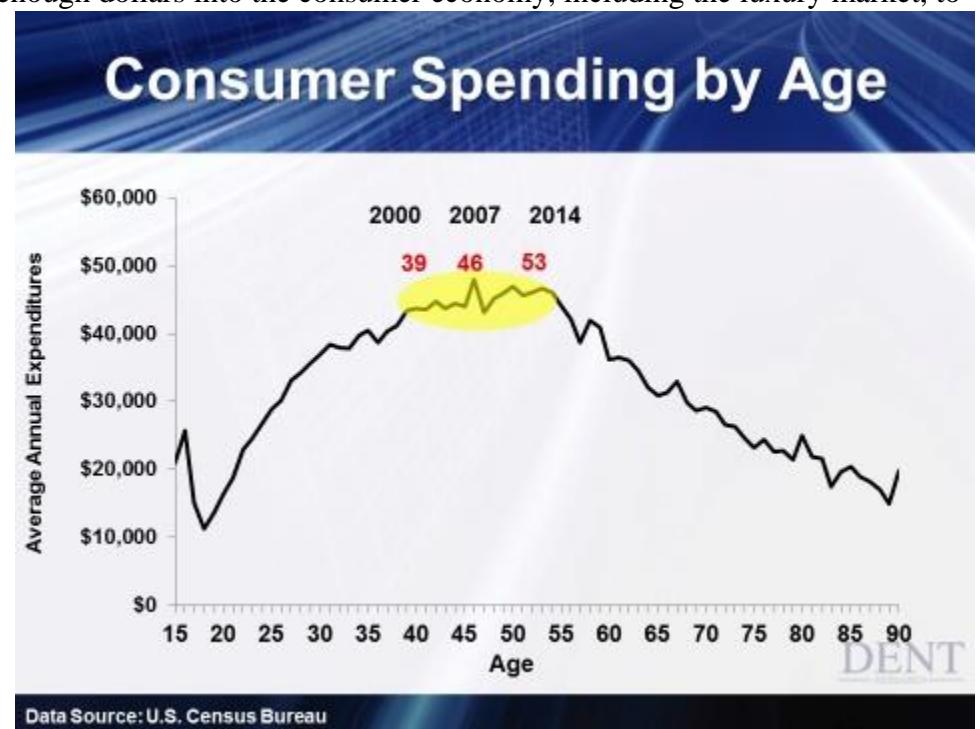


Figure 1:Dent Research, Consumer Spending by Age

Call it the demographic cliff, as Dent does, or the luxury drought, as Unity Marketing, it all translates into one thing: The luxury market is not going back to the way it was before the recession or even during the brief period following when pent-up demand resulted in a temporary period of increased spending. We are in for a long, tough period of reduced consumer demand and spending. Marketers will need to get their best game on through the rest of this decade and into the middle of the next, when the Millennial generation, about as big as the Boomers, reach the age of affluence. Until then, Unity Marketing can keep you on top of the trends in affluent purchases spending, so you can focus your product development, marketing and branding investments on the customers that will make, or break, your future.

The affluents surveyed in Unity Marketing's Affluent Consumer Tracking Study 'Shopper Track' represent those with incomes in the top 20% of U.S. households, which in the current economy starts just a shade above \$100,000. A total of n=1,313 affluent luxury shoppers were surveyed at the end of April/early May about their most recent luxury shopping experiences, as well as their participation in luxury experiences, such as travel, dining, spa/salon and physician discretionary services.

Unity Marketing's Luxury Consumption Index (LCI)

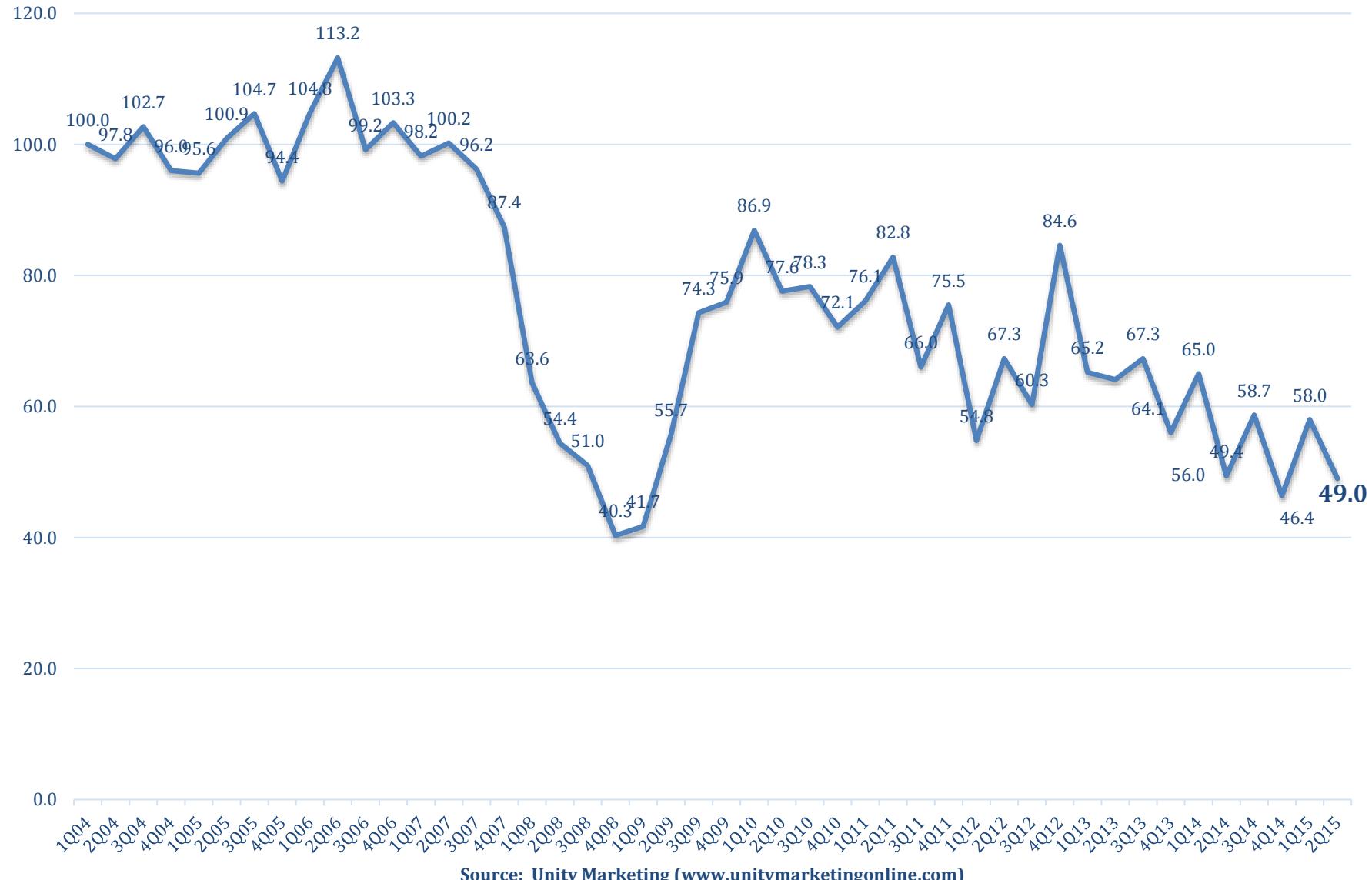


Figure 2: LCI Historical 1Q2004-present

El Nino and the Millennials- the Short and Long of It

By Tom Bodenberg, Chief Consumer Economist and Research Director for Unity Marketing

The luxury goods consumption index for second quarter 2015 is 49.0, a decrease from first quarter's 58.0 but slightly higher than fourth quarter 2014's 46.4. What to make of this?

Rationale

One of the determinants of retail traffic is the weather. Floods in Texas and Oklahoma, drought in California and the Northeast, etc., have affected retail traffic and volume, as residents generally tend to more immediate concerns. But, as climate data always tells us; current conditions are not the best predictor of future conditions. All conditions, like things, must pass. Because of this, we expect an initial softening, then a rebound as summer rolls along and as weather extremes become more normalized.

The other factor which will slightly depress demand for luxury goods is the thirty percent rise in gasoline pump prices since late winter. While some of this is seasonal as spring enters summer, it does affect confidence in the household and the subsequent demand for luxury goods and services in the battle for share-of-wallet. We see a lot of "wait-and-see" in our forecast. Not an abandonment of luxury goods, but rather a "let's see how deep the water is before we dive in". Short-term, it's cloudy. Long-term, it's clearing.

Why?

The stock market is still strong. For Baby Boomers, who are facing retirement, cashing in represents an opportunity to initiate or deepen their relationship with luxury. They are empty nesters, children have finished college, and now they have the time.

For the Millennials, the Boomers' children, luxury represents identity, the stamping of their individuality in emulation of and separate from, their Boomer parents. They have graduated from college. They are meeting their educational debt. And now, it is time for themselves.

Outside of the U.S., the major economic factors eventually affecting the demand for luxury products are Putin's unpredictability and the future of U.S.-Saudi relations. Both deal with petroleum prices as well as capital flight.

As has been mentioned previous times, consumer confidence for high value discretionary purchases is a result of the American economy which has been working under lowered expectations for almost seven years currently. Seven years of graduating college classes implicitly lowering expectations. Seven years of less-than-full employment and sub optimization of economic output. Have the roosters come home to roost? No, there will still be a marketplace for the material expression of value, worth, identity, aspiration. It will make marketing even more of a challenge.

Remember- the market for luxury goods and services consists much more of the upper-middle class (i.e. HENRYs) than the true upper class. While the purchases of the upper class (mansions, yachts, etc.) may garner far more media attention, their small population translates into a smaller market for luxury. However, there is a much larger market merely one notch down – who have deep aspirations toward emulating a wealthy lifestyle, even if it means some sacrifices will be required in household consumption. But, this market appears to be the one most troubled by current events.

Let's look at the reasons why, and the factors that may inhibit or initiate growth in the demand for luxury goods and services:

INHIBIT:

The unemployment rate remains flat, showing no reduction. This also understates the “hidden unemployed” – those who have abandoned (at least temporarily) the search for employment. While the Obama Administration may tout the lower unemployment rate, they do not factor in the labor force participation rate and the types of jobs being created (lower hourly service workers) – which are more accurate barometers of the economy.

Limited capital available, compared with pre-recession levels, curbs entrepreneurial opportunities and the financial gain they promise to the smart, opportunistic, and/or lucky.

Bubbles? The housing market? The equity market? If so, this will represent major issues down the road for luxury marketers, particularly affecting consumers who may be on the “wrong side” prior to, during, and after the bubble has burst.

First mover advantage in luxury retail or services requires, in most cases, substantial capital start-up backing – which is not the case currently, as capital markets have dried up. In addition, many large corporations are hoarding their cash reserves. For the most part, smaller sized firms, which

require the most start-up and mezzanine financing, produce/create the supply of many luxury goods. Capital is needed to transform a luxury new product into a luxury brand.

Cuts in Medicare will definitely affect the spending prospects of the over-65 set – which happens to be the largest growing segment, age-wise, of our economy. This segment must allocate a higher proportion of their disposable income for mostly unanticipated healthcare expenses – therefore, fewer funds for luxury purchases.

PRO-GROWTH

Fundamentally, there are needs to treat oneself after periods of (relative) deprivation- which portends well for luxury as a reward – both in attainment as well as aspiration.

As mentioned previously, the generational demographic transition represents unbridled opportunity for the luxury goods marketer.

Any opportunities?

- For retailers: Manage the supply chain, thereby protecting and maximizing profit margins.
- For manufacturers/marketers: Assess demand. Create a “value proposition” for the experience you will be providing to customers.
- Both: As this past season has shown, the on-line marketplace has been booming at the expense of classical retail. Develop the SERVICE Imperative, as exceptional service represents a luxury good in and of itself.
- To Millennials: Stress that as a marketer/retailer, you help create memories which will last a lifetime.
- For luxury consumers: Bargaining power is yours.

Emerging world economies present new demand for goods which express an aspirational lifestyle. Much in the way of American tourists of the 50s and 60s, to the German and Japanese tourists of the 70s and 80s, to the Russian (albeit limited at this time) and Chinese tourists of the oughts and teens, luxury markets are an easy way to express oneself aspirationally.

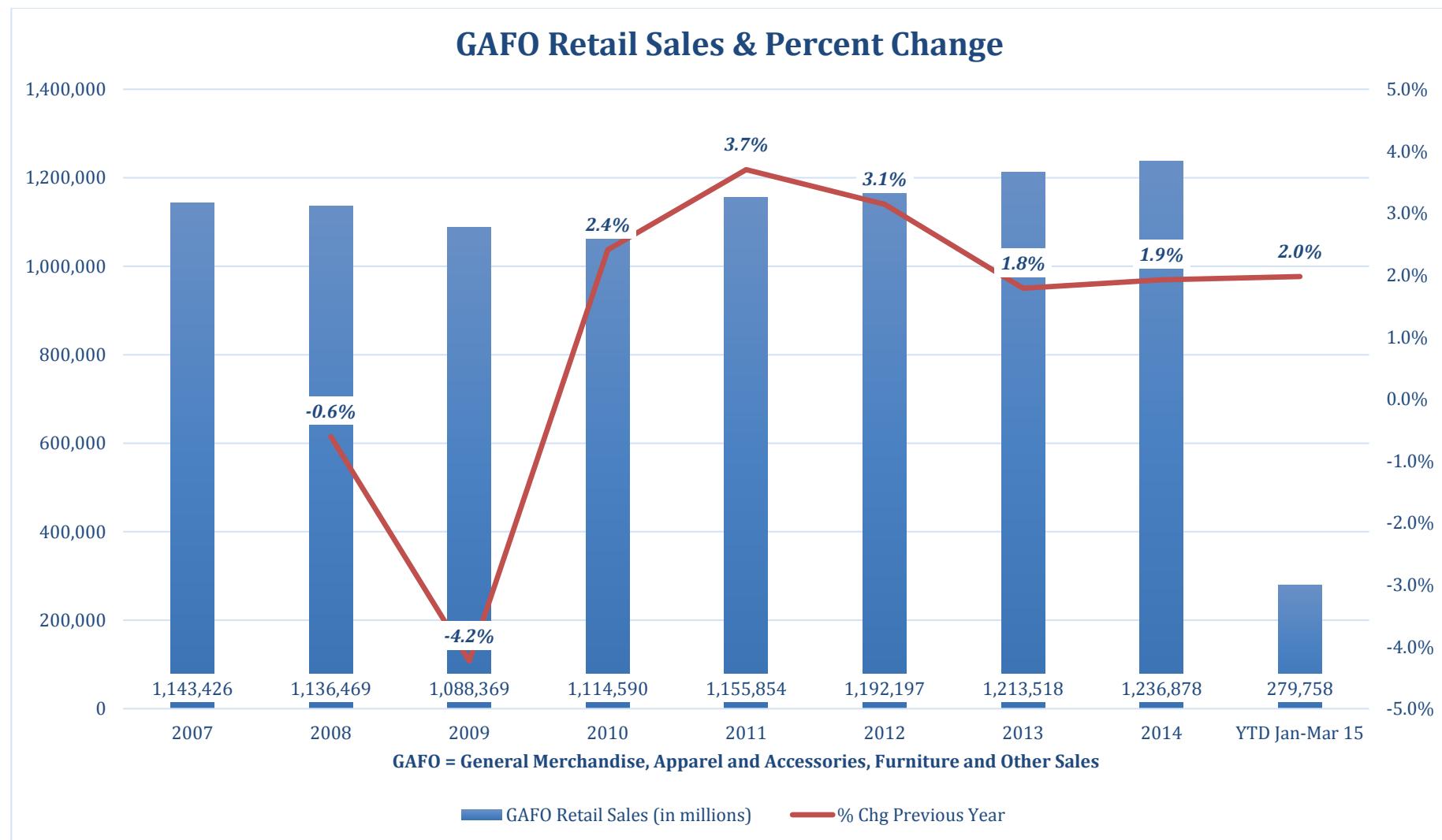
Of course, this depends on the price of petroleum – ironically, the rise in these economies results in a rise in demand, and thus, higher prices in established economies.

Retailers need to re-position luxury goods as a value proposition – keep the luxury image and connotations (advertising creative, packaging, and media), but communicate (in a very implied, almost one-to-one way) affordable pricing. The key is an almost subliminal positioning of value. See the above re: targeting to Millennials.

Thomas M. Bodenber
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May 22, 2015

CHAPTER 2: RETAIL & AFFLUENT CONSUMERS IN PERSPECTIVE

RETAIL SALES GROWTH FLATTENING



Through the first quarter of 2015, retail sales at GAFO-type stores (i.e. the types of stores that make up U.S. shopping malls, shopping centers, 'big box' stores and main streets) rose 2% over same period previous year. That is a shade stronger than achieved in 2013 and 2014.

GAFO Retail Sales in 2015

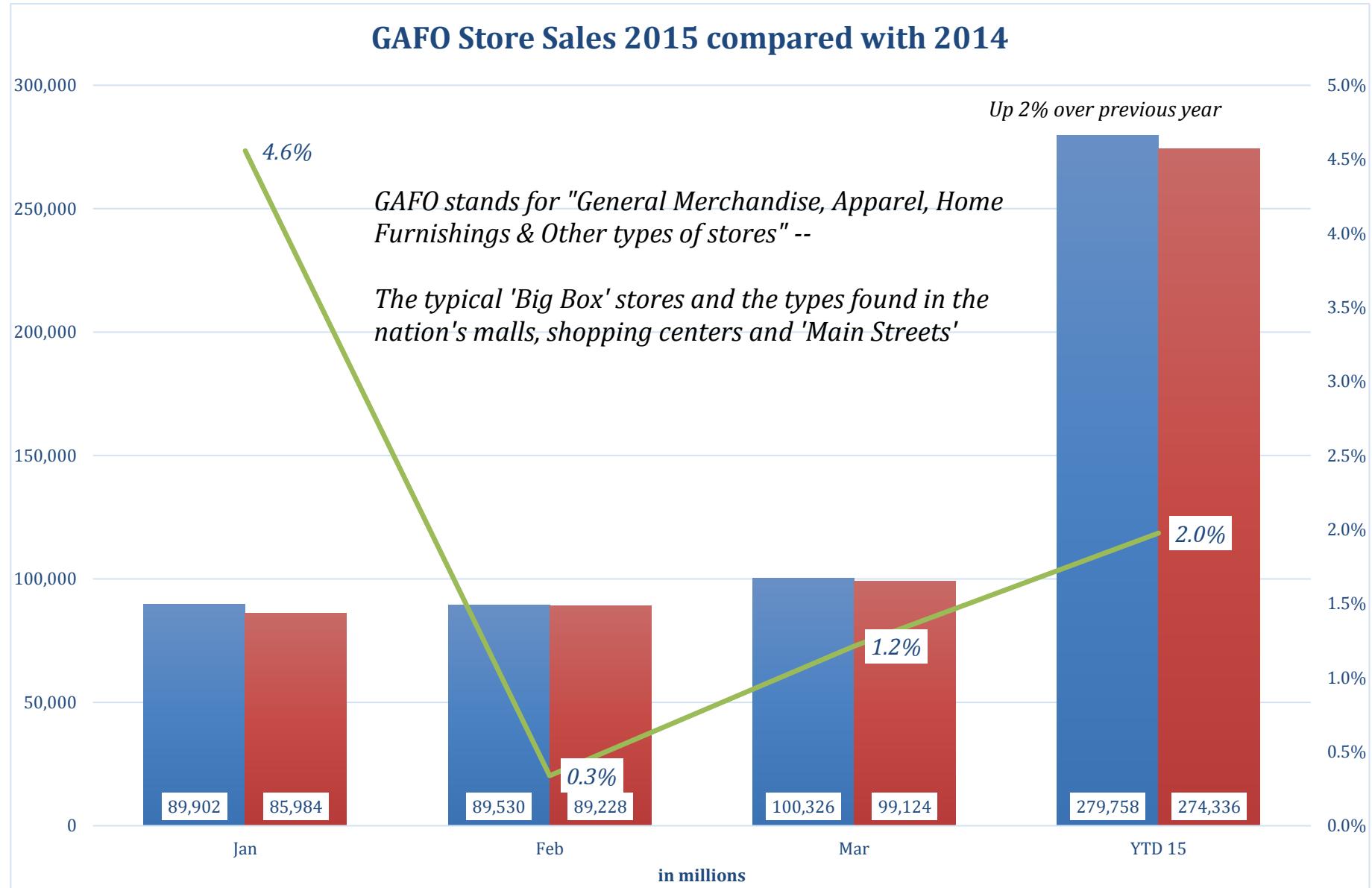
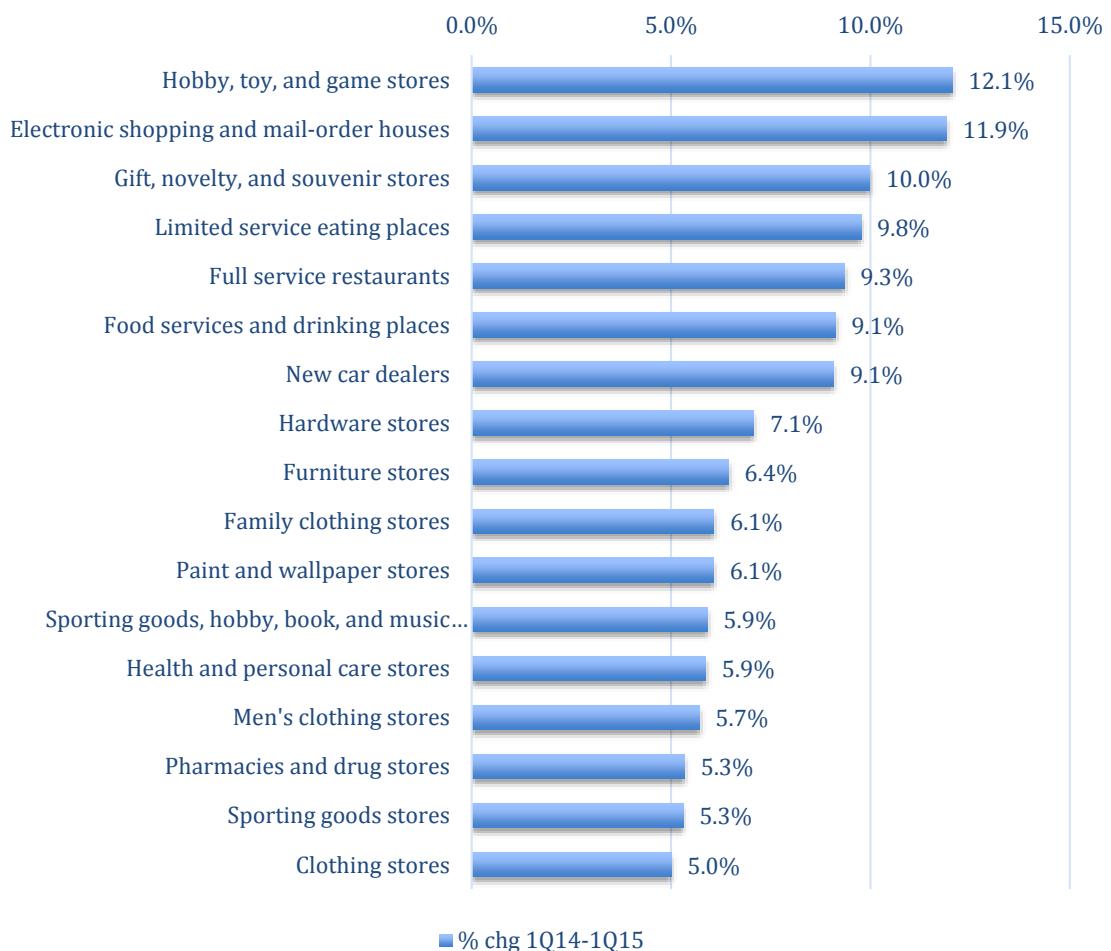


Figure 4: GAFO Store Sales YTD 2015-2014

While 1Q15 was up 2% over same period previous year, the biggest boost in 2015 was achieved in January when GAFO sales rose 4.6%. Thereafter, however, growth slowed on a month by month basis. GAFO stores (general merchandise, apparel, furniture & furnishings and other stores) are the kind of stores that typically fill U.S. shopping centers, malls and main streets.

Retailers posting particularly strong year-over-year growth in the first quarter included Hobby, toy and game stores, electronic shopping and mail order houses and gift, novelty and souvenir shops. The other retailers that contributed to strong 1Q15 results are shown in the chart to the right.

Strongest YTD Change by Type of Retailer



Source: Monthly Retail Trade Survey, Census & Unity Marketing

Figure 5: Fastest Growing Retailers 1Q2015

TRACKING CONSUMERS' PERSONAL CONSUMPTION

Percent Change From Preceding Period in Real Personal Consumption Expenditures

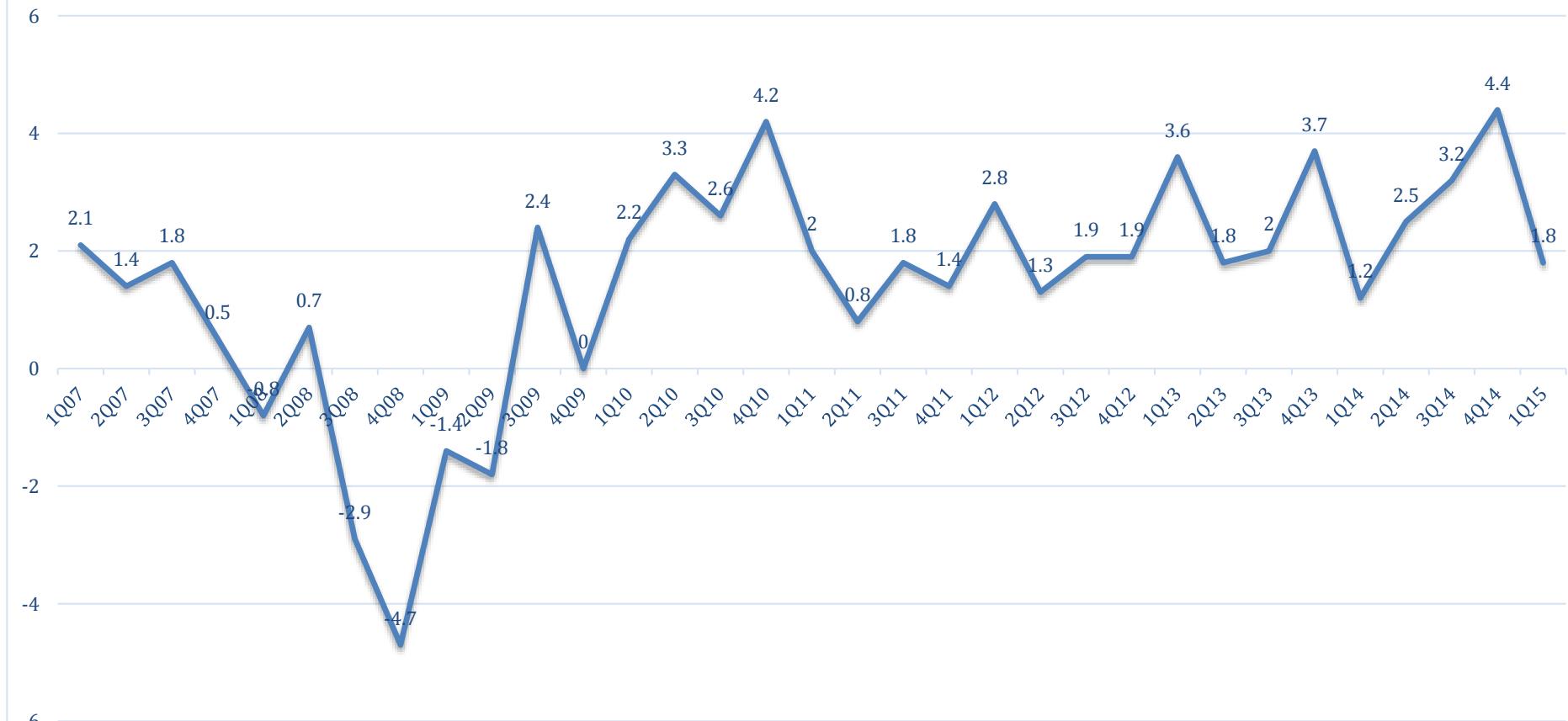


Figure 6: Personal Consumption Quarterly Change 2008-1Q15

In another measure of consumer behavior, the Bureau of Economic Analysis, which compiles the government's GDP calculations, reports that personal consumption increased by 1.8% from 4Q14-1Q15, which is down from 4Q14 levels of 4.4%. While personal consumption expenditures were positive in 1Q2015, overall the real gross domestic product (GDP) actually decreased .7% in the same time period. This followed fairly strong growth in GDP during 2Q14 (4.6%) and 3Q14 (5.0%), but with a dip in 4Q14 (2.2%).

Digging a bit deeper into personal consumption spending in the 1Q15, we find that increased spending on services, most notably housing and health care, drove the overall increase. Durable goods expenditures only rose 1.1%, though household furnishing posted strong 5.2% increase, and non-durables were up only 1%, with decreased spending on restaurant dining and clothing and footwear.

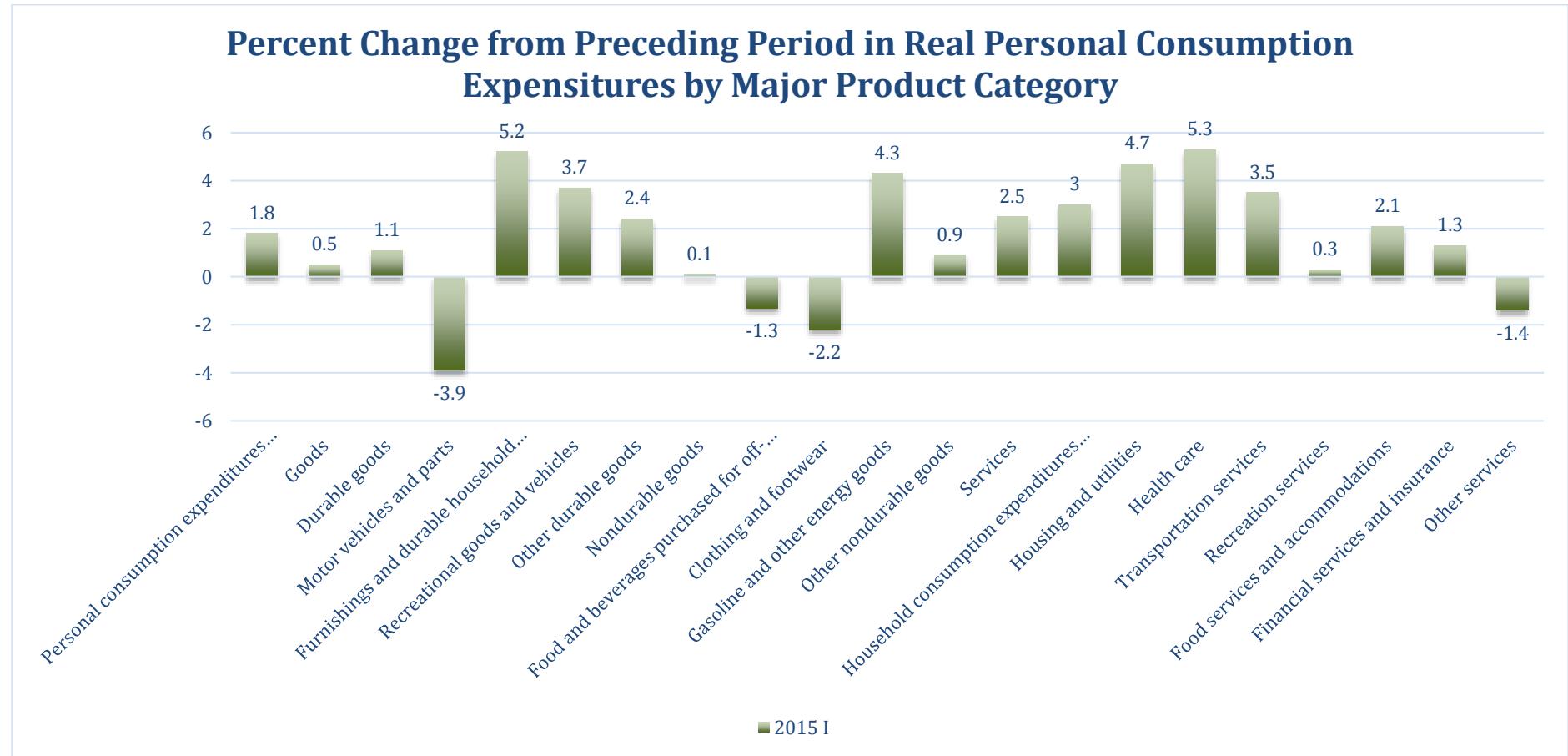


Figure 7: Personal Consumption Expenditures 1Q15 Percent. Change Previous Period, details

LATEST U.S. CENSUS REVEALS AFFLUENT CONSUMER SEGMENT IS FASTEST GROWING

The 2013 U.S. Census was just made available. It reveals that the total number of U.S. households grew 2.5% from 2010-2013, while the average household income rose a substantial 7.8% over the same time period, from \$67,392 to \$72,641. By contrast the median household income rose only 4.4% from \$50,046 to \$52,250. The key difference between the two measures (i.e. median vs. average): a more significant rise at the upper-income range. Digging deeper into the data reveals that significant growth at the top of the income pyramid accounts for much of the average income growth.

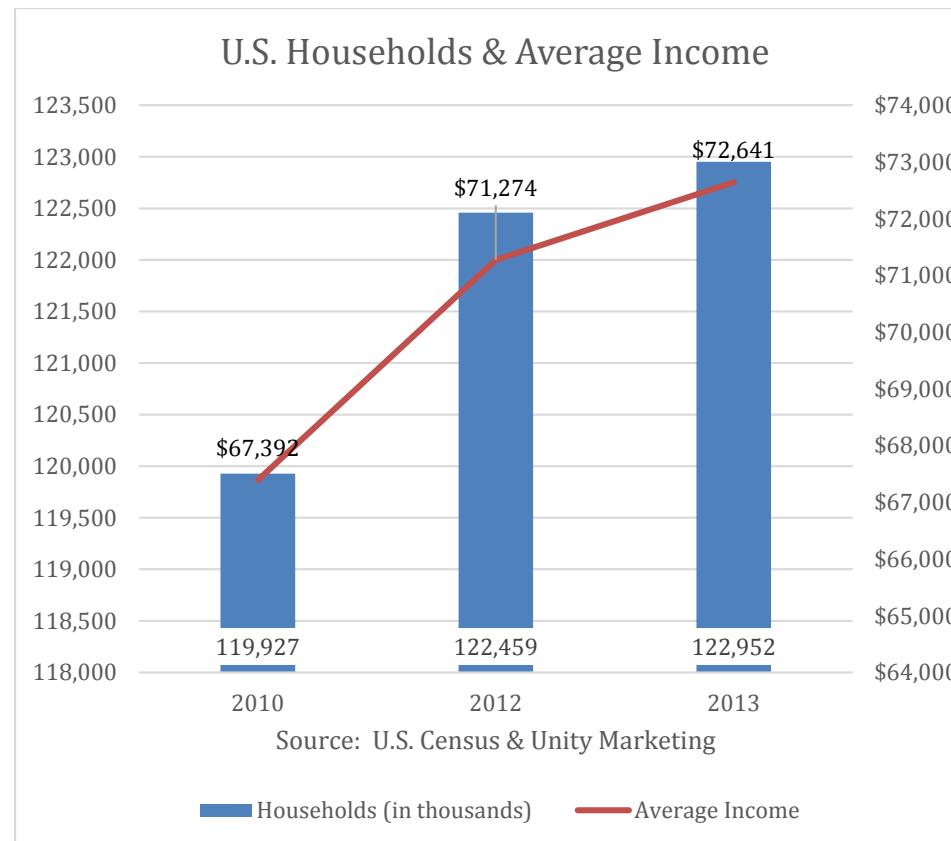


Figure 8: Number of Households and Average Income 2010-2013

Number of Ultra-affluent households grew by one-third since 2010

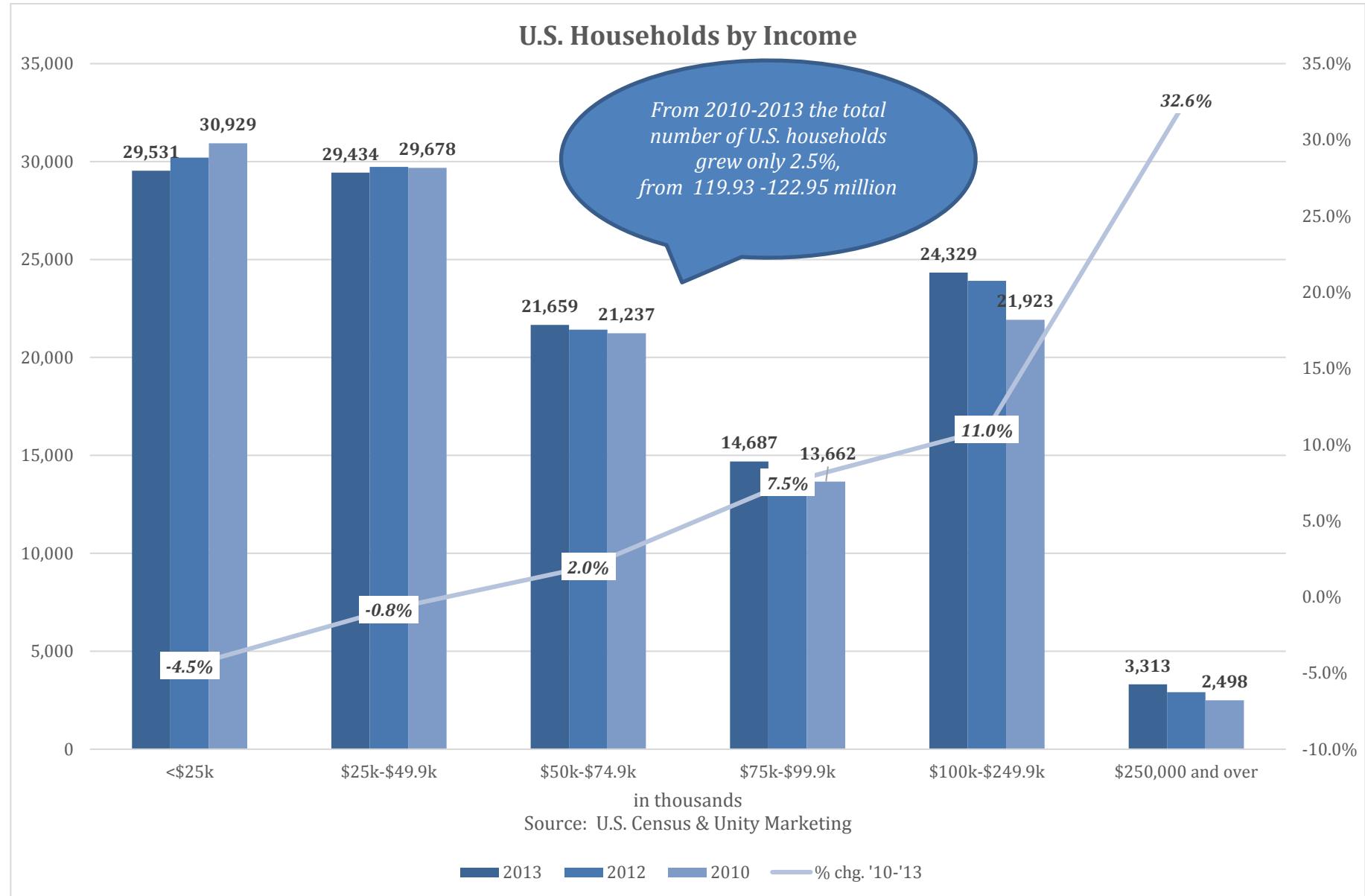


Figure 9: Households by Income & % Change 2010-2013

The distribution and number of households has shifted markedly toward the higher end from 2010-2013. For example, the number of households in the HENRY income range (\$100k-\$249.9k) grew 11% over the past three years, far more than the growth in households in the upper-middle range of \$75k-\$99.9k or middle income \$50k-\$74.9k. But ultra-affluent income households (\$250k and above) grew three-times faster than the total number of households. It's at the upper-income ranges where the total market is growing and growing significantly faster than the total consumer market.

Note: 2014 income statistics are not yet available.

Affluents Account for 20% of Households, but over 40% of all Consumer Spending

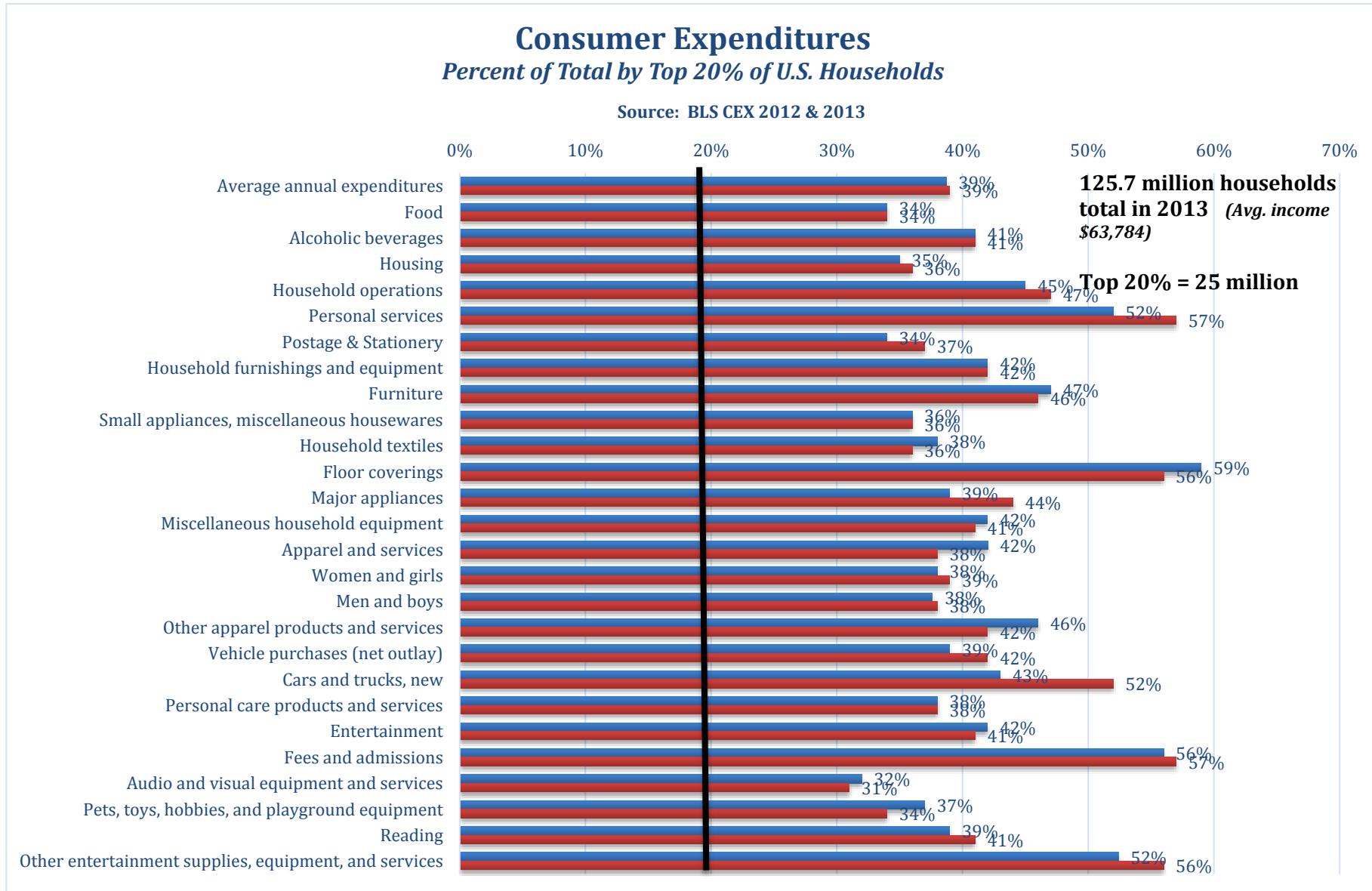


Figure 10: Share of Consumer Expenditures Attributed to Affluents, 2012-2013

With the overall retail economy weakening, marketers need to focus on their best prospect customers – those at the top 20 percent of U.S. households based on income. While these consumers make up only 20 percent of the nation's households – 25 million affluent households out of the total 126 million households – in most categories of consumer expenditures as tracked in the Bureau of Economic Analysis's Consumer Expenditure Survey, the affluents account for a significantly greater share of overall spending, about 40 percent overall. But in the case of furniture, new cars, floor coverings, personal services, fees and admissions and other entertainment purchases, their contribution to the total market is over 50%. Even more importantly, in many categories of spending, the affluents have grown the share of their contribution from 2012-2013.

Net/Net: The affluent consumer segment is growing faster than the population as a whole and their contribution to the consumer economy is growing faster as well. For marketers, these are the consumers that really count.

Marketers' Take Away>>

The affluents are the nation's heavy lifters in the consumer economy, accounting for far more than their share of consumer spending in most every important retail category of purchases. To achieve growth in the future, retailers and marketers must develop ways to attract more affluent shoppers to their products and services. These are the high-potential customers where overall success lies. The ACTS Shopper Track study is intended to help marketers better understand the affluents' overall shopping habits and behaviors and what drives them as consumers to make purchases. Growth for marketers, retailers and brands will come as they deliver more of what the affluent consumers want when they go shopping.

CHAPTER 3: AFFLUENT SHOPPING OVERVIEW

In this section, data from the latest Shopper Track survey, conducted late April/early May 2015 is compared with compiled results from two Shopper Track surveys conducted in 2014, 1Q2014 and 3Q2014.

<i>Demographics</i>	2Q15 Shopper Track (n=1,313)	3Q14 Shopper Track (n=1,330)	1Q14 Shopper Track (n=1,436)
Age			
Young affluents (24-44)	40%	39%	42%
24-34 years	15%	16%	15%
35-44	25%	24%	27%
Mature affluents (45-70)	60%	60%	58%
45-54	32%	33%	31%
55-70	28%	27%	27%
Average Age	48.0 yrs.	47.9 yrs.	47.7 yrs.
<i>Income</i>			
\$100,000 to \$149,999 (HENRYs)	33%	33%	33%
\$150,000 to \$199,999 (HENRYs)	23%	24%	23%
\$200,000 to \$249,999 (HENRYs)	10%	9%	10%
\$250K+ (Net Ultra-Affluents)	33%	33%	33%
\$250,000 to \$499,999	27%	27%	25%
\$500,000 to \$999,999	4%	3%	6%
\$1,000,000 or more	2%	3%	2%
Average Income	\$258.7k	\$259.0k	\$269.1k
<i>Gender</i>			
Male	40%	37%	39%
Female	60%	63%	61%

Figure 11: Shopper Track Survey Sample Demographics

OVERVIEW

The luxury retail environment is in flux and retailers selling to the affluent top 20% need to change along with it. The affluent customers, the heavy-lifters in the retailing market and prime target for luxury retail, are undergoing a seismic shift in their shopping habits, demanding more from the retailers they patronize and quick to jump ship if their expectations aren't met.

Not only are the customers' wants and needs transitioning, but retailers are facing a generational shift in their target market.

- Affluent Baby Boomers are retiring, which brings a whole new perspectives on what is important in their lives and which is reflected in where and on what they spend their money.
- The Millennial generation, as big a target market as Boomers, is delayed in reaching affluence, as they launch their careers in an especially challenging jobs market. Further, many of those with highest earning potential are working toward advanced degrees, and so may be restrained by record-levels of educational debt. They won't have money available for discretionary spending until that debt is paid off.
- The GenXers, aged 36-50 years, and in the peak of their incomes and spending potential, are simply not big enough in numbers to match the spending potential of the Boomer shopper cohort that came before them. There are about 46 million GenXers as compared with nearly 80 million Boomers and Millennials. GenXers can't fill the gap in the consumer market left behind by Boomers.

Retailers selling to an affluent customer have an uphill battle to remain competitive in a marketplace whose very foundation is crumbling, as shoppers increasingly avoid the time and hassle associated with in-store shopping in favor of the convenience and speed of ordering what they want online.

Key Trends Shaping the Future of Retail Catering to Affluent Shoppers

Affluents are turning away from specific shopping environments and experiences in favor of more specialized and specialty experiences.

- **Shift away from general merchandise retailers toward more specialty retailers** – While affluents spent .4% less overall shopping in general merchandise stores, they picked up the pace of spending in specialty retail by 9.4% from 2014 to 2015. Among the specialty

retailing sectors that benefited from more affluents' purchases were home specialty stores, personal care/beauty stores, liquor/wine stores, art galleries and customer framing stores, and sunglass/optical stores.

General merchandise stores need to reimagine the shopping experience in their stores to make it more specialized for the needs of the consumers. Rather than trying to be all things to all shoppers, they need to look at ways to bring the kinds of special shopping experiences to the customers. For example, Macy's recently completed the acquisition of beauty specialty retailer Bluemercury with plans to bring separate Bluemercury boutiques offering Bluemercury's distinctive customer service strategy to the Macy's customers, all the while continuing to operate the brand's stand-alone stores.

- **Affluents favor online shopping, when all things are equal** – With time the ultimate luxury for affluent consumers, going to the store, is increasingly seen as a chore and time waster, rather than a pleasure and good way to spend some of their free time. That is why, with only a few exceptions, affluents spent more shopping online when offered a choice of in-store or online shopping.

Retailers must focus on enhancing the in-store shopping experiences, because when all things are equal, affluents will choose online convenience. Making the store an inviting destination is critical and that requires more than just posting a sale sign or giving sales associates a half-day training in customer service.

- **Luxury experiences boomed as affluents crave more things to do than stuff to have and own** - Challenging every retailer is the fact that affluents, especially Boomers, already have enough stuff. They don't need more things. What they really want is experiences to enjoy. Affluents spent 19% more on luxury experiences across the 2015 study period, than in 2014. In particular, travel, dining and spa/salon services gained a much greater share of wallet.

Affluents' shift from things to experiences is clear. That means retailers need to make shopping in their stores more experiential, and it is far more than simply good customer service. Retailers need to make shopping in their stores a true memorable experience. The experience must generate an electric environment in the store that will energize customers and get them to buy.

Marketers' Take Away>>

The business of traditional retail is on the verge of collapse, as affluent shoppers increasingly turn to the internet for access to goods and services that will enhance their luxury lifestyle. By 2025, an estimated 30% of the total retail economy is predicted to be transacted online.

Affluents' dependence on the physical store as a distribution point for products is in decline, as the internet serves the customers basic shopping and distribution needs. Here are the key trends shaping the future of luxury retail

- End of Wholesale

The basic wholesale-to-retail financial model hasn't changed much since the beginning of the 20th century. But it no longer can be sustained with shoppers completely changing the way they shop for and buy products. The idea of retailers buying products in large quantities at wholesale, ship them, inventory them, merchandise them, train staff to sell them and manage them in a physical retail space with overheads associated with keeping the lights on and doors open can't work much longer as shoppers find exactly what they want at the finger tips without venturing outside their front doors. Retailers will need to define a new model that fits an increasingly fragmented market where customers can find anything they are looking for easily, quickly and generally more cheaply than they can in a physical store. And what's more they are often able to go straight to the product wholesaler for direct access to the same goods.

- Stores Become the Medium & the Message

In the face of the new retail economy, the physical store isn't going to end, but it does need to be repurposed. Physical stores will become the medium to communicate retailers' brand stories, to excite customers about the products available and funnel their purchases to a broadening array of channels and devices. The store becomes a destination for a customer and product experience which can not be equaled online. But the key is to focus on enhancing and reimagining what the new shopping experience should be.

- Retailing Is an Experience

No longer will retail be about selling goods/products; it will become an experiential journey to deliver unique and memorable experiences to the customer. The retailers role will be as ‘product ambassadors’ to connect the store guest with the product brands in the store, acting as omnichannel hubs servicing customers, by partnering with their vendors to deliver ultimate product experience to the customers. Shelves and bins filled with products will be replaced by gallery-esque store designs enhanced by access to in-store internet connecting customers with ratings, reviews and product comparisons. The store will become a living ‘advertisement’ for the products it represents and a direct portal to all available distribution channels.

This new experiential store model exists today in NYC-based STORY store, which brands use the STORY store front to tell their unique brand stories to the customers. The STORY store doesn’t buy, stock and inventory merchandise, rather they focus their expertise on creating an ultimate customer shopping experience where each sponsored-brand can shine.

The old “stack it high, watch it fly” model of retail that proved so successful for Sam Walton is finished. Today retailing must become experiential, since in this digital age nobody needs to go to the store anymore to buy more stuff. Rather shoppers will only go to the store when there is something in it for them, an experience. That is the value-added that retailers must deliver in the future

TRENDS IN WHERE AFFLUENTS SHOPPED

AFFLUENT'S RETAILER OR EXPERIENCE USAGE

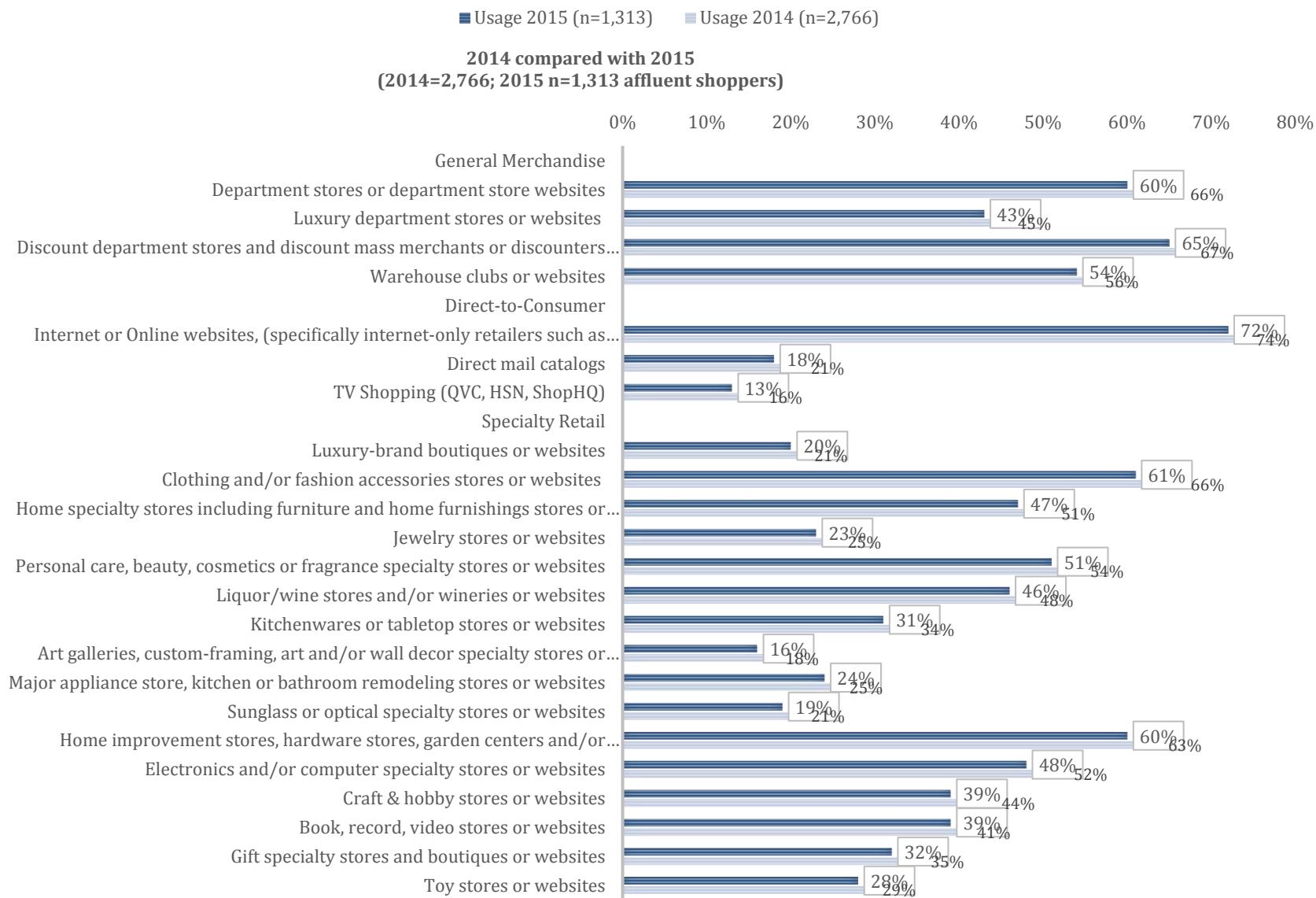


Figure 12 Trends in Where Affluents Shopped

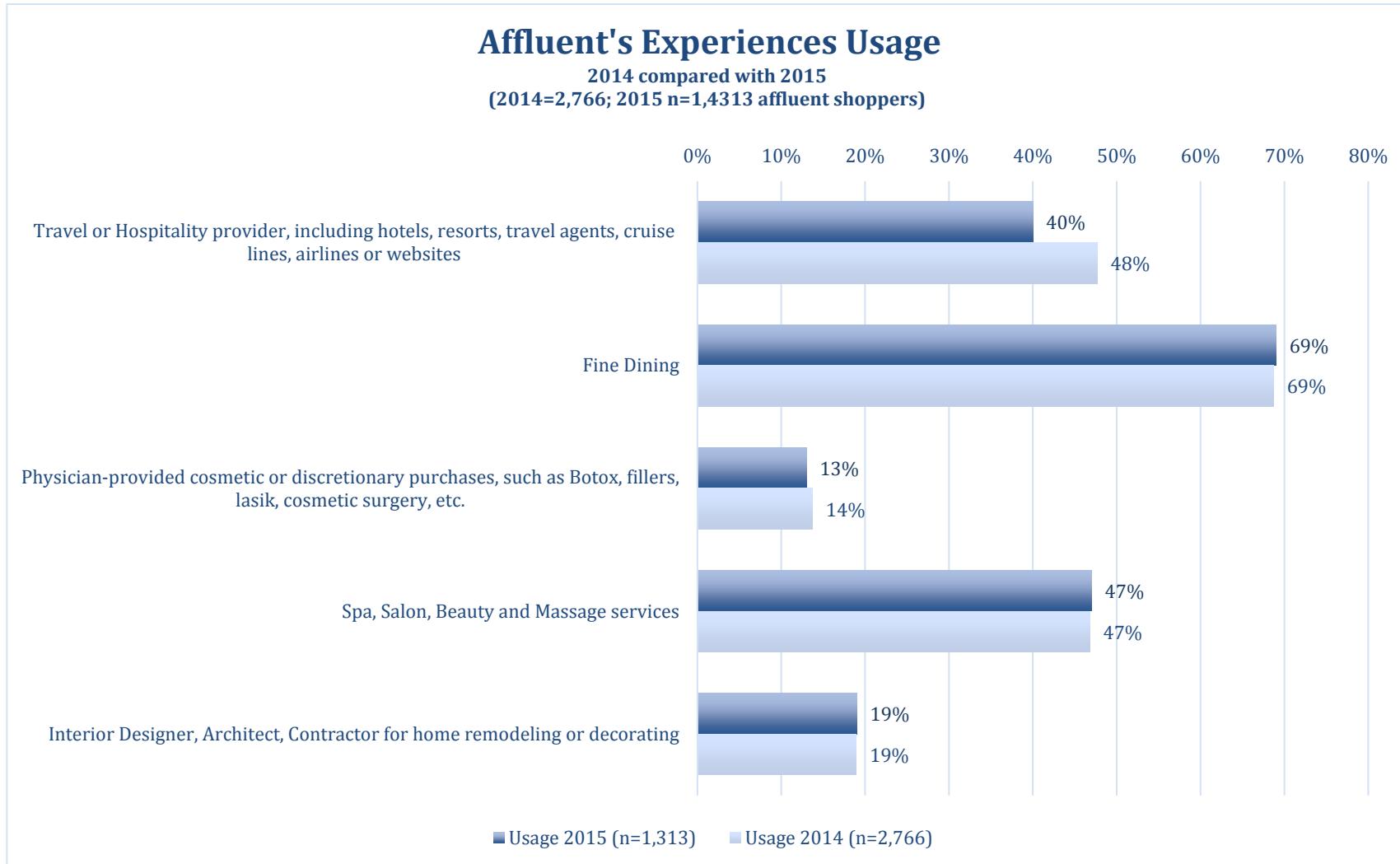
Overall, the affluents dialed back their shopping in all types of shopping environments in 2015 as compared with 2014, some more than others.

The largest downward shifts were seen in:

- Department stores, down 6 points
- Electronics and computer stores, down 6 points
- Clothing and fashion accessories stores, down 5 points and
- Craft and hobby stores, down 5 points.

All others fell within the margin of error, between 1-4 points, yet the fact that all types of stores experienced a downward trend is notable.

Trends in Affluent Experiential Purchases



With the exception of travel, affluents maintained their level of luxury experiential purchases from 2014 to 2015. Of note: luxury travel posted strong showing in 1Q2014 at 55% purchase incidence, only to drop back to 40% in 3Q2014, so as compared with that most recent historical study quarter, the current showing is actually even.

Figure 13: Trends in Affluents Experiential Purchases

TRENDS IN HOW OFTEN THEY SHOPPED BY TYPE OF SHOPPING EXPERIENCE

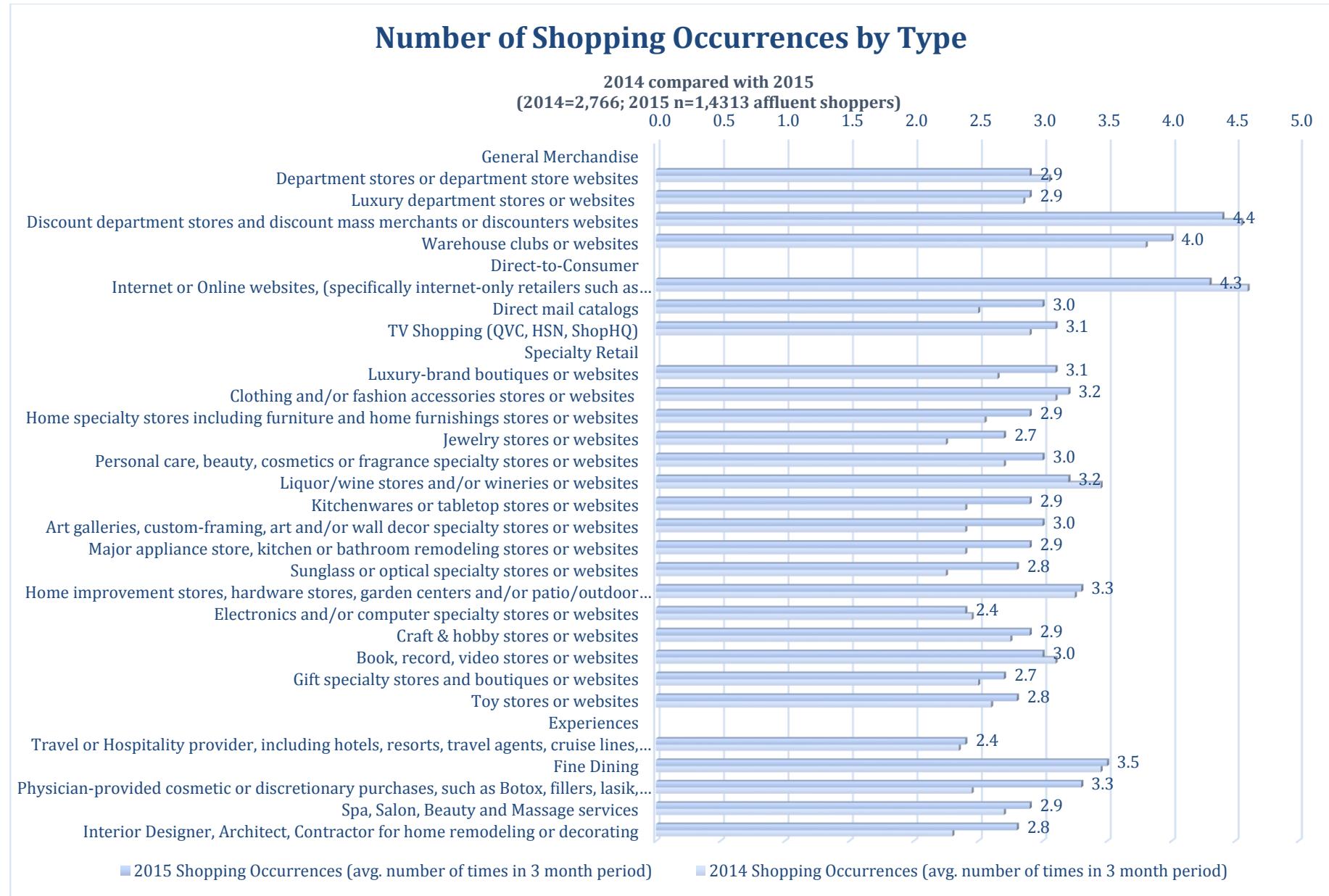


Figure 14: Trends in Average Number of Shopping Occurrences by Type of Shopping Experience

Interestingly, affluents did not across the board cut back on the number of shopping occurrences by type of store or experience. For those shoppers who patronized any one of these stores or experiences, they were asked to share the number of times they actually shopped in those stores or purchased those experiences. Some posted a strong uptick in average number of shopping occurrences from 2014 to 2015, notably:

- Warehouse clubs
- Direct mail catalogs and TV shopping
- Luxury-branded boutiques; home specialty stores; jewelry stores; personal care/beauty stores; kitchenware/tabletop stores; art galleries and custom framing stores; major appliance stores; sunglass and optical specialty stores.
- Among experiences, physician-provided services and interior design services both posted strong uptick in usage.

It is important to realize that the number of shopping or purchase occurrences is dependent upon whether or not the affluent consumer reported shopping in that type of store or purchased that type of experience in the study period. So while overall demand for shopping experiences was down from 2014 to 2015, those affluents who actually patronized those types of stores did so, in many cases, more actively. The learning is that if you have an affluent shopper you need to keep that shopper happy so that they will return to your store again and again. But in 2015 it is going to be harder to attract a new affluent shopper to your store, simply because they are largely keeping their heads down and avoiding temptation.

Trends in How Much Affluents Spent in Last Shopping Experience by Type

For selected categories, affluents were asked how much they spent in their last shopping occurrence or service experience.



Figure 15: Trends in Spending on Last Shopping Occurrence

For many types of shopping experiences affluents spent more in 2015 than they did in 2014. In particular, spending by affluents in home specialty stores, personal care/beauty stores, liquor/wine stores, art galleries and custom framing shops, and spa/salon spending were up significantly. Also posting an upward shift is luxury travel spending, up from \$3,165 in 2014 to \$4,422 in 2015, a 40% increase in spending; however, the survey question about travel spending was changed from 1Q14 to 3Q14. From 3Q14 to 2Q15, travel spending was up some 7%, rising from \$4,138 in 3Q14 to \$4,422 in 2Q15. Some stores, however, experienced a decline, notably luxury branded boutiques, jewelry stores, major appliance stores and physician-provided services.

TRENDS IN EXTENDED SPENDING BY TYPE OF SHOPPING EXPERIENCE

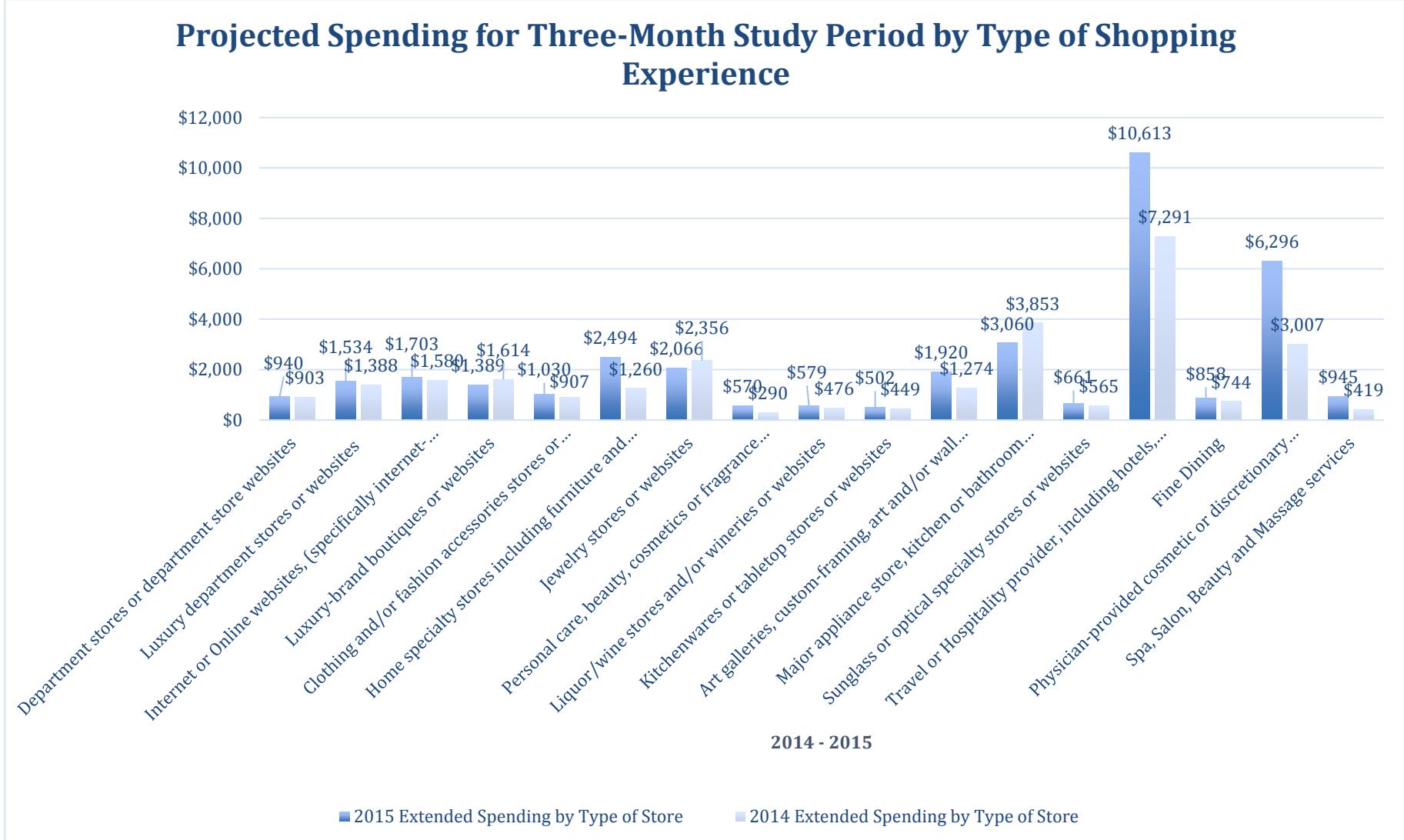


Figure 16: Trends in Projected Total Spending by Type of Store

By multiplying the amount spent on the last shopping occurrence by the number of occurrences, the total amount spent by type of store or experience can be projected across the three-month study period. The results are shown above, with a notable increase seen for luxury department stores, online websites, home specialty stores, personal care/beauty stores, liquor/wine stores, art galleries and customer framing stores,

sunglass/optical stores, travel, fine dining, physician services and spa/salon services. Overall this paints a more positive picture of affluents' shopping behavior overall than the decline in shopping experience detailed previously.

PROJECTED SPENDING BY MAJOR CATEGORY OF EXPERIENCES

Trends in Affluent Shoppers' Projected Spending over Three-Month Study Period by Major Type of Shopping Experience

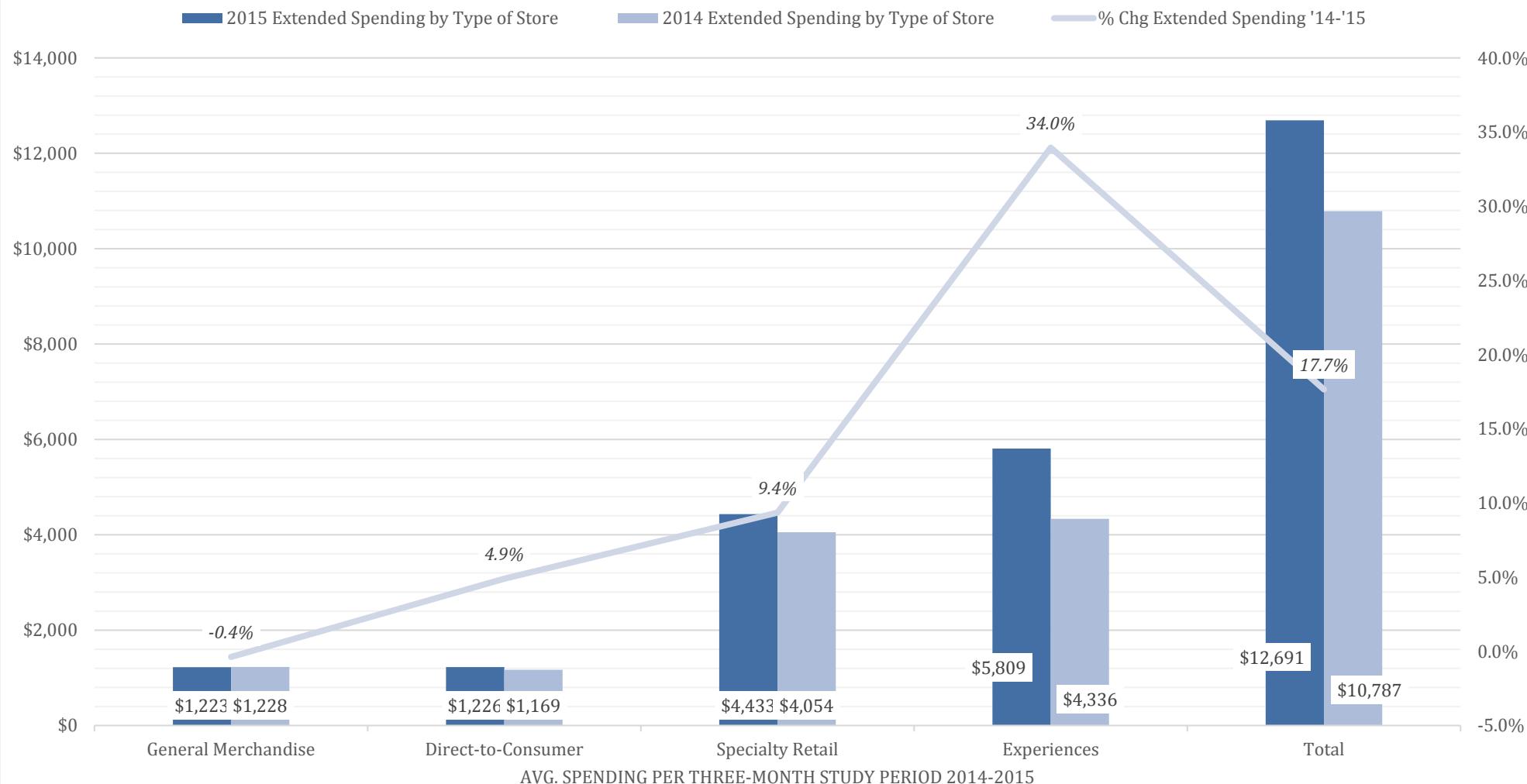


Figure 17: Trends Spending by Major Category of Shopping Experience

Overall, affluents spent a projected \$12691 on high-end or luxury goods and services in the three-month study period in 2015, which is up 18% from the three-month study period in 2014 with levels of \$10,787, driven by strong growth in experiences, up 34%. Spending at specialty retailers also rose by nearly 10%, why spending was basically flat in general merchandise stores, up a modest 5% in direct-to-consumer, up 9% in specialty retail stores and 19% in luxury experiences.

SHOPPING OVERVIEW DETAILS

Type of Retailer/Experience	Usage 2015 (n=1,313)	2015 Shopping Occurrences	2015 Spending (avg. number of times in 3 month period)	2015 Extended Last Shopping Occurrence	2015 Share of Total Spending	Usage 2014 (n=2,766)	2014 Shopping Occurrences	2014 Last Shopping Occurrence	2014 Spending by Type of Store	2014 Extended Spending	2014 Total Spending	% Chg Extended '14-'15
General Merchandise				\$1,223	10%					\$1,228	11%	-0.4%
Department stores or department store websites	60%	2.9	\$324	\$940		66%	3.1	\$296	\$903			4.1%
Luxury department stores or websites	43%	2.9	\$529	\$1,534		45%	2.9	\$487	\$1,388			10.5%
Discount department stores and discount mass merchants or discounters websites	65%	4.4				67%	4.6					
Warehouse clubs or websites	54%	4.0				56%	3.8					
Direct-to-Consumer				\$1,226	10%					\$1,169	11%	4.9%
Internet or Online websites, (specifically internet-only retailers such as Amazon.com, eBay.com, etc.)	72%	4.3	\$396	\$1,703		74%	4.6	\$344	\$1,580			7.8%
Direct mail catalogs	18%	3.0				21%	2.5					
TV Shopping (QVC, HSN, ShopHQ)	13%	3.1				16%	2.9					

Type of Retailer/Experience	Usage 2015 (n=1,313)	2015 Shopping Occurrences (avg. number of times in 3 month period)	2015 Spending Last Shopping Occurrence	2015 Extended Spending by Type of Store	2015 Share of Total Spending	Usage 2014 (n=2,766)	2014 Shopping Occurrences (avg. number of times in 3 month period)	2014 Spending Last Shopping Occurrence	2014 Extended Spending by Type of Store	2014 Share of Total Spending	% Chg '14-'15
Specialty Retail			\$4,433	35%					\$4,054	38%	9.4%
Luxury-brand boutiques or websites	20%	3.1	\$448	\$1,389		21%	2.7	\$612	\$1,614		-14.0%
Clothing and/or fashion accessories stores or websites	61%	3.2	\$322	\$1,030		66%	3.1	\$293	\$907		13.6%
Home specialty stores including furniture and home furnishings stores or websites	47%	2.9	\$860	\$2,494		51%	2.6	\$496	\$1,260		97.9%
Jewelry stores or websites	23%	2.7	\$765	\$2,066		25%	2.3	\$1,055	\$2,356		-12.3%
Personal care, beauty, cosmetics or fragrance specialty stores or websites	51%	3.0	\$190	\$570		54%	2.7	\$108	\$290		96.4%
Liquor/wine stores and/or wineries or websites	46%	3.2	\$181	\$579		48%	3.5	\$138	\$476		21.7%
Kitchenwares or tabletop stores or websites	31%	2.9	\$173	\$502		34%	2.4	\$188	\$449		11.8%
Art galleries, custom-framing, art and/or wall decor specialty stores or websites	16%	3.0	\$640	\$1,920		18%	2.4	\$534	\$1,274		50.7%

Type of Retailer/Experience	Usage 2015 (n=1,313)	2015 Shopping Occurrences	2015 Spending Last Shopping Occurrence	2015 Extended Spending by Type of Store	2015 Share of Total Spending	Usage 2014 (n=2,766)	2014 Shopping Occurrences	2014 Spending Last Shopping Occurrence	2014 Extended Spending by Type of Store	2014 Share of Total Spending	% Chg '14-'15
Major appliance store, kitchen or bathroom remodeling stores or websites	24%	2.9	\$1,055	\$3,060		25%	2.4	\$1,599	\$3,853		-20.6%
Sunglass or optical specialty stores or websites	19%	2.8	\$236	\$661		21%	2.3	\$251	\$565		16.9%
Home improvement stores, hardware stores, garden centers and/or patio/outdoor living stores or websites	60%	3.3				63%	3.3				
Electronics and/or computer specialty stores or websites	48%	2.4				52%	2.5				
Craft & hobby stores or websites	39%	2.9				44%	2.8				
Book, record, video stores or websites	39%	3.0				41%	3.1				
Gift specialty stores and boutiques or websites	32%	2.7				35%	2.5				
Toy stores or websites	28%	2.8				29%	2.6				

Type of Retailer/Experience	Usage 2015 (n=1,313)	2015 Shopping Occurrences	2015 Spending Last Shopping Occurrence	2015 Extended Spending by Type of Store	2015 Share of Total Spending	Usage 2014 (n=2,766)	2014 Shopping Occurrences	2014 Spending Last Shopping Occurrence	2014 Extended Spending by Type of Store	2014 Share of Total Spending	% Chg '14-'15
Experiences					46%					\$4,336	40%
Travel or Hospitality provider, including hotels, resorts, travel agents, cruise lines, airlines or websites	40%	2.4	\$4,422	\$10,613		48%	2.4	\$3,165	\$7,291		45.6%
Fine Dining	69%	3.5	\$245	\$858		69%	3.5	\$215	\$744		15.2%
Physician-provided cosmetic or discretionary purchases, such as Botox, fillers, lasik, cosmetic surgery, etc.	13%	3.3	\$1,908	\$6,296		14%	2.5	\$1,267	\$3,007		109.4%
Spa, Salon, Beauty and Massage services	47%	2.9	\$326	\$945		47%	2.7	\$156	\$419		125.6%
Interior Designer, Architect, Contractor for home remodeling or decorating	19%	2.8				19%	2.3				
Total		33.2		\$12,691	100%		37.6		\$10,787	100%	17.7%

Figure 18: Shopping Overview Details

ONLINE VS. IN-STORE SHOPPING

Luxury Consumer Spending based upon In Store vs. Online Purchases

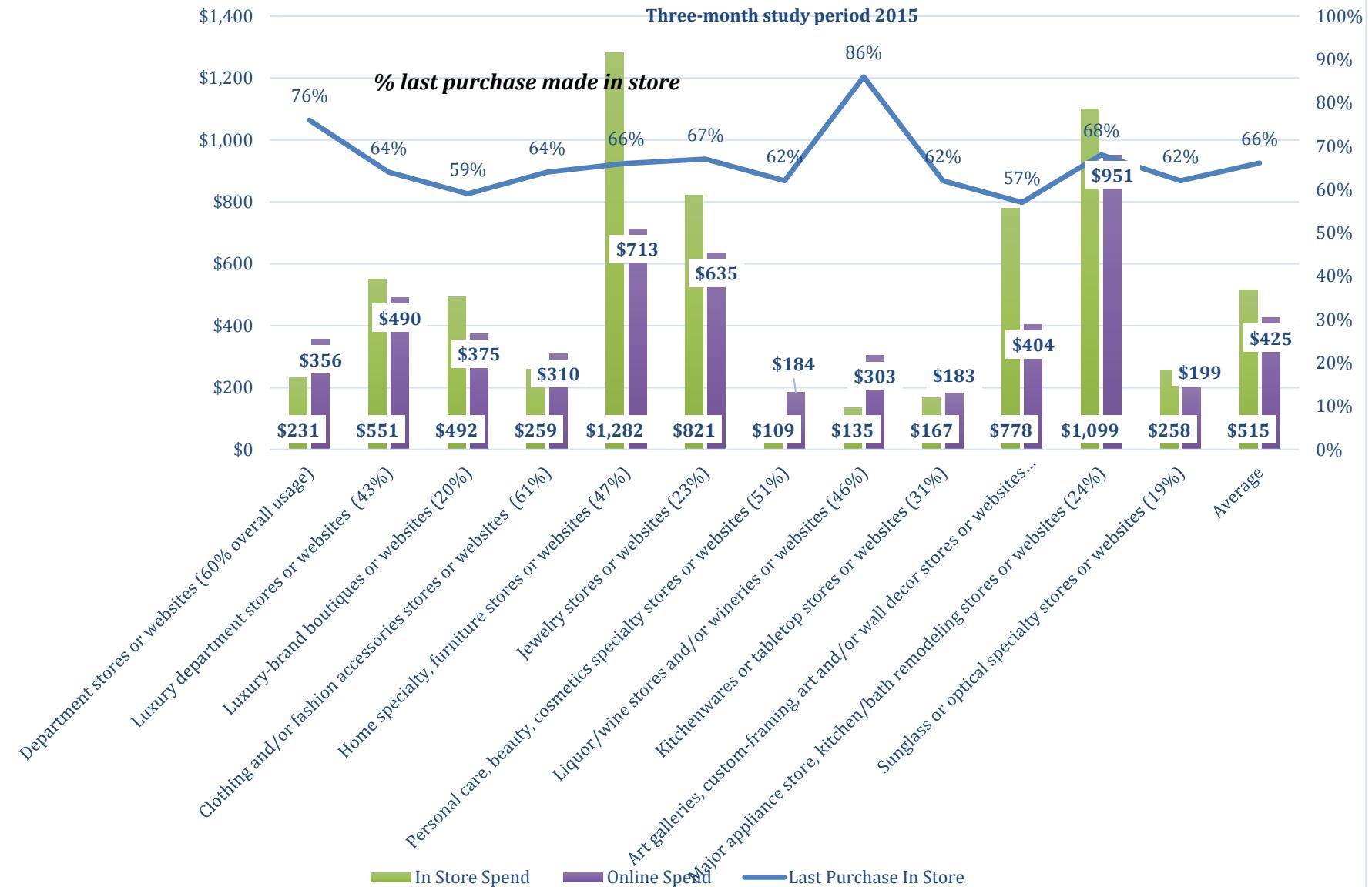


Figure 19: Online vs. In-Store Shopping

In their most recent retail shopping occurrence – with exception of luxury department stores, luxury branded boutiques, art galleries and custom framing stores, and major appliance stores -- affluents spent more shopping online than they did when they shopped in store. While on average over two thirds of the affluents shopped most recently in store, the online websites for these ‘bricks-and-clicks’ retailers are capturing a growing share of the most valuable customers’ patronage.

WHO AFFLUENTS SHOPPED WITH IN STORE

In Store Shopping Experiences Made Alone, with partner or family or friends

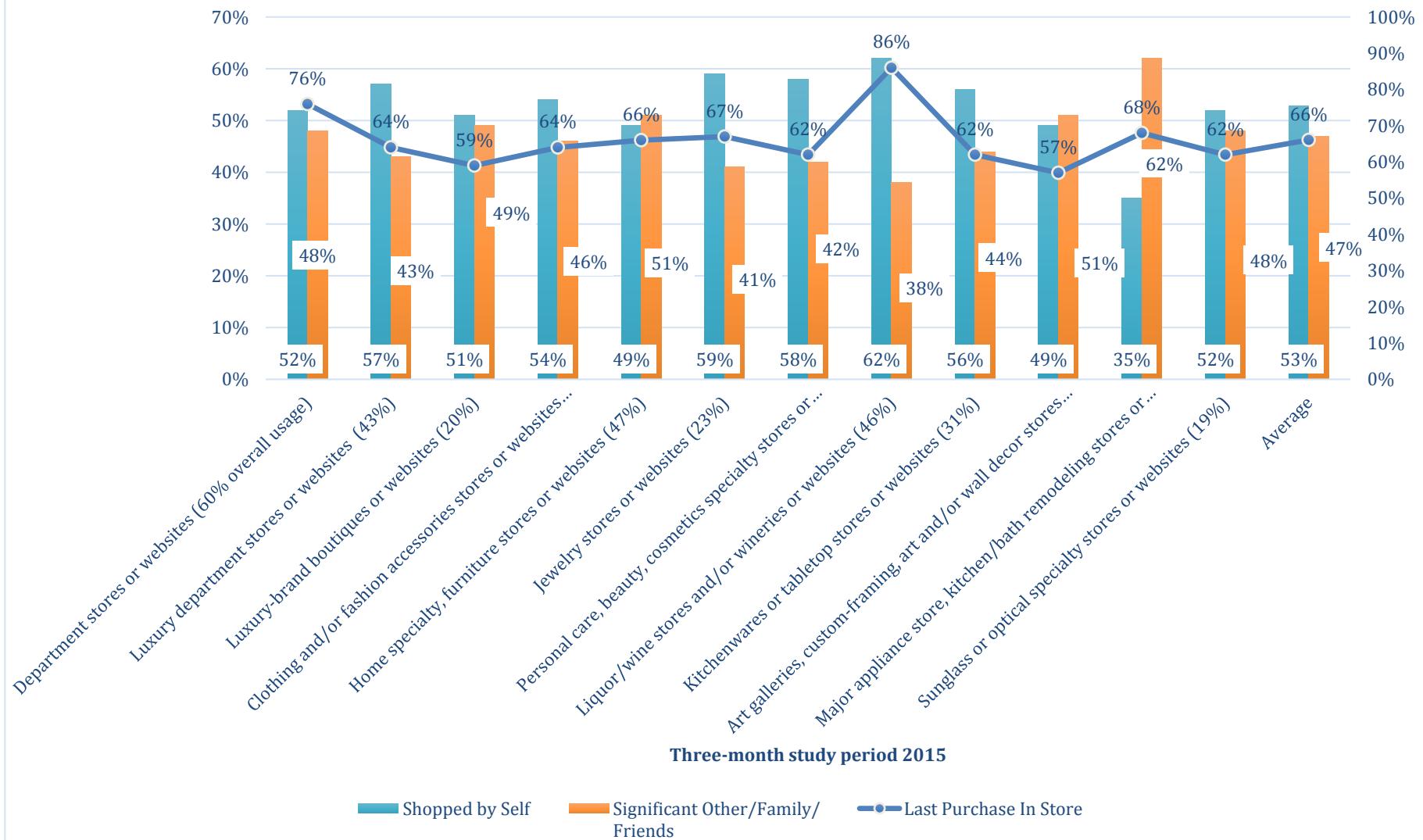


Figure 20: Who In-store Affluents Shopped With

For affluents, in-store shopping is largely a solitary pursuit, with overall half in average shopping alone during their most recent shopping occurrence. However, some shopping experiences draw more social shopping, notably art galleries, major appliance stores and home furnishings stores. These stores have a natural advantage toward more events and activities that will attract groups to their shopping experience.

HOW PAID FOR LAST PURCHASE

How Affluents Paid for Last Purchase

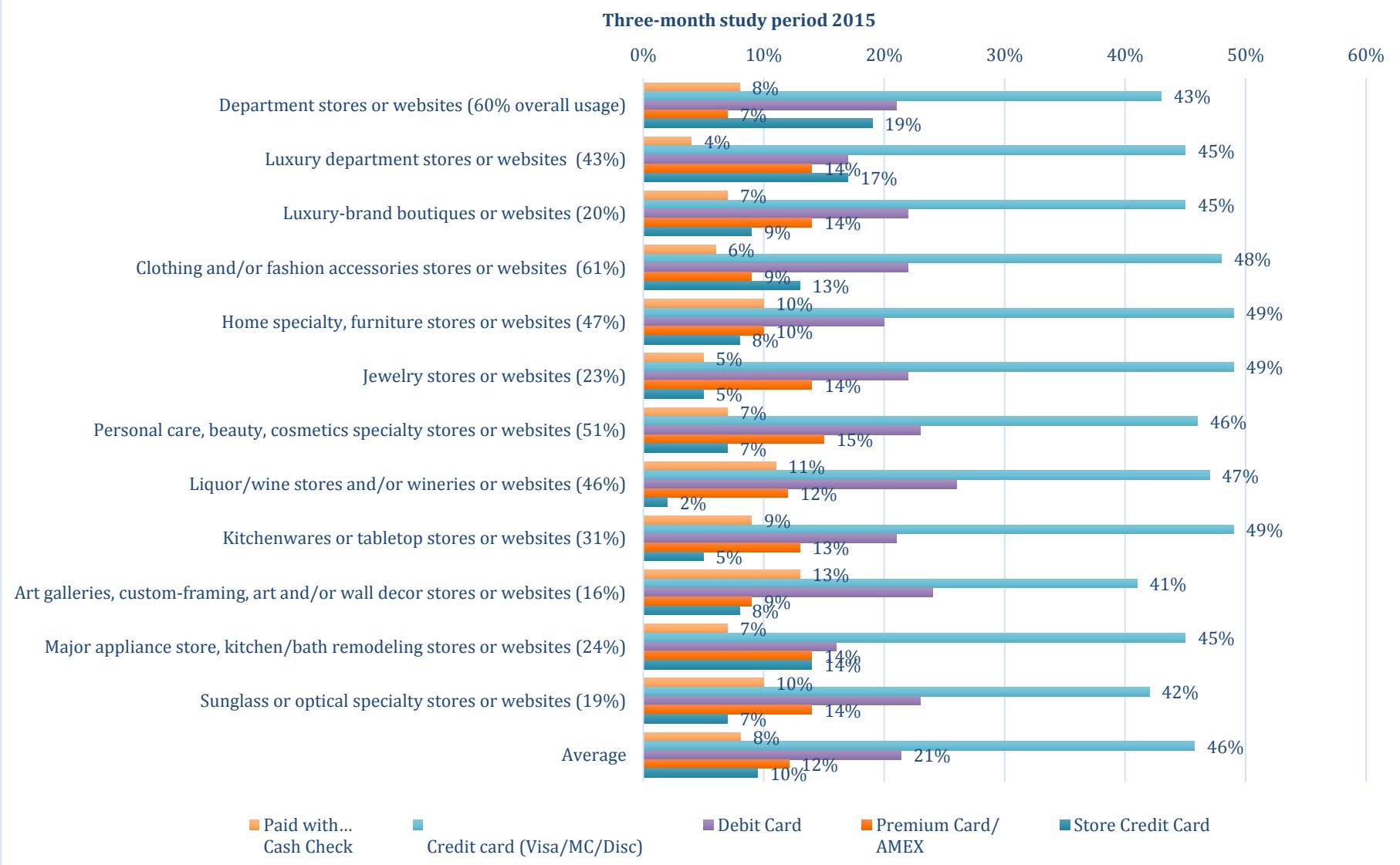


Figure 21: How Affluents Paid for Last Purchase (credit card, cash, debit, etc.)

Slightly under half of affluents' most recent purchases were paid for by credit cards (Visa, MasterCard, Discover), while only about 12 percent of purchases were paid for with a premium card, like American Express. Debit cards accounted for about 21 percent of purchases, while the rest were made with cash, check or store credit card or gift cards. Of note: young affluents are the most active using debit card for their purchases.

REASONS FOR LAST SHOPPING OCCURRENCE

Reasons for Last Shopping Experience

Three-month study period 2015

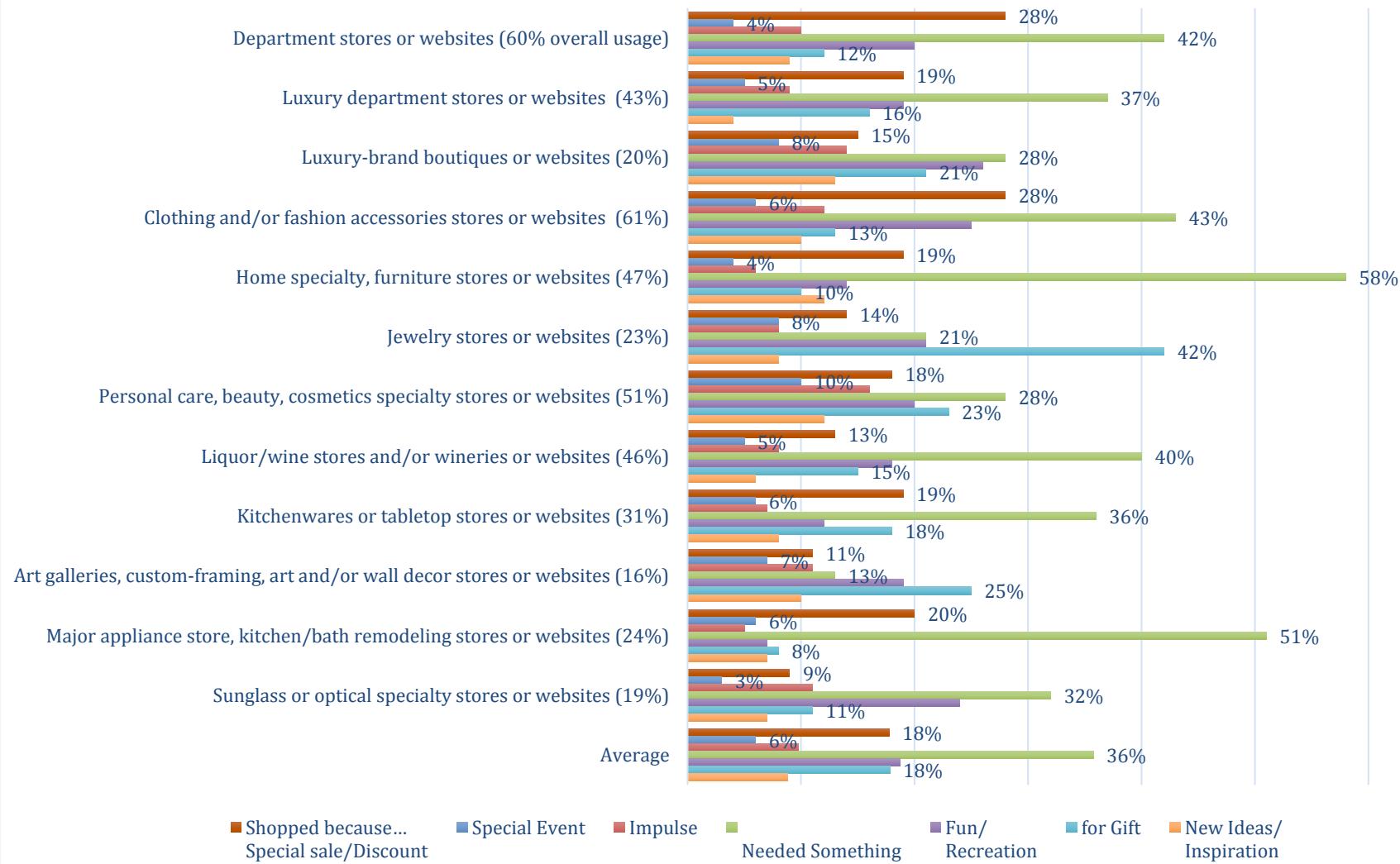


Figure 22: Reasons for Most Recent Shopping Experience

Overwhelmingly, affluents are motivated in their last shopping experience by the need to find something specific. This points to why the internet is so popular, since it is without a doubt the easiest way for a shopper to find something specific. The next most important reasons, virtually tied for second, are shopping for fun or recreation (19%), because of a sale or discount or to buy a gift (both 18%). Interestingly, 18 percent of the last shopping occurrences were motivated by a gift purchase.

Loyalty Rewards Collected and Used

Loyalty Rewards Collected or Used

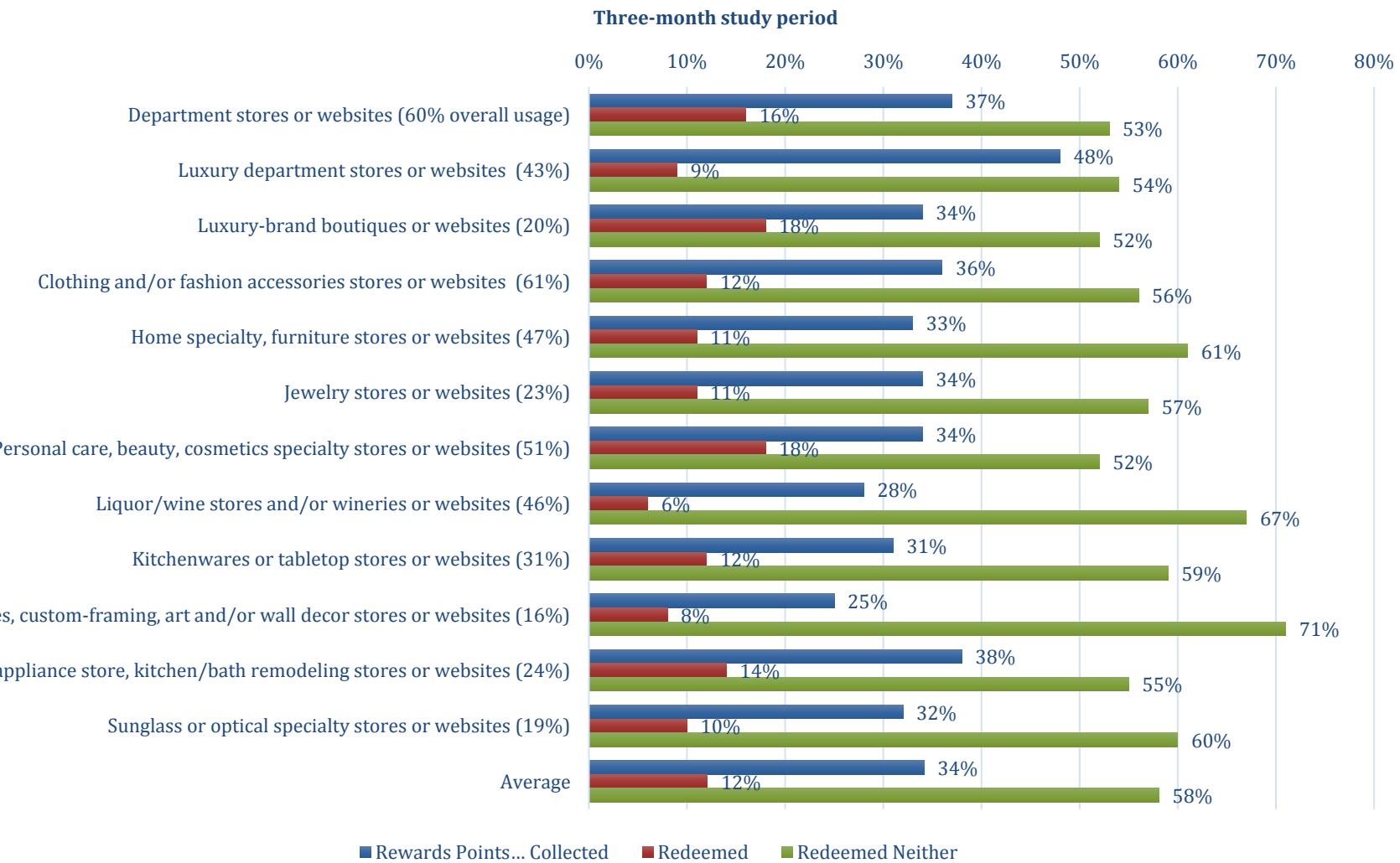


Figure 23: Loyalty Rewards Collected or Used

The special investigation this time was focused on loyalty programs. To support this, we asked about whether they collected or redeemed loyalty rewards in their most recent purchase. The majority neither collected nor used loyalty rewards in their last purchase. After that a greater percentage (34% on average) collected points or rewards as opposed to redeeming points or rewards.

Shopping Experience Detail

<i>Type of Retailer/Experience during 2015</i>	<i>Last Purchase In Store</i>	<i>Last Purchase Made Online, by phone mail</i>	<i>In Store Spend</i>	<i>Online Spend</i>
General Merchandise				
Department stores or websites (60% overall usage)	76%	24%	\$231	\$356
Luxury department stores or websites (43%)	64%	36%	\$551	\$490
Specialty Retail				
Luxury-brand boutiques or websites (20%)	59%	41%	\$492	\$375
Clothing and/or fashion accessories stores or websites (61%)	64%	36%	\$259	\$310
Home specialty, furniture stores or websites (47%)	66%	34%	\$1,282	\$713
Jewelry stores or websites (23%)	67%	33%	\$821	\$635
Personal care, beauty, cosmetics specialty stores or websites (51%)	62%	38%	\$109	\$184
Liquor/wine stores and/or wineries or websites (46%)	86%	14%	\$135	\$303
Kitchenwares or tabletop stores or websites (31%)	62%	38%	\$167	\$183
Art galleries, custom-framing, art and/or wall decor stores or websites (16%)	57%	43%	\$778	\$404
Major appliance store, kitchen/bath remodeling stores or websites (24%)	68%	32%	\$1,099	\$951
Sunglass or optical specialty stores or websites (19%)	62%	31%	\$258	\$199
Average	66%	33%	\$515	\$425

Figure 24: Shopping Experience Detail, 2015

CHAPTER 4: HOW AFFLUENTS SHOPPED AT SPECIALTY RETAIL STORES

OVERVIEW

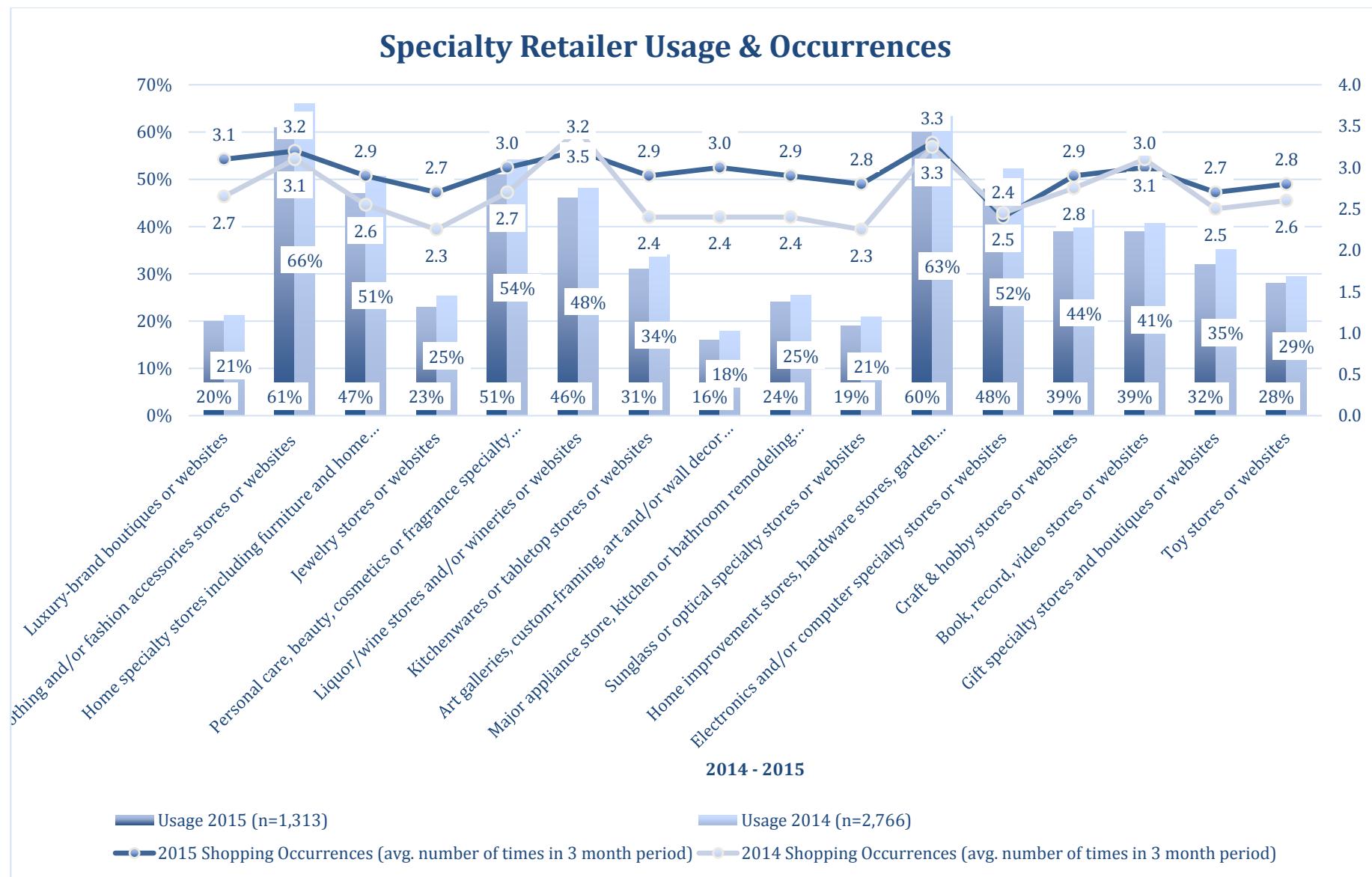


Figure 25: Specialty Retail Stores Usage & Occurrences Overview

- Affluents shopped more frequently in many of the specialty retailers included in the Shopper Track survey in the three-month study period of 2015 as compared with 2014. While the actual share of affluents who shopped in these stores was down modestly across the board, those who shopped in many of the different stores included in the study were likely to shop more frequently. For example art gallery shoppers averaged 2.4 individual shopping occurrences in 2014, but 3.0 in 2015. Similar trends are noted for kitchenware stores, major appliance stores, home improvement stores, jewelry stores, home specialty stores, luxury boutiques, personal care/beauty specialty stores, gift specialty and toy stores.
- Overall affluents spent on average \$4,433 in specialty retail stores in the three-month study period in 2015, which is over 9% more than they spent in 2014. This is the projected spending of the typical affluent shopper, see table on the next page.

Type of Retailer/Experience	Usage 2015 (n=1,313)	2015 Shopping Occurrences (avg. number of times in 3 month period)	2015 Spending Last Shopping Occurrence	2015 Extended Spending by Type of Store	2015 Share of Total Spending	Usage 2014 (n=2,766)	2014 Shopping Occurrences (avg. number of times in 3 month period)	2014 Spending Last Shopping Occurrence	2014 Extended Spending by Type of Store	2014 Share of Total Spending	% Chg Extended Spending '14-'15
Specialty Retail			\$4,433	37%					\$4,054	38%	9.4%
Luxury-brand boutiques or websites	20%	3.1	\$448	\$1,389		21%	2.7	\$612	\$1,614		-14.0%
Clothing and/or fashion accessories stores or websites	61%	3.2	\$322	\$1,030		66%	3.1	\$293	\$907		13.6%
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Personal care, beauty, cosmetics or fragrance specialty stores or websites	51%	3.0	\$190	\$570		54%	2.7	\$108	\$290		96.4%
Liquor/wine stores and/or wineries or websites	46%	3.2	\$181	\$579		48%	3.5	\$138	\$476		21.7%
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Major appliance store, kitchen or bathroom remodeling stores or websites	24%	2.9	\$1,055	\$3,060		25%	2.4	\$1,599	\$3,853		-20.6%
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Type of Retailer/Experience	Usage 2015 (n=1,313)	2015 Shopping Occurrences	2015 Last Spending Occurrence	2015 Extended Spending	2015 Share of Total Spending	Usage 2014 (n=2,766)	2014 Shopping Occurrences	2014 Last Spending Occurrence	2014 Extended Spending	2014 Share of Total Spending	% Chg Extended '14-'15
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Book, record, video stores or websites	39%	3.0				41%	3.1				
Gift specialty stores and boutiques or websites	32%	2.7				35%	2.5				
Toy stores or websites	28%	2.8				29%	2.6				

Figure 26: Specialty Retail Stores Overview

- Of the specialty retailer categories studied in depth, affluents' spending was highest for major appliance stores and home specialty stores, indicating that in 2015 affluents were making investments in their homes.
- But while projected spending in the specialty retail category rose over 9%, not all stores posted an increase over the three-month study period. For example, total projected spending in luxury boutiques was down 14%, mostly due to a drop in spending during the most recent shopping trip, and jewelry stores extended spending dropped by more than 12%, also due to a decline in the amount spent during the most recent shopping occurrence.

CHAPTER 5: ART GALLERIES, CUSTOM FRAMING, ART & WALL DÉCOR STORES & WEBSITES

Overview

<i>Art Galleries, Framing Stores & Websites Detail</i>	2015 (n=1,313)	2014 (n=2,766)	Chg. '14-'15
Overall usage	16%	18%	-2
Average number of shopping occurrences	3	2.3	30%
Average amount spent last shopping occurrence	\$640	\$534	20%
Extended amount spent over three-month study period	\$1,920	\$1,274	51%

Figure 27: Art Gallery Shoppers & Website Shopping Summary

- In the survey, this class of stores were described as art galleries, such as the Wentworth Gallery; online retailers, such as Art.com; specialty wall décor stores, like Deck the Walls, and custom-framing boutiques, as the Great Frame Up, as well as independently operated stores. While patronage at art galleries and framing stores was flat from 2014 to 2015, the average amount spent on their last shopping trip was up by 20%. Couple that with a significant increase in average number of shopping occasions, up from 2.3 trips to 3 in 2015, this led to projected three-month spending in art galleries and framing stores rising by over 50%, from \$1,274 to \$1,920. As a group, these stores have one of the lowest overall usage in the survey, though with an average of 3 visits over the three-month time period, this finding suggests that art gallery shoppers are fairly active in the category.
- Men and young affluents take the lead in patronage of these stores, as do ultra-affluents.

How Shopped: In-store or Online?

<i>Thinking about your most recent Art Gallery shopping experience, did you shop online, in the store or some other way, such as by telephone?</i>	2015 Art Gallery Shoppers (n=214)	2014 Art Gallery Shoppers (n=488)	Chg. '14-'15
In the store	57%	63%	-6
Online	30%	29%	2
Other, such as by phone, mail, etc.	13%	9%	5

Figure 28: Art Gallery Shoppers Last Shopping In-store or Online

- While in store shopping follows the average found across the different types of stores, affluents lead in other types of shopping experiences such as by phone or mail.

Who They Shopped with?

<i>Did you shop by yourself, with a significant other or other family members, or with friends?</i>	2015 In-store Art Gallery Shoppers (n=121)	2014 In-Store Art Gallery Shoppers (n=307)	Chg. '14-'15
By self	49%	45%	4
With significant other or other family members	45%	51%	-6
With friends	6%	5%	1

Figure 29: Art Gallery Shoppers Last Shopping by Self, with Family or Friends

- Art gallery shopping is distinctive as it is done less frequently on one's own and more often with a significant other or family members. This is a type of store that caters strongly to couples.

Marketers' Take Away>>

Many local communities are sponsoring special evening art 'walks,' artist row open houses, first Friday festivities and other events that make art galleries a destination for gathering with friends and sharing good times. These kind of events are rewarding art galleries with greater exposure to high potential affluent customers in their communities. These stores are encouraged to continue to create unique and special experiences for their guests.

Key, however, to the retailing success of these endeavors is to effectively market to the affluent members of the community, rather than simply to host open houses with food and drink which may draw only lookers, not potential customers. This argues for making these events more exclusive, perhaps by offering special open-house invitations and friend-get-a-friend offers to established customers.

What Bought in Most Recent Shopping Experience

<i>What did you buy most recently in your Art Gallery shopping experience?</i>	<i>2015 Art Gallery Shoppers (n=214)</i>	<i>2014 Art Gallery Shoppers (n=488)</i>	<i>Chg. '14-'15</i>
Original Art, including one-of-a-kind artwork	21%	21%	0
Custom-Framing	18%	24%	-6
Art Reproductions, including framed or unframed prints and reproductions	14%	13%	1
Figurines and/or sculpture crafted of crystal, porcelain, glass or metal	12%	12%	-1
Decorative Art Glass	10%	15%	-5
Other Wall Decor (such as Frames, Mirrors, Sconces, Tapestry, Shelves etc.)	10%	13%	-3
Antique Furniture and/or other collectibles	6%	14%	-8
Other Art	10%	6%	4
Other Antiques	3%	2%	1
Other items	17%	12%	4

Figure 30: Art Gallery Shoppers Personal Items Bought

- While last year custom-framing was the most purchased service in these stores, in 2015 original art rose to take number one position, followed by custom framing, then art reproductions.

Marketers' Take Away>>

Since the recession disruption has come to the traditional retail art business. In 2014 there are roughly 5,000 retail art galleries, down from some 6,500 galleries in 2010 -- nearly a 25% drop in only 4 years, according to statistics compiled by D&B's Hoover subsidiary.

While the number of retail establishments devoted to art has declined sharply in the last four years, the number of highly-educated affluent consumers who can both afford and appreciate art has grown significantly. In fact the ultra-affluent consumer segment, those with incomes of \$250,000 and above, are the fastest growing segment in the U.S. consumer market today, up nearly 33% from 2010-2013. Overall, there are nearly 30 million affluent households in the United States today, including 3.3 million ultra-affluents.

Question is how to explain that the total target consumer market for art growing yet the number of retailers devoted to art has dropped sharply? Have people with a lot of money lost their interest in buying and displaying art or has something else changed? The answer is simple: People who appreciate art haven't gone away, but they have moved outside the traditional four-walls of a retail art gallery to buy art.

Affluents are turning more frequently to buying art directly from the artist, at art shows, like the recent Miami Art Week, which features some 20 different art fairs, including the Art Miami show and Aqua Art Miami, both of which reported record crowds in late 2014, and increasingly buying art online, from such services as Amazon.com/Art, ArtFinder.com and Zatista.com.

Founded by eBay.com veterans, Zatista is increasingly recognized as a resources for original artwork at all different price points. Zatista also sells through Amazon.com, aiming to attract a wider audience for its featured artists' works. Zatista attracts artists to list work on their site by taking a smaller commission from a sale than is typical in a traditional art gallery. Zatista's reach, online expertise and artist-friendly commission structure makes it a powerful competitor for local art galleries.

Zatista is easy to use, allowing users to simply and quickly navigate the thousands of works on their site. Users can search by color, style, size, and price. Further, the site offers a patented 'art explorer' which allows the viewer to check art images that they 'love' and from those selections, the site presents images that are likely to have a similar appeal. This is a very interesting tool to navigate a huge library of images.

Prices on Zatista range from the affordable under \$500 level all the way up to gallery prices. In addition to targeting consumers, the site offers services to professional designers with to the trade discounts.

Distribution of Spending on Most Recent Shopping Experience

<i>How much did you spend on your most recent Art Gallery shopping experience?</i>	<i>2015 Art Gallery Shoppers (n=214)</i>	<i>2014 Art Gallery Shoppers (n=488)</i>	<i>Chg. '14-'15</i>
Under \$25	11%	12%	-1
\$25-\$49	9%	7%	2
\$50-\$99	12%	17%	-4
\$100-\$249	18%	20%	-2
\$250-\$499	15%	16%	-1
\$500-\$999	13%	10%	3
\$1,000-\$2,499	7%	8%	0
\$2,500-\$4,999	8%	6%	2
\$5,000 or more	7%	5%	1
Average	\$640	\$534	20%

Figure 31: Art Gallery Shoppers Spending

- With a 20% pickup in the average amount spent in an art gallery-type of store most recently, the biggest gain was noted in the \$500-\$999 price range. This points to this range as a good target price for art galleries to target to maximize growth. Ultra-affluents are the big spenders in this class of stores.

Form of Payment: Cash, Credit Cards, Store Credit, Debit

<i>Did you make your most recent Art Gallery purchase by any of the following?</i>	2015 Art Gallery Shoppers (n=214)	2014 Art Gallery Shoppers (n=488)	Chg. '14-'15
Credit card, such as VISA, MasterCard, Discover	41%	49%	-8
Debit card	24%	15%	9
Cash or check	13%	15%	-2
Premium card, such as American Express	9%	11%	-2
Store credit card	8%	7%	2
Other	5%	3%	2

Figure 32: Art Gallery Shoppers Method of Payment

- Credit cards lead as the preferred form of payment in these stores, though in the past year debit cards have grown as a payment option for affluents when shopping in art galleries and framing shops.

Use of Rewards

<i>Did you redeem and/or collect any reward points for your most recent purchase?</i>	2015 Art Gallery Shoppers (n=214)
Collected rewards	25%
Redeemed rewards	8%
Neither/Don't Know	71%

Figure 33: Use of Rewards

- Overall this class of stores is less likely to be used by affluents to either collect or redeem rewards points. However, this might represent an opportunity for art and framing shop retailers as a way to build loyalty and grow repeat business.

Reason for Most Recent Shopping Experience

Which of the following reasons reflect the motivation for your most recent Art Gallery shopping experience?	2015 Art Gallery Shoppers (n=214)	2014 Art Gallery Shoppers (n=488)	Chg. '14-'15
To buy a gift	25%	17%	8
Shopping for fun or recreation	19%	19%	0
Needed to find an item/items or make a specific purchase	13%	23%	-10
Because of a special sale or discount offered	11%	13%	-2
Impulse or last-minute shopping experience	11%	11%	0
To get new ideas and inspiration	10%	16%	-6
Because of a special store-sponsored event	7%	11%	-4
Other	21%	12%	9

Figure 34: Art Gallery Shoppers Reason for Shopping

- Interestingly, in 2015 shopping in an art gallery or framing shop to make a gift purchase rose in relative importance, as did the desire to shop for fun or recreation. On the other hand, needing to find a specific item declined in relative importance in the same time period. This points to opportunities for art galleries to connect with their target customers more effectively.

Marketers' Take Away>>

Art galleries and other retailers selling to the affluent should position their shopping experiences toward a smart and informed art customer. Affluents think about their purchases as ‘investments,’ rather than expenditures. The art gallery adds value to their purchase by the quality of their curation and selections.

Art galleries must offer added-value to the customers, something extra that the customers can’t do themselves. For example, one of the key values a gallery offers customers is its experience in evaluating the specific value of art. Galleries need to communicate the added-value of their curation. Galleries continuously look at and vet all kinds of artists, choosing only those who they believe to be the best and most talented and accomplished for their shows. They also vet all of the art by their artists, choosing only the best works for their galleries. Unless one knows his or

her way around the art world and is as skilled as gallery owners at evaluating artists and telling the difference between good, better, best and not so good art, the money saved by focusing on bargains may actually turn out to be money wasted.

Educating the customer without intimidating him or her about the value of art and the gallery's contribution to helping curate their collection is a priority.

Marketers' Take Away>>

Operating an Art Gallery Is a Special Business, Lead with Your Specialty

Successful art galleries lead with their specialty. They keep their focus on what makes their store special, different, distinctive. Take DeBruyne Fine Arts is a gallery in Naples, FL which specializes in helping and guiding their customers into creating a world-class art collection. They do that but based upon a lifetime of experience.

The website explains, "DeBruyne Fine Art collects and recommends only those paintings and sculptures from artists of the finest quality and reputation, ensuring the client their best value." Owners, Paul and Suzanne DeBruyne and gallery directors, Kate Bauer and Michael Galati, are extremely knowledgeable both in contemporary and antique art, enabling clients to build a world-class collection through their expertise.

Buying and collecting art can be intimidating, even for HNW and IHNW customers. They need help and guidance and value the expertise of an expert like Paul & Suzanne DeBruyne, and their experienced gallery staff.

DeBruyne Fine Arts understands the collector's mindset – they started out as collectors themselves and continue to collect today – and meet the needs of their customers with friendly, honest, confident service. Paul DeBruyne says, "Fine Art is not sold; the best dealers simply facilitate the transfer of ownership."

Owning a piece of art is a very special experience creating an intimate connection between the artist and the client. Collectors crave that special experience and telling stories about the art that they collect. To that end, DeBruyne Fine Arts helps create and build a relationship between its customers/collectors and its artists, which may include meet-and-greet events, special exhibitions, blogs, newsletters.

All touch points with customers – store front, displays, online, advertising, social media – need to tell the story of the gallery’s specialness. From the street, inside the door, around the corner and through the six separate galleries, DeBruyne Fine Arts communicates specialness. DeBruyne Fine Arts spotlights each special piece, putting it into a calm setting where the customer can engage with the art.

Every work on display has a special story. DeBruyne Fine Arts makes telling that special story part of the gallery experience. That includes, biographies of living artists, and special exhibitions of antique paintings that Paul DeBruyne collects.

And not only is the art gallery grounded in the local community, through the internet it can reach a worldwide audience of collectors. Therefore the gallery website needs to top notch, as DeBruyne Fine Arts’ site is. Simple, focused, effective, showcasing its artists. It is a great online ‘brochure’ that welcomes the customer into the gallery to look, enjoy, engage and buy.

Each art gallery has a story to tell, about how it is curated, how products are crafted, where they come from, what they mean. Stories are how marketers connect with customers.

APPENDIX A: SPENDING DETAILS BY DEMOGRAPHIC SEGMENT

MOST RECENT OCCURRENCE SPENDING BY GENDER

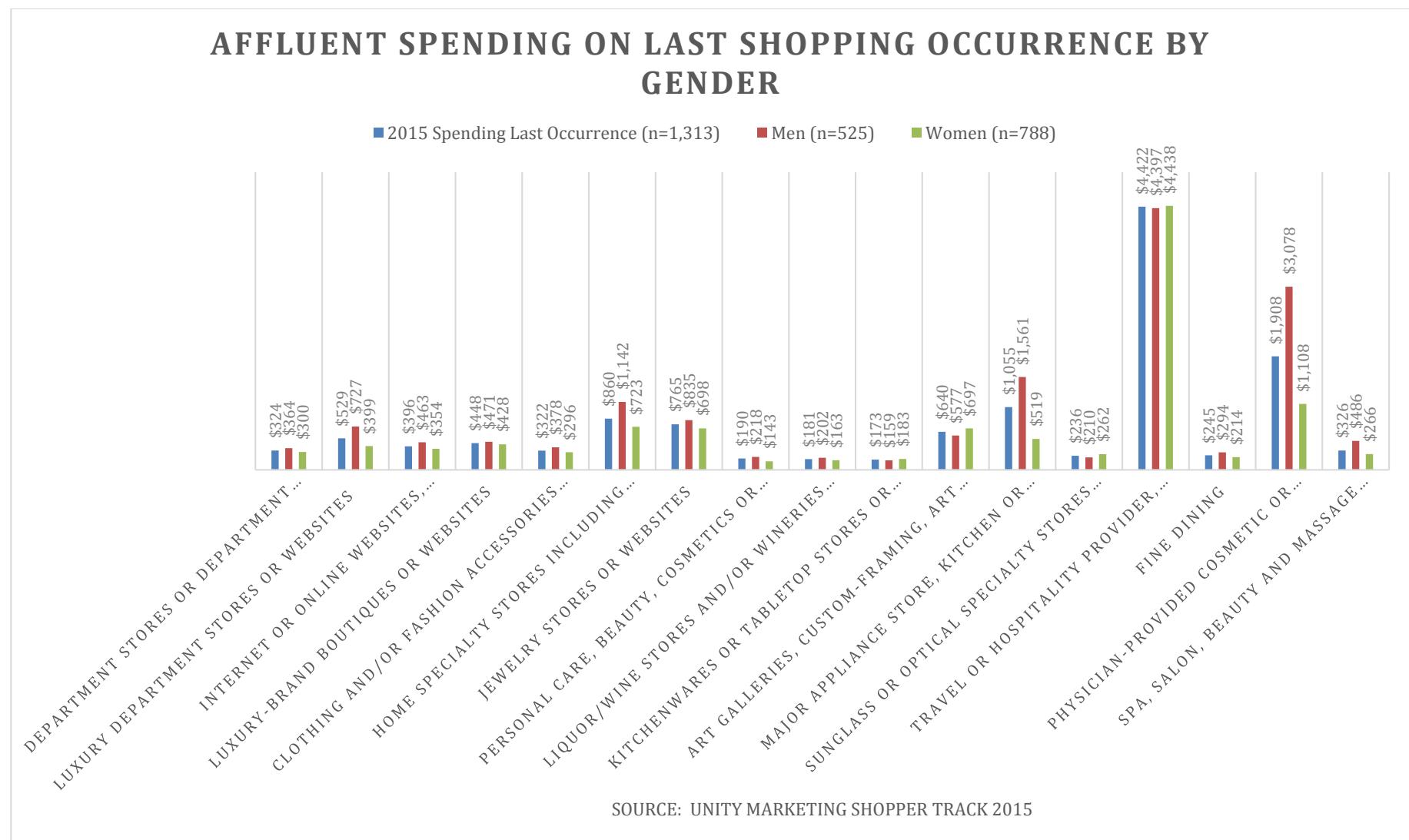


Figure 35: Affluent Spending on Last Shopping Occurrence by Gender

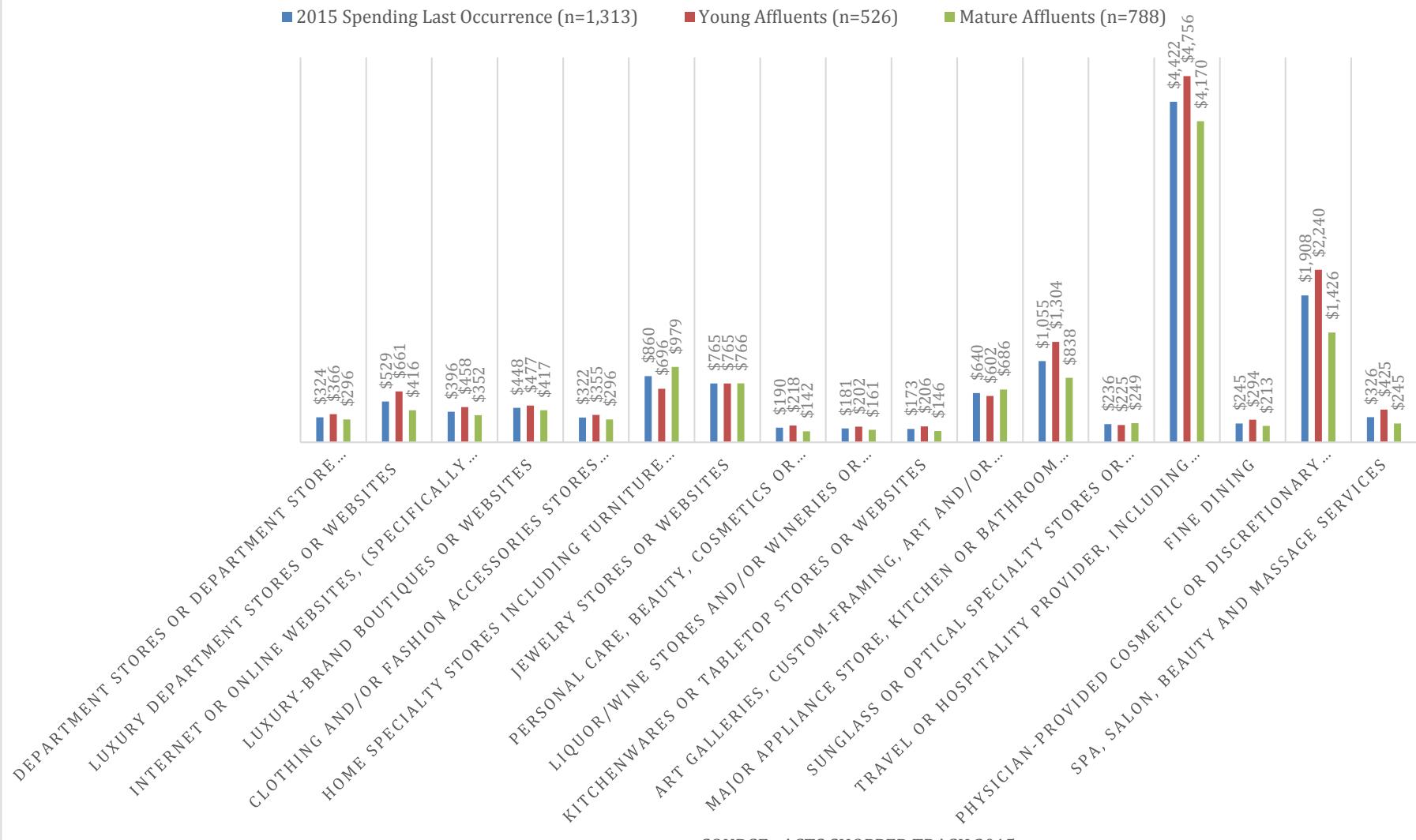
Type of Retailer/Experience	2015 Spending Last Occurrence (n=1,313)	Men (n=525)	Women (n=788)	2014 Spending Last Occurrence	Men	Women	% Chg '14- '15 Total	% Chg '14- '15 Men	% Chg '14-'15 Women
General Merchandise									
Department stores or department store websites	\$324	\$364	\$300	\$296	\$356	\$262	10%	2%	15%
Luxury department stores or websites	\$529	\$727	\$399	\$487	\$637	\$405	9%	14%	-1%
Direct-to-Consumer									
Internet or Online websites, (specifically internet-only retailers such as Amazon.com, eBay.com, etc.)	\$396	\$463	\$354	\$344	\$401	\$311	15%	16%	14%
Specialty Retail									
Luxury-brand boutiques or websites	\$448	\$471	\$428	\$612	\$924	\$442	-27%	-49%	-3%
Clothing and/or fashion accessories stores or websites	\$322	\$378	\$296	\$293	\$385	\$257	10%	-2%	15%
Home specialty stores including furniture and home furnishings stores or websites	\$860	\$1,142	\$723	\$496	\$571	\$462	74%	100%	57%
Jewelry stores or websites	\$765	\$835	\$698	\$1,055	\$1,612	\$638	-27%	-48%	9%
Personal care, beauty, cosmetics or fragrance specialty stores or websites	\$190	\$218	\$143	\$108	\$132	\$100	77%	66%	44%
Liquor/wine stores and/or wineries or websites	\$181	\$202	\$163	\$138	\$163	\$122	31%	24%	34%
Kitchenwares or tabletop stores or websites	\$173	\$159	\$183	\$188	\$231	\$166	-8%	-31%	11%
Art galleries, custom-framing, art and/or wall decor specialty stores or websites	\$640	\$577	\$697	\$534	\$526	\$539	20%	10%	29%

Type of Retailer/Experience	2015 Spending Last Occurrence (n=1,313)	Men (n=525)	Women (n=788)	2014 Spending Last Occurrence	Men	Women	% Chg '14-'15 Total	% Chg '14-'15 Men	% Chg '14-'15 Women
Major appliance store, kitchen or bathroom remodeling stores or websites	\$1,055	\$1,561	\$519	\$1,599	\$1,789	\$1,460	-34%	-13%	-64%
Sunglass or optical specialty stores or websites	\$236	\$210	\$262	\$251	\$319	\$207	-6%	-34%	27%
Experiences									
Travel or Hospitality provider, including hotels, resorts, travel agents, cruise lines, airlines or websites	\$4,422	\$4,397	\$4,438	\$3,165	\$3,555	\$2,916	40%	24%	52%
Fine Dining	\$245	\$294	\$214	\$215	\$254	\$191	14%	16%	12%
Physician-provided cosmetic or discretionary purchases, such as Botox, fillers, lasik, cosmetic surgery, etc.	\$1,908	\$3,078	\$1,108	\$1,267	\$1,528	\$1,157	51%	102%	-4%
Spa, Salon, Beauty and Massage services	\$326	\$486	\$266	\$156	\$171	\$150	110%	185%	78%

Figure 36: Affluent Spending Last Shopping Occurrence by Gender, Details 2014-2015

MOST RECENT OCCURRENCE SPENDING BY AGE

AFFLUENTS SPENDING ON LAST SHOPPING OCCURRENCE BY AGE



SOURCE: ACTS SHOPPER TRACK 2015

Figure 37: Affluent Spending on Last Shopping Occurrence by Age

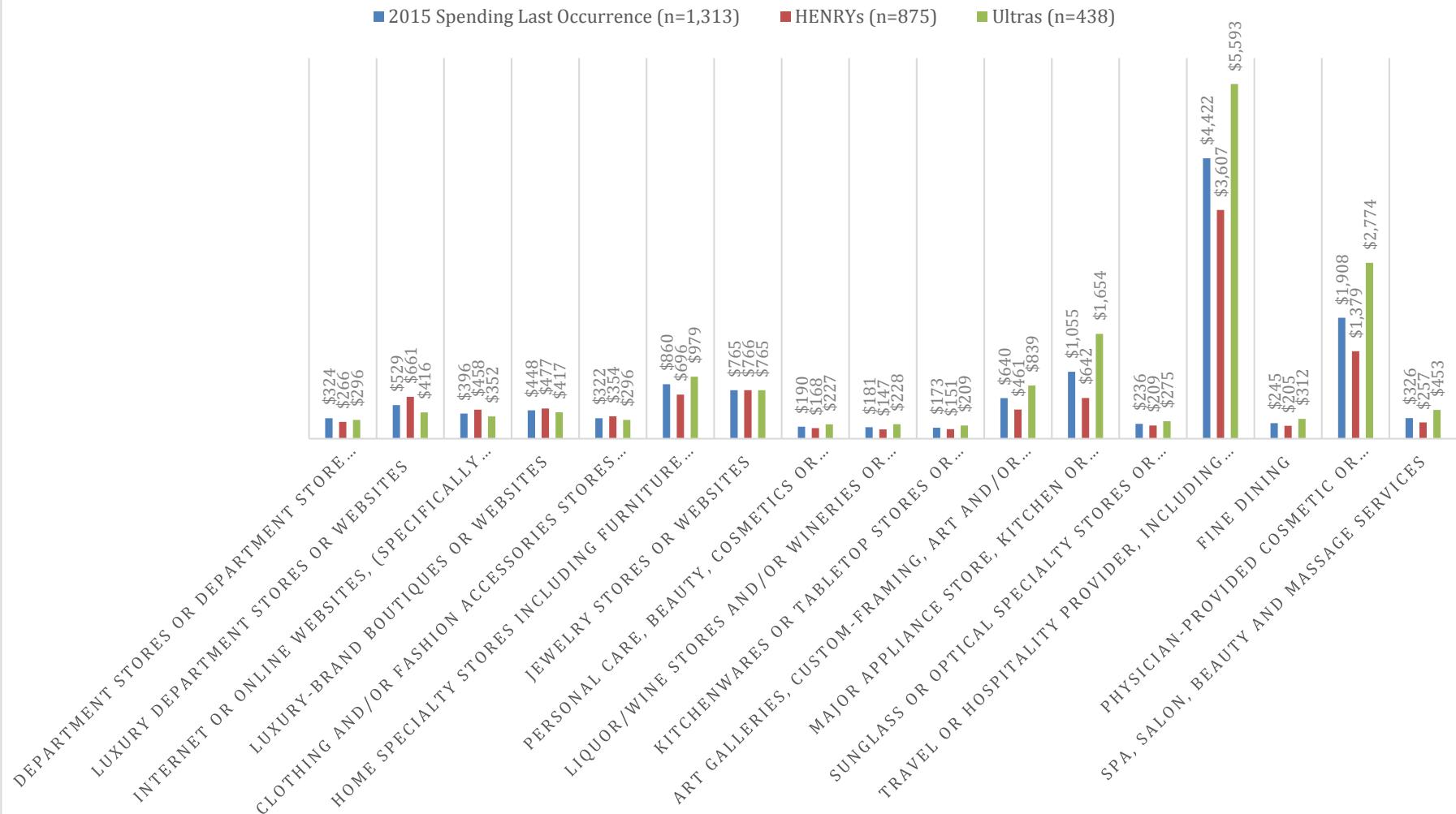
Type of Retailer/Experience	2015 Spending Last Occurrence (n=1,313)	Young Affluents (n=526)	Mature Affluents (n=788)	2014 Spending Last Occurrence	Young Affluents	Mature Affluents	% Chg '14- '15 Total	% Chg '14- '15 Young Affluents	% Chg '14-'15 Mature Affluents
General Merchandise									
Department stores or department store websites	\$324	\$366	\$296	\$296	\$314	\$284	10%	17%	4%
Luxury department stores or websites	\$529	\$661	\$416	\$487	\$532	\$447	9%	24%	-7%
Direct-to-Consumer									
Internet or Online websites, (specifically internet-only retailers such as Amazon.com, eBay.com, etc.)	\$396	\$458	\$352	\$344	\$386	\$314	15%	19%	12%
Specialty Retail									
Luxury-brand boutiques or websites	\$448	\$477	\$417	\$612	\$709	\$497	-27%	-33%	-16%
Clothing and/or fashion accessories stores or websites	\$322	\$355	\$296	\$293	\$343	\$255	10%	4%	16%
Home specialty stores including furniture and home furnishings stores or websites	\$860	\$696	\$979	\$496	\$506	\$489	74%	38%	100%
Jewelry stores or websites	\$765	\$765	\$766	\$1,055	\$1,177	\$958	-27%	-35%	-20%
Personal care, beauty, cosmetics or fragrance specialty stores or websites	\$190	\$218	\$142	\$108	\$108	\$107	77%	103%	33%
Liquor/wine stores and/or wineries or websites	\$181	\$202	\$161	\$138	\$139	\$139	31%	46%	17%
Kitchenwares or tabletop stores or websites	\$173	\$206	\$146	\$188	\$231	\$160	-8%	-11%	-8%
Art galleries, custom-framing, art and/or wall decor specialty stores or websites	\$640	\$602	\$686	\$534	\$438	\$627	20%	37%	9%

Type of Retailer/Experience	2015 Spending Last Occurrence (n=1,313)	Young Affluents (n=526)	Mature Affluents (n=788)	2014 Spending Last Occurrence	Young Affluents	Mature Affluents	% Chg '14- '15 Total	% Chg '14- '15 Young Affluents	% Chg '14-'15 Mature Affluents
Major appliance store, kitchen or bathroom remodeling stores or websites	\$1,055	\$1,304	\$838	\$1,599	\$1,496	\$1,680	-34%	-13%	-50%
Sunglass or optical specialty stores or websites	\$236	\$225	\$249	\$251	\$275	\$227	-6%	-18%	10%
Experiences									
Travel or Hospitality provider, including hotels, resorts, travel agents, cruise lines, airlines or websites	\$4,422	\$4,756	\$4,170	\$3,165	\$2,936	\$3,319	40%	62%	26%
Fine Dining	\$245	\$294	\$213	\$215	\$230	\$206	14%	28%	4%
Physician-provided cosmetic or discretionary purchases, such as Botox, fillers, lasik, cosmetic surgery, etc.	\$1,908	\$2,240	\$1,426	\$1,267	\$1,435	\$1,058	51%	56%	35%
Spa, Salon, Beauty and Massage services	\$326	\$425	\$245	\$156	\$156	\$157	110%	172%	57%

Figure 38: Affluent Spending Last Shopping Occurrence by Age, Details 2014-2015

MOST RECENT OCCURRENCE SPENDING BY INCOME

AFFLUENTS SPENDING ON LAST SHOPPING OCCURRENCE BY INCOME



SOURCE: UNITY MARKETING SHOPPER TRACK 2015

Figure 39: Affluent Spending on Last Shopping Occurrence by Income

Type of Retailer/Experience	2015 Spending Last Occurrence (n=1,313)	HENRYs (n=875)	Ultras (n=438)	2014 Spending Last Occurrence	HENRYs	Ultras	% Chg '14-'15 Total	% Chg '14-'15 HENRYs	% Chg '14-'15 Ultras
General Merchandise									
Department stores or department store websites	\$324	\$266	\$296	\$296	\$256	\$374	10%	4%	-21%
Luxury department stores or websites	\$529	\$661	\$416	\$487	\$378	\$638	9%	75%	-35%
Direct-to-Consumer									
Internet or Online websites, (specifically internet-only retailers such as Amazon.com, eBay.com, etc.)	\$396	\$458	\$352	\$344	\$308	\$419	15%	49%	-16%
Specialty Retail									
Luxury-brand boutiques or websites	\$448	\$477	\$417	\$612	\$419	\$834	-27%	14%	-50%
Clothing and/or fashion accessories stores or websites	\$322	\$354	\$296	\$293	\$240	\$379	10%	48%	-22%
Home specialty stores including furniture and home furnishings stores or websites	\$860	\$696	\$979	\$496	\$446	\$592	74%	56%	65%
Jewelry stores or websites	\$765	\$766	\$765	\$1,055	\$703	\$1,511	-27%	9%	-49%
Personal care, beauty, cosmetics or fragrance specialty stores or websites	\$190	\$168	\$227	\$108	\$103	\$116	77%	63%	96%
Liquor/wine stores and/or wineries or websites	\$181	\$147	\$228	\$138	\$119	\$174	31%	24%	31%
Kitchenwares or tabletop stores or websites	\$173	\$151	\$209	\$188	\$175	\$209	-8%	-13%	0%
Art galleries, custom-framing, art and/or wall decor specialty stores or websites	\$640	\$461	\$839	\$534	\$474	\$615	20%	-3%	36%

Type of Retailer/Experience	2015 Spending	HENRYs (n=875)	Ultras (n=438)	2014 Spending	HENRYs	Ultras	% Chg '14-'15 Total	% Chg '14-'15 HENRYs	% Chg '14-'15 Ultras
	<i>Last Occurrence (n=1,313)</i>			<i>Last Occurrence</i>					
Major appliance store, kitchen or bathroom remodeling stores or websites	\$1,055	\$642	\$1,654	\$1,599	\$1,443	\$1,858	-34%	-56%	-11%
Sunglass or optical specialty stores or websites	\$236	\$209	\$275	\$251	\$241	\$264	-6%	-13%	4%
Experiences									
Travel or Hospitality provider, including hotels, resorts, travel agents, cruise lines, airlines or websites	\$4,422	\$3,607	\$5,593	\$3,165	\$2,679	\$4,001	40%	35%	40%
Fine Dining	\$245	\$205	\$312	\$215	\$182	\$272	14%	13%	15%
Physician-provided cosmetic or discretionary purchases, such as Botox, fillers, lasik, cosmetic surgery, etc.	\$1,908	\$1,379	\$2,774	\$1,267	\$1,309	\$1,183	51%	5%	135%
Spa, Salon, Beauty and Massage services	\$326	\$257	\$453	\$156	\$148	\$168	110%	74%	170%

Figure 40: Affluent Spending Last Shopping Occurrence by Income, Details 2014-2015

APPENDIX B: AFFLUENT SURVEY METHODOLOGY

QUARTERLY TRACKING OF LUXURY CONSUMER PURCHASING

This report summarizes the results of two years of Shopper Track surveys included as part of the Affluent Consumer Tracking Study (ACTS).

The Shopper Track surveys focuses on where affluents shop and details about their most recent shopping experience in each type of store.

Shopper Track survey also includes questions about purchases within experiential luxury categories, as well as brand purchase questions and the series of attitudinal questions used to calculate the Luxury Consumption Index (LCI).

This quarter marks the third fielding of the Shopper Track study.

Unity Marketing's affluent consumer tracking study is intended to keep luxury brand marketers' and retailers' fingers on the changing pulse of the luxury market. Through regular surveys, companies will better understand the shopping and buying habits of their affluent customers and anticipate how they will be shopping and spending their luxury budgets in the coming months.

The income distribution from the current quarter through 2012 is as follows:

Income	2Q15 Shopper Track (n=1,313)	2014 (n=5,166)	4Q14 (n=1,200)	3Q14 Shopper Track (n=1,330)	2Q14 (n=1,200)	1Q14 Shopper Track (n=1,436)	2013 (n=5,001)	4Q13 (n=1,335)	3Q13 (n=1,208)	2Q13 (n=1,189)	1Q13 (n=1,269)	2012 (n=5,221)
\$100,000 to \$149,999 (HENRYs)	33%	33%	33%	33%	33%	33%	33%	33%	33%	33.3%	33%	33%
\$150,000 to \$199,999 (HENRYs)	23%	24%	23%	24%	24%	23%	23%	24%	24%	21.2%	24%	24%
\$200,000 to \$249,999 (HENRYs)	10%	10%	10%	9%	9%	10%	10%	9%	10%	12.1%	10%	10%
\$250K+ (Net Ultra-Affluents)	33%	33%	33%	33%	33%	33%	33%	33%	33%	33.3%	33%	33%
\$250,000 to \$499,999	27%	26%	25%	27%	26%	25%	25%	27%	25%	25.6%	25%	23%
\$500,000 to \$999,999	4%	5%	7%	3%	6%	6%	5%	5%	6%	5.1%	6%	7%
\$1,000,000 or more	2%	2%	2%	3%	2%	2%	2%	2%	2%	2.6%	2%	3%
Average	\$258.7k	\$264.9k	\$266.9k	\$259.0k	\$264.4k	\$269.1k	\$266.1k	\$260.0k	\$267.1k	\$273.2k	\$264.3k	\$277.0k

Figure 41: Income Sample

Survey tracks trends in 4 retailer and service categories in luxury market

This survey gives luxury marketers early warning of changes and shifts in their marketplace. It helps them monitor brand awareness and purchase so that they can measure the success of new marketing communications programs. It provides a view ‘over the horizon’ of what trends are coming and how they will affect the luxury consumer. Through this tracking service, luxury marketers will remain up to date and in direct “contact” with their affluent customers.

Major retailer and service categories included in the quarterly Shopper Track survey:

- **General Merchandise Retailers:** In-depth details about the most recent shopping experience in Department Stores and Luxury Department stores and their associated websites are gathered. In addition, topline incidence and usage data gathered for Discount Department Stores and Warehouse/Club Stores. .
- **Internet and Direct-to-Consumer Channels:** In-depth details about the most recent shopping experience with an Internet-online retailer are gathered, with topline incidence and usage data only collected on Direct Mail/Catalog and Television Shopping.
- **Specialty Retailers:** In-depth details about the most recent shopping experiences is collected for these types of stores or their associated websites: Luxury-Branded Boutiques; Clothing & Fashion Accessories Stores; Home Specialty Stores; Jewelry Stores; Personal care beauty stores; Liquor and/or Wine stores; Kitchenwares and Tabletop Stores; Art Galleries, including custom framing shops; Major Appliance Stores; Sunglass or Optical Specialty Stores. In addition topline incidence and usage data is collected for these specialty stores: Book, Record and Video stores; Craft & Hobby Stores; Electronics and/or Computer Specialty Stores; Gift Specialty Stores; Toy Stores; and Home Improvement Stores.
- **Experiential Luxuries and Services:** In-depth details about the most recent service experience are gathered on Fine Dining; Travel; Spa, Salon, Massage Services; and Physician Services. Basic usage data is also collected on interior decorator, architect and contractor services.

Sample Demographics

The latest survey conducted in 2015 includes results from a total of 1,313 affluent consumers with incomes of \$100,000 (Top 20 percent of U.S. households based on income) and who shopped or purchases in one of the types of retailers or service experiences during the spring three-month study period. Throughout this report the results are reported as 2015 and compared to the compiled results from the 2014 Shopper Track surveys.

Forward-looking indicators and historic tracking of purchases

In addition to the historic tracking data, this survey also provides a forward-look at prospects and trends in luxury consumers' spending, attitudes and expectations. This forward-looking indicator is expressed as the Luxury Consumption Index (LCI) and because it reflects attitudes from consumers measured during the second quarter 2015 (i.e. the survey was conducted from April 30-May 6, 2015), the LCI is referenced as the 2Q2015.

Net Worth

Median net worth of \$824k is found across the survey sample, with a slight majority holding net worth less than \$1 million

How much are your personal investible assets, including investments, cash value insurance policies, retirement accounts, etc.?	2Q15 (n=1,313)	2014 (n=5,166)	4Q14 (n=1,200)	3Q14 Shopper Track (n=1,330)	2Q14 (n=1,200)	1Q14 Shopper Track (n=1,436)	2013 (n=5,001)	4Q13 (n=1,335)	3Q13 (n=1,208)	2Q13 (n=1,189)	1Q13 (n=1,269)	2012 (n=5,221)
Less than \$1,000,000 NET	55%	55%	54%	54%	56%	56%	56%	58%	56%	55%	57%	55%
\$100,000 or less	13%	12%	10%	11%	13%	12%	11%	10%	10%	10%	11%	12%
\$100,000 to less than \$250,000	10%	10%	11%	10%	10%	10%	12%	11%	13%	9%	13%	11%
\$250,000 to less than \$500,000	14%	15%	15%	15%	14%	15%	16%	17%	15%	16%	16%	16%
\$500,000 to less than \$1 million	18%	19%	19%	18%	19%	18%	18%	19%	18%	19%	17%	16%
\$1 million or more NET	30%	31%	34%	29%	32%	30%	32%	31%	31%	34%	31%	34%
\$1 million to less than \$2.5 million	14%	15%	16%	14%	15%	14%	15%	15%	16%	15%	15%	14%
\$2.5 million to less than \$5 million	8%	8%	8%	8%	8%	8%	9%	9%	8%	10%	7%	7%
\$5 million to less than \$10 million	4%	4%	4%	3%	4%	3%	3%	3%	2%	4%	4%	4%
\$10 million to less than \$25 million	2%	2%	3%	2%	2%	2%	2%	2%	1%	3%	2%	3%
\$25 million to less than \$50 million	1%	2%	2%	1%	1%	2%	2%	1%	2%	1%	2%	3%
\$50 million to less than \$100 million	0%	1%	1%	1%	2%	0%	1%	1%	1%	2%	1%	2%
\$100 million or more	0%	0%	1%	0%	0%	0%	0%	1%	0%	0%	0%	1%
Refused/Don't Know	15%	14%	12%	17%	12%	14%	11%	10%	13.4%	11.0%	11%	12%
Median (in 000's)	\$824k	\$838k	\$865	\$825	\$838	\$823	\$797	826	\$825	\$725	\$813	\$814

Figure 42: Net Worth

Gender

Consistent throughout the years, women are more highly represented in the affluent survey than men

Gender	2Q15 (n=1,313)	2014 (n=5,166)	4Q14 (n=1,200)	3Q14 Shopper Track (n=1,330)	2Q14 (n=1,200)	1Q14 Shopper Track (n=1,436)	2013 (n=5,001)	4Q13 (n=1,335)	3Q13 (n=1,208)	2Q13 (n=1,189)	1Q13 (n=1,269)	2012 (n=5,221)
Male	40%	37%	40%	37%	31%	39%	41%	40%	40%	44%	42%	42%
Female	60%	63%	60%	63%	69%	61%	59%	60%	60%	56%	58%	58%

Figure 43: Gender Distribution

Age Distribution

Affluence comes with middle age and luxury consumers surveyed are middle aged too ~ 48 years of age

Throughout 2013 participation of more mature affluents, aged 45-70 years, increased over 2012 levels

Age	2Q15 Shopper Track (n=1,313)	2014 (n=5,166)	4Q14 (n=1,200)	3Q14 Shopper Track (n=1,330)	2Q14 (n=1,200)	1Q14 Shopper Track (n=1,436)	2013 (n=5,001)	4Q13 (n=1,335)	3Q13 (n=1,208)	2Q13 (n=1,189)	1Q13 (n=1,269)	2012 (n=5,221)
Young affluents (24-44)	40%	42%	44%	39%	43%	42%	44%	43%	42%	44%	46%	53%
24-34 years	15%	17%	19%	16%	18%	15%	17%	18%	16%	17%	19%	23%
35-44	25%	25%	25%	24%	25%	27%	26%	25%	26%	28%	27%	29%
Mature affluents (45-70)	60%	58%	56%	60%	57%	58%	56%	57%	58%	56%	54%	47%
45-54	32%	31%	30%	33%	31%	31%	30%	29%	32%	29%	29%	26%
55-70	28%	27%	26%	27%	26%	27%	26%	28%	26%	26%	25%	22%
Average Age	48.0 yrs.	47.4 yrs.	46.9 yrs.	47.9 yrs.	47.1 yrs.	47.7 yrs.	47.1 yrs.	47.5 yrs.	47.3 yrs.	47.1 yrs.	46.6 yrs.	45 yrs.

Figure 44: Age Distribution

Occupation & Employment

The largest percentage are employed in professional or managerial/executive occupations --

Women make up the bulk of those not currently employed

What is your occupation?	2Q15 (n=1,313)	2014 (n=5,166)	4Q14 (n=1,200)	3Q14 (n=1,330)	2Q14 (n=1,200)	1Q14 Shopper Track (n=1,436)	2013 (n=5,001)	4Q13 (n=1,335)	3Q13 (n=1,208)	2Q13 (n=1,189)	1Q2013 (n=1,269)	2012 (n=5,221)
Managerial, executive	22%	22%	23%	22%	20%	21%	23%	21%	20%	24%	25%	23%
Not currently employed	22%	21%	18%	22%	22%	21%	20%	20%	22%	18%	20%	17%
Professional (medicine, law, etc.)	22%	22%	21%	22%	23%	22%	22%	23%	22%	21%	22%	22%
Engineering, technical	8%	8%	9%	7%	7%	7%	8%	10%	8%	9%	7%	9%
Administrative, clerical	7%	7%	7%	7%	7%	7%	5%	5%	5%	4%	6%	6%
Teaching, educational	6%	8%	8%	6%	9%	8%	7%	7%	6%	7%	7%	7%
Entrepreneurial, Self-Employed	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%	6%	5%
Marketing, sales	4%	3%	4%	3%	3%	3%	4%	4%	4%	5%	4%	4%
Skilled craft or trade	1%	1%	1%	1%	2%	1%	2%	2%	2%	2%	1%	1%
Other	5%	4%	4%	4%	4%	5%	5%	4%	5%	5%	4%	4%

Figure 45: Occupation

Other Demographic Variables

Luxury consumers are highly educated with over 80 percent having a college degree or more –

Ultra-affluents are even more highly educated with over 90 percent having a college degree and 50 percent (not shown) having some graduate school or more

Educational Attainment	2Q15 (n=1,313)	2014 (n=5,166)	4Q14 (n=1,200)	3Q14 (n=1,330)	2Q14 (n=1,200)	1Q14 Shopper Track (n=1,436)	2013 (n=5,001)	4Q13 (n=1,335)	3Q13 (n=1,208)	2Q13 (n=1,189)	1Q13 (n=1,269)	2012 (n=5,221)
High school or less	4%	3%	2%	3%	3%	3%	2%	2%	2%	1%	2%	2%
Some college	13%	14%	13%	14%	15%	14%	13%	12%	14%	12%	13%	13%
Bachelor's Degree	36%	36%	33%	38%	35%	37%	36%	36%	35%	36%	36%	37%
Elite Bachelor's Degree (Elite Colleges & Universities, such as Ivy League schools, "Little Ivy's", "Public Ivy's", and other prestigious universities, including U.S. military academies, such as West Point)	5%	4%	4%	5%	4%	4%	6%	6%	6%	6%	5%	8%
Masters/some graduate school	29%	30%	32%	28%	30%	29%	31%	31%	31%	30%	31%	30%
Doctoral and/or Professional Degree (e.g. Ph.D., JD, MD)	12%	14%	16%	14%	14%	14%	13%	13%	12%	13%	12%	12%

Figure 46: Educational Attainment

Over 80 percent of the luxury consumers are married

<i>Which of the following best describes your marital status?</i>	2Q15 (n=1,313)	2014 (n=5,166)	3Q14 (n=1,330)	1Q14 Shopper Track (n=1,436)	2013 (n=5,001)	4Q13 (n=1,335)	3Q13 (n=1,208)	2Q13 (n=1,189)	1Q13 (n=1,269)	2012 (n=5,221)
Married	83%	82%	82%	83%	82%	81%	82%	82%	84%	83%
Single	9%	7%	7%	8%	8%	9%	9%	9%	7%	8%
Couple living together	5%	6%	6%	6%	6%	6%	6%	5%	6%	6%
Divorced	2%	3%	3%	3%	3%	3%	2%	2%	3%	2%
Widowed	1%	1%	2%	1%	1%	1%	1%	1%	1%	1%
Separated	1%	0%	0%	0%	1%	1%	1%	1%	1%	1%

Figure 47: Marital Status

On average ~3 people live in the luxury consumer household in the current quarter, about the same as found in previous tracking studies, which typically includes one child under 18 years of age.

Affluent life stages vary with mature family stage leading

<i>Which of the following describes your stage of life?</i>	2Q15 (n=1,313)	2014 (n=5,166)	4Q14 (n=1,200)	3Q14 (n=1,330)	2Q14 (n=1,200)
Mature Family, junior-high, high-school or college-aged kids	31%	31%	32%	31%	30%
Empty nester	21%	19%	18%	20%	19%
Young Family, pre-school or elementary-aged kids	21%	22%	22%	21%	22%
Single	11%	11%	11%	10%	11%
Retired	7%	7%	7%	8%	6%
Young Married	9%	11%	11%	9%	12%

Figure 48: Affluents' Life stage

Most own their own home – Young affluents more likely to rent or own an apartment/condo

Please indicate whether you rent or own your primary home:	2Q15 (n=1,313)	2014 (n=5,166)	4Q14 (n=1,200)	3Q14 (n=1,330)	2Q14 (n=1,200)	1Q14 Shopper Track (n=1,436)	2013 (n=5,001)	4Q13 (n=1,335)	3Q13 (n=1,208)	2Q13 (n=1,189)	1Q13 (n=1,269)	2012 (n=5,221)
Own home	82%	82%	82%	81%	83%	83%	82%	82%	82%	83%	82%	79%
Own Apt/condo	9%	9%	9%	9%	8%	9%	9%	9%	9%	9%	9%	12%
Rent	8%	8%	8%	8%	8%	7%	8%	7%	8%	7%	8%	8%
Other	1%	1%	1%	2%	1%	1%	1%	1%	2%	1%	1%	1%

Figure 49: Home Ownership

Affluents surveyed are mostly white, though participation of other ethnicities is growing since 2011

Which of the following best describes your ethnicity?	2Q15 (n=1,313)	2014 (n=5,166)	4Q14 (n=1,200)	3Q14 (n=1,330)	2Q14 (n=1,200)	1Q14 Shopper Track (n=1,436)	2013 (n=5,001)	4Q13 (n=1,335)	3Q13 (n=1,208)	2Q13 (n=1,189)	1Q13 (n=1,269)	2012 (n=5,221)
American Indian, Eskimo, or Aleut	1%	1%	1%	1%	2%	1%	1%	2%	1%	2%	1%	1%
Asian or Pacific Islander	9%	7%	8%	8%	7%	4%	8%	8%	7%	8%	8%	7%
Black or African-American	4%	4%	4%	4%	4%	5%	4%	5%	4%	4%	3%	4%
Spanish/Hispanic/Latin o	4%	5%	3%	5%	3%	7%	5%	4%	4%	5%	6%	5%
White or Caucasian	84%	86%	86%	86%	87%	85%	86%	85%	87%	85%	85%	86%
Other	1%	1%	2%	2%	1%	1%	1%	1%	1%	1%	0%	1%

Figure 50: Ethnicity

Hispanic and Black/African American ethnicities have lower overall incomes and, as a result, are less likely to meet the income criteria for this survey of \$100,000 and above. For these two ethnicities, the top 20 percent of income starts at around \$70,000, significantly lower than the population as a whole. On the other hand, Asian-Americans have a higher average income with the top 20% starting at about \$115k-\$120k.