# Affluent Consumers in a Digital World

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# The Power of Digital Advertising

**In order to explore how affluent America views and uses digital media the IAB partnered with Ipsos Mendelsohn, an independent research firm that is the preeminent source for knowledge about affluent lifestyles, media use and product usage.**

**Who are the affluent Americans? They are the 21% of U.S. households that have a minimum $100,000 annual income or the top fifth of the country. They represent 70% of U.S. consumer wealth.**

**The IAB Custom Study conducted by Ipsos Mendelsohn indicates that with digital media, the conventional wisdom about affluents and media use is turned completely upside-down. Affluents are typically the hardest-to-reach, lightest users of media. However, they are the heaviest users of digital media.**

**This represents a new paradigm for brands, products and services that seek deeper relationships with affluent consumers. Because affluent consumers' spending power far exceeds that of most Americans, a paradigm shift has implications beyond the luxury and/or upscale markets.**

# Executive Summary: The Power of Digital Advertising (con't)

**Specifically, the research reveals:**

- **Generally the hardest to reach consumers via traditional media such TV and radio, affluents are the heaviest users of digital media, far outpacing non-affluents in Internet use.**
- **Digital advertising is essentially ubiquitous and most consumers – affluent and otherwise – recall seeing 15-20 digital ads each week. Affluent consumers view and recall more digital ads.**
- **Digital advertising is widely accepted by modern consumers with widespread understanding of the ad-supported free content model and a clear preference for ad-supported free content over paying for ad-free content.**
- **Affluents prefer relevant advertising and are more likely than the general population to share personal information in exchange for a personalized online experience.**
- **Affluents see their lives as intertwined with technology. They are more likely than the general population to own smart phones and the majority report ownership of a number of other digital devices.**

# Objectives & Approach

**The Interactive Advertising Bureau partnered with Ipsos Mendelsohn to conduct research and develop insights on affluent consumers in today's digital world.**

- Ipsos Mendelsohn is an independent research firm with a five-decade reputation for excellence. The Ipsos Mendelsohn Affluent Survey, for example, was founded in 1977, and today remains an industry-leading "currency" study used by advertisers, agencies and media companies as the agreed-upon basis for negotiating the cost and delivery of advertising.

## Methodology Overview

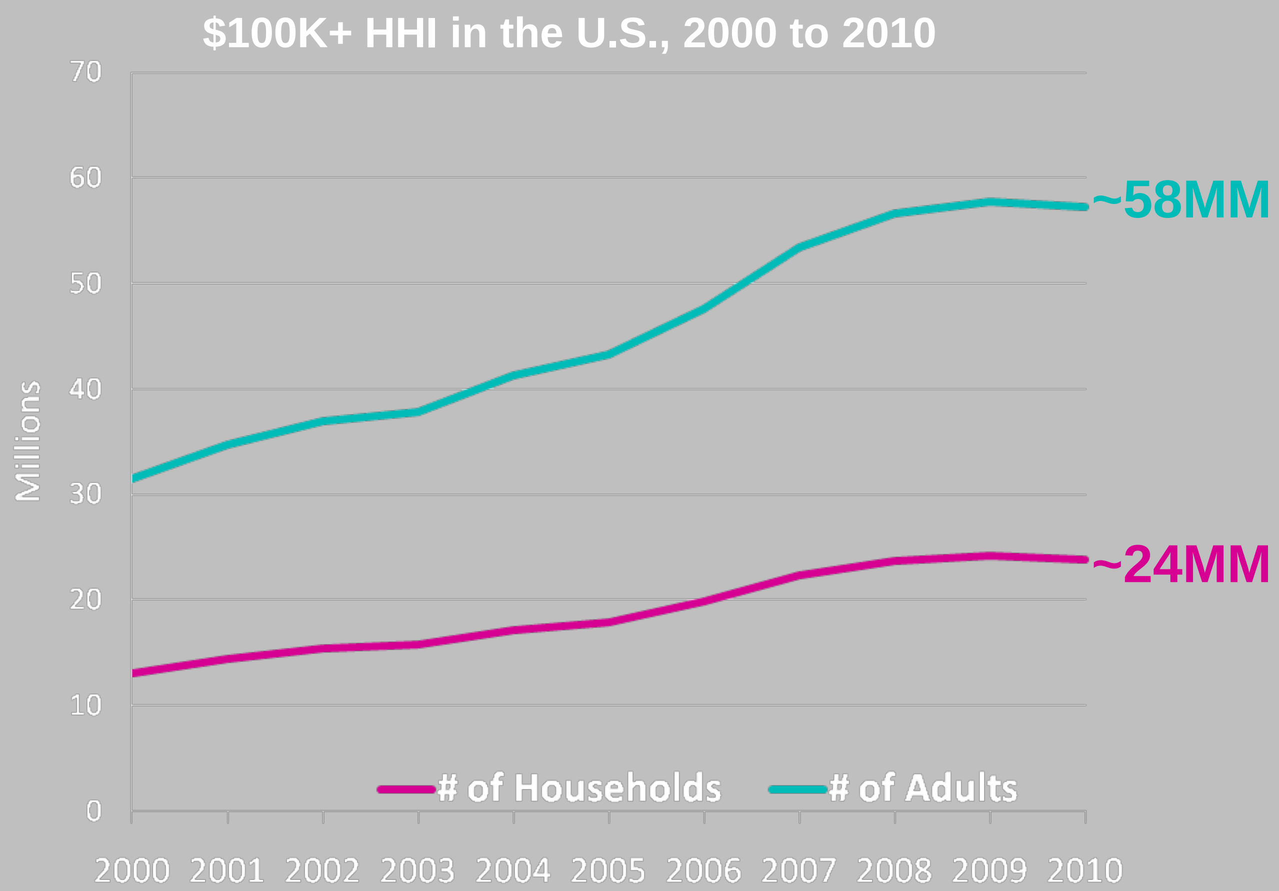
- Conducted online February 22-28, 2011
- National sample of online adults 18+
- Weighted / balanced to U.S. Census data
- 2,088 respondents interviewed in total
  - 1,063 with HHI <$100K
  - 1,025 with HHI $100K+

## Survey Content

- Frequency of seeing digital ads (by type)
- Actions taken based on digital ad exposure
- Perceived relevance and trustworthiness of message from digital advertising
- Focus vs. multi-tasking during media activities
- Attitudes toward advertising, privacy, etc.

**Throughout this report, data from this study are cited as "Source: IAB Custom Research Conducted by Ipsos/Mendelsohn"**

# The Importance of the Affluent Marketplace




**AFFLUENTS…**

- **21%** of U.S. households
- ~**60%** of total U.S. **household income**
- ~**70%** of total U.S. consumer **wealth**
- are **2.0 times MORE** likely to **buy**
- **spend 3.2 times MORE** when they buy



Source: Current Population Survey; Survey of Consumer Expenditures; Survey of Consumer Finances; Ipsos Mendelsohn

# Generally the Lightest Media Consumers, Affluents Are the Heaviest Users of Digital Media

| | General Population | Affluent ($100K+ HHI)* | Index |
|---|---|---|---|
| Use the Internet | 79% [1] | 98% | 124 |
| Average hours spent online weekly | 21.7 [2] | 26.2 [4] | 121 |
| Own a wireless phone | 81% [1] | 92% [5] | 114 |
| Own a smartphone | 17% [3] | 33% [6] | 194 |
| | | | |
| Average hours spent watching TV weekly | 34 [7] | 17.6 | 52 |
| Average hours spent listening to radio weekly | 16 [8] | 7.5 | 47 |

* The Mendelsohn Affluent Survey 2010 [1] Pew Research Center (5/10) / [2] Ipsos OTX MediaCT (9/10) / [3] Forrester (9/10) / [4] Among Internet users / [5] HH owns/uses smartphones or other cell phones/mobile devices / [6] Personally own touch-screen smartphone or other smartphone. [7] Nielsen [8] Radar/Arbitron. Indices on this slide reflect affluent vs. general population.

# The Power of Digital Advertising

**Digital media have become truly ubiquitous, particularly among Affluent consumers, and can deliver tremendous reach and influence for advertisers.**

| | | | General population | Affluent ($100K+ HHI) | Index |
|---|---|---|---|---|---|
| **REACH** | **Internet use and cell phone ownership are ~80% among the general population, and are nearly universal among the affluent** | Internet use | 79%* | 98% | 124^ |
| | | Cell phone ownership | 81%* | 92% | 114^ |
| | | Smartphone ownership | 17%** | 33% | 194^ |
| **SIGNIFICANT EXPOSURE** | **Internet use consumes 20-25 hours or more of a typical week, during which consumers recall exposure to more than 20 digital ads.** | Average hours spent online | 21.7 | 26.2 | 121 |
| | | Recalled exposure to a digital ad in past 7 days | 84% | 88% | 105 |
| | | Average # of digital ads recall being exposed to in past 7 days (among those recalling ads) | 20.2 | 21.1 | 104 |
| **INFLUENCE** | **Roughly 60% have taken action based on a digital ad in the past six months, and significant awareness-boosting impacts are reported as well.** | Taken action based on a digital ad in past 6 months | 61% | 59% | 97 |
| | | Digital ads created awareness of new products | 49% | 55% | 112 |
| | | Digital ads created awareness of new companies | 49% | 51% | 104 |
| | | Digital ads created awareness of new web sites | 44% | 46% | 105 |



Sources: * Pew Research Center (5/10) ** Ipsos OTX MediaCT (9/10) All other data from IAB Custom Research Conducted by Ipsos/Mendelsohn. ^ $100K+ HHI (Affluent) vs. General population. All other indices in report are $100K+ HHI (Affluent) vs. <$100K

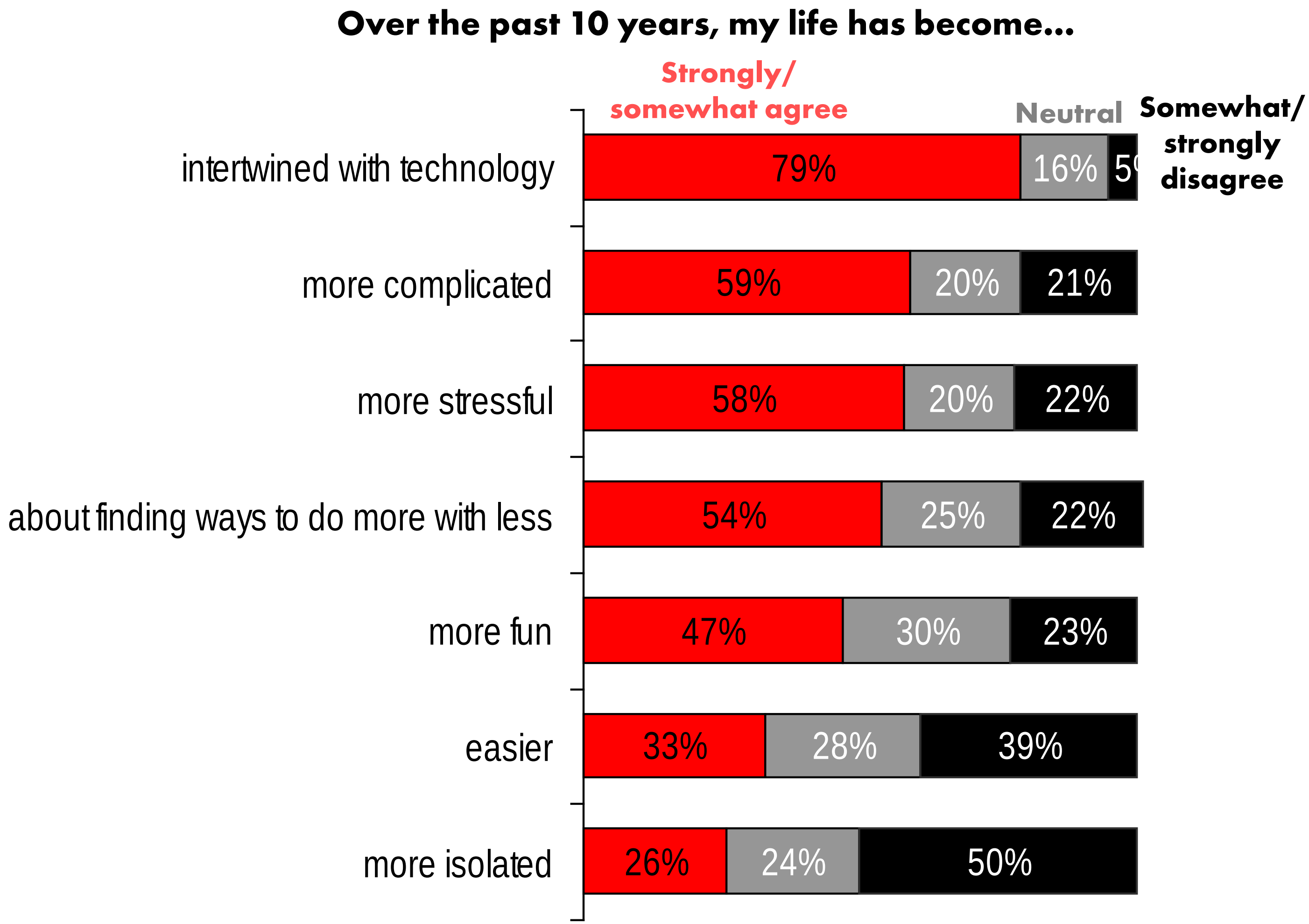
# Affluents Demonstrate Continued & Growing Interest in New Media Platforms

| | Currently own |
|---|---|
| High-speed Internet access | 83% |
| Digital camera | 82% |
| Laptop computer | 72% |
| **Flat-panel color TV** | **69%** ↑ |
| Digital music player | 57% |
| Video game system | 42% |
| Sensor-based video games (Wii, Kinect, etc.) | 35% |
| Blu-ray player | 31% |
| Internet-connectable TV | 29% |
| **e-Reader (Kindle, Nook, etc.)** | **23%** ↑ |
| HD camcorder | 21% |
| Satellite radio receiver | 20% |
| **Tablet computer** | **15%** ↑ |
| Netbook | 15% |



Among those with HHI $100K+ annually. Source: Ipsos Mendelsohn Affluent Barometer, Spring 2011. Arrows denote significant change over previous six months.

# For Affluents, Life Is Increasingly Tech-Focused, Connected, Complex






Among those with HHI of $100K+ annually. Source: Mendelsohn Affluent Barometer, January 2011. General population data not available.

# Exposure to Digital Ads Nearly Universal

**% viewing each type of ad in past 7 days**

| | Total Population | HHI <$100K | HHI $100K+ | Index |
|---|---|---|---|---|
| **Any of the following** | **85%** | **84%** | **88%** | **105** |
| Web/banner ad | 75% | 73% | 80% | 110 |
| Email ad | 71% | 72% | 69% | 97 |
| Search ad/sponsored listing | 72% | 70% | 77% | 111 |
| Video ad | 62% | 62% | 65% | 105 |
| Social media ad | 59% | 58% | 59% | 101 |
| Mobile/smartphone ad | 39% | 39% | 42% | 109 |

5-of-6 ad types measured seen by a majority

~40% exposed to mobile advertising



Source: IAB Custom Research Conducted by Ipsos/Mendelsohn

# Most Consumers Report Seeing 15-20 Digital Ads Weekly

**Average # of ads seen in past 7 days**

| | Total Population | HHI <$100K | HHI $100K+ | Index |
|---|---|---|---|---|
| **Total ads** | **17.4** | **16.9** | **18.5** | **109** |
| Web/banner ad | 3.7 | 3.6 | 4.1 | 114 |
| Search ad/sponsored listing | 3.5 | 3.4 | 3.9 | 115 |
| Email ad | 3.3 | 3.3 | 3.3 | 100 |
| Social media ad | 2.6 | 2.5 | 2.6 | 104 |
| Video ad | 2.6 | 2.6 | 2.8 | 108 |
| Mobile/smartphone ad | 1.6 | 1.5 | 1.7 | 113 |
| **Among the ~85% exposed to digital ads: Total ads** | **20.6** | **20.2** | **21.1** | **104** |

Source: IAB Custom Research Conducted by Ipsos/Mendelsohn



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# Nearly Two-Thirds Have Taken Action Based on Digital Ads

## Actions taken in past 6 months as a result of any ad type (among ~85% report seeing any type of digital ad)

| | Total Ads (net) | | | |
|---|---|---|---|---|
| | **Total Population** | **HHI <$100K** | **HHI $100K+** | **Index** |
| | % | % | % | |
| **Done any of the following** | **60%** | **61%** | **59%** | **97** |
| Clicked on the ad | 46% | 47% | 45% | 97 |
| Visited the advertiser's website | 38% | 39% | 38% | 97 |
| Searched for info about the product/service online | 29% | 29% | 28% | 98 |
| Became a "fan" or "liked" on social networking website | 17% | 15% | 18% | 115 |
| Went to retail location to see/purchase product /service | **16%** | **16%** | **17%** | **112** |
| Purchased the product or service online | **15%** | **15%** | **16%** | **112** |
| Shared ad via email, Twitter, social networking site | 11% | 10% | 11% | 108 |
| Sent an email or text message to the advertiser | 9% | 8% | 9% | 111 |
| Called the advertiser to get more information | 8% | 8% | 8% | 103 |

Digital ads shape both online purchasing and retail visits



Source: IAB Custom Research Conducted by Ipsos/Mendelsohn

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# Video, Email, Search & Banner Ads Most Likely to Inspire Action

## Actions taken in past 6 months as a result of each ad type (among those seeing each type of ad)

| | Total Ads (net) | Video ad | Email ad | Search ad/ sponsored listing | Web/ banner ad | Social media ad | Mobile/ smart-phone ad |
|---|---|---|---|---|---|---|---|
| | % | % | % | % | % | % | % |
| **Done any of the following** | **59%** | **41%** | **37%** | **41%** | **37%** | **28%** | **17%** |
| Clicked on the ad | 45% | 26% | 22% | 27% | 23% | 15% | 7% |
| Visited the advertiser's website | 38% | 22% | 19% | 19% | 17% | 12% | 8% |
| Searched for info about the product/service online | 28% | 16% | 13% | 12% | 11% | 8% | 6% |
| Became a "fan" or "liked" on social networking website | 18% | 10% | 4% | 3% | 4% | 12% | 4% |
| Went to retail location to see/purchase product /service | 17% | 10% | 7% | 5% | 5% | 6% | 5% |
| Purchased the product or service online | 16% | 9% | 7% | 4% | 4% | 5% | 4% |
| Shared ad via email, Twitter, social networking site | 11% | 5% | 5% | 3% | 3% | 5% | 4% |
| Sent an email or text message to the advertiser | 9% | 5% | 4% | 4% | 3% | 4% | 3% |
| Called the advertiser to get more information | 8% | 4% | 4% | 3% | 3% | 4% | 3% |

Data shown are among those with $100K+ HHI. Not significantly different from those with <$100K HHI
Source: IAB Custom Research Conducted by Ipsos/Mendelsohn.

# Digital Ads Have Considerable Impact on Awareness

**% definitely / tend to agree:**
**"Because of advertising I have seen online, I have…"**

| | Total Population | HHI <$100K | HHI $100K+ | Index |
|---|---|---|---|---|
| … learned about new products | 51% | 49% | **55%** | 112 |
| …learned about companies I was unaware of before | 50% | 49% | 51% | 103 |
| … visited web sites I would not have visited otherwise | 45% | 44% | 46% | 103 |



Source: IAB Custom Research Conducted by Ipsos/Mendelsohn

# Most Understand the Ad-Supported Model & Prefer Ad-Supported Free Content

**Note: On both measures, those who "agree" far outnumber those who "disagree."**

| "Most websites are free because they are supported by advertising" | Total Population | HHI <$100K | HHI $100K+ | Index |
|---|---|---|---|---|
| % definitely/tend to agree | 64% | 61% | 72% | 117 |
| % definitely/tend to disagree | 8% | 9% | 6% | 71 |

| "I would prefer to see ad-supported online content that is free, rather than paying for content that is ad-free" | Total Population | HHI <$100K | HHI $100K+ | Index |
|---|---|---|---|---|
| % definitely/tend to agree | 53% | 51% | 57% | 110 |
| % definitely/tend to disagree | 11% | 11% | 12% | 107 |



Source: IAB Custom Research Conducted by Ipsos/Mendelsohn

# Being "Too Targeted" Not a Major Concern

| | % Definitely/Tend to agree | | | |
|---|---|---|---|---|
| | Total Population | HHI <$100K | HHI $100K+ | Index |
| I have seen ads online that have made me uncomfortable because it felt like they knew too much about me | 28% | 27% | 29% | 108 |

**Affluents are most likely to share info in exchange for personalization.**

| | % Definitely/Tend to agree | | | |
|---|---|---|---|---|
| | Total Population | HHI <$100K | HHI $100K+ | Index |
| I am usually willing to share some information about myself online so that I can get a more customized online experience | 26% | 23% | 32% | 137 |



Source: IAB Custom Research Conducted by Ipsos/Mendelsohn

# Enhancing Relevance Would Enhance Interest, Especially Among Affluents

**Which types of ads are you most likely to pay attention to when using the Internet?**

| | % Selecting Item | | | |
|---|---|---|---|---|
| | **Total Population** | **HHI <$100K** | **HHI $100K+** | **Index** |
| Ads relevant to the content of the website I am on currently | **33%** | **34%** | **34%** | **100** |
| Ads relevant to activities I happen to be thinking about, whatever website I happen to be on (e.g., car ads if I happen to be shopping for a car; airline ads if I am planning a trip in the near future) | **33%** | **32%** | **37%** | **114** |
| Ads that are funny and unexpected | 30% | 30% | 27% | 89 |
| Ads relevant to me based on where I live or where I am | **30%** | **30%** | **30%** | **102** |
| Ads relevant to me based on my age, gender, or income | **29%** | **30%** | **27%** | **90** |
| Ads made with video or animation | 14% | 14% | 13% | 94 |
| Ads that are interactive in some way (e.g., with a game, store locator, or other functionality built into them) | 13% | 13% | 13% | 93 |
| Ads that I can expand or change size | 6% | 6% | 5% | 85 |



Source: IAB Custom Research Conducted by Ipsos/Mendelsohn

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