



INTERNET FOUND TO BE A KEY DRIVER IN PURCHASE OF PREMIUM & LUXURY GOODS

Premium & luxury consumers spend more time online than other media
IAB and Wallpaper* research shows that press, online and TV advertising most effective in encouraging purchase of luxury goods

www.wallpaper.com
www.iabuk.com

A key finding from joint research by Wallpaper*, the iconic international design, fashion and lifestyle magazine, and the Internet Advertising Bureau (IAB), the trade association for internet marketing, reveals that the internet can be as influential as magazines and TV for encouraging purchase of premium and luxury goods.

More than 1,000 respondents said that online advertising was the most influential in encouraging luxury goods purchase. Of the premium luxury consumers, 72% purchased goods as a result of seeing an internet advert, this was followed closely by magazines (70%) and television (62%), emphasising the need for further integration in luxury goods campaigns.

The research also shows that consumers carry out research for luxury goods online even if the actual purchases is later made in retail or by mail order. The study also revealed who these consumers are, what they earn, how often they watch TV, use the internet and read magazines or newspapers. The key findings are:

Who are they and what do they spend?

- There are approximately 5.9 million regular luxury consumers in the UK of which 17% (1 million) are “premium” consumers
 - More than half of luxury consumers earn up to £60k. The majority of the premium luxury consumers earn £60k+
 - The majority of luxury consumers are aged 25 to 54. The premium luxury consumers are even younger, 50% of them are aged 25-34.
 - More than half of luxury consumers have spent £4k+ per person on leisure travel and £3k+ on electronics
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The internet's influence over purchase

- The internet and word of mouth are the most important factors when researching for purchases
- When looking for information, 75% of respondents said the first place they go is the internet
- 72% of respondents said they refer to the internet before making a purchase
- Luxury consumers use the internet to research products, with the premium luxury consumers using it even more

Media consumption

- Premium luxury consumers spend more hours online (25.4 hours) than watching TV (13.2), listening to the radio (10.1) or reading magazines (5.7) and newspapers (6.4).
- Respondents make the majority of their luxury purchases online rather than in retail or by direct mail
- The internet is an essential research, entertainment and communications tool
- Combined, the internet, press and TV are the most effective advertising media to reach and influence these consumers

Premium luxury consumers visit a wide number of websites mainly consisting of portals, news and lifestyle sites. The primary use of the internet for this group was general research and information (92%), with other popular online activities including general entertainment (79%), downloading music or videos (55%) and social networking (55%).

Gord Ray, Wallpaper's publishing director, said: "Premium online luxury consumers are the heaviest media users of all luxury consumers. They are ferocious users of the internet and there is a huge opportunity for savvy luxury brands to talk directly to their potential customers via their favourite websites, such as wallpaper.com."

Sorcha Proctor, research manager at the IAB, said: "Until now, despite a great fascination with this group, there has been limited research and information into the attitudes and online habits of luxury consumers. This study confirms that luxury brands must consider online as a key part of the marketing mix, and integrate it fully with other media activity such as press advertising and TV."

George Emiris, Eye4Strategy managing director, said: "This groundbreaking study revealed a premium group of online users, representing around one million adults in the UK, who primarily use the internet to satisfy their appetite for luxury goods and services. The great news for Wallpaper is that this premium group, which is also very responsive to online and magazine advertising, is the core of its UK readers and website visitors."

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Notes to editors

About the research

The IAB/Wallpaper* research was conducted by independent researchers Eye4Strategy, which used an online questionnaire to survey 1,007 respondents about their attitudes to luxury goods and services, their research process, purchasing habits and advertising. The respondents were made up of UK Adults aged 25-64 who had a personal gross salary of £40,000+ a year, are in socio economic group A or B, do not work in marketing related professions and use the internet at least two or three times a week. Fieldwork was carried out between 19 and 28 January 2008, by eye4strategy.

For this research a luxury consumer is defined as someone who agreed with one or more of the statements below, and a premium luxury consumer is defined as someone who agrees with five out of the following eight statements

- I have spent £4,000+ on travelling for pleasure per person (inc. flights, hotels and expenses in the last 12 months
 - I normally fly business/first class when travelling for pleasure
 - I have spent £3,000+ on designer clothes and accessories in the past 12 months
 - I have spent £2,500+ on a single item of furniture in the past 12 months
 - I have spent £2,500+ on jewellery or watches of myself or for gifts in the past 12 months
 - The car I drive is worth £35,000+
 - I have spent £3,000+ on electronic goods/gadgets in the past 12 months
 - I have spent £3,000+ on art items in the past 12 months
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About Wallpaper*

Since its launch in 1996, Wallpaper* has consistently been one of the most influential design magazines, as well as the most beautiful. It is a creator, not a follower, of trends. Few magazines can claim to have changed the world, but whether you are in the coolest bars and restaurants or the hippest hotels, the aesthetic that surrounds you was first championed by Wallpaper*. The magazine influences a new generation of sophisticated design-followers looking for a refined individual style. The focus remains on continuing to search the globe for emerging trends and presenting the world's best new designers and their extraordinary creations in a luxurious format.

Now available in over 70 countries, Wallpaper* is the only magazine to have international appeal, unified by one passion - design.

About the IAB

The Internet Advertising Bureau (IAB) is the trade association for online advertising. With over 380 members, it's run for the leading media owners and agencies in the UK internet industry. Online is an exciting and fast-growing medium and our job at the IAB is to work with members to ensure marketers can identify the best role for online, helping them engage their customers and build their brands. Through the dissemination of research and the organisation of regular events, we aim to put online on the agenda of every marketer in the UK, acting as an authoritative and objective source for all internet advertising issues whilst promoting industry-wide best practice.

About Eye4Strategy

Eye4Strategy offers expert consultancy and project management services in the areas of consumer insight and business development. Since its launch in 2002, it has helped a number of leading local and international media organisations make informed strategic, income-impacting decisions by providing robust definitions of their key customer groups; and a clear understanding of their motivations and barriers. Traditional and new media clients include AOP UK, News International, Sun Online, Walt Disney Television - International and BBC Worldwide.