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**America's Affluent and Wealthy Revisit Spending In Troubled Economy
According to Research by American Express Publishing/Harrison Group**

NEW YORK, NY (October 2, 2008) – Over 71 percent of America's affluent and wealthy consumers (10 percent of American families) said the real estate and banking crisis has affected their sense of financial security and the value of their assets, according to new research by American Express Publishing and Harrison Group. Nearly 6 in 10 survey respondents are now worried about running out of money, including 48 percent of America's wealthiest families (up from 35 percent in April).

In a survey conducted on September 19-23, 614 affluent individuals discussed how the recent economic turmoil is affecting their financial and spending plans. The survey supplements findings from *The Annual Survey of Affluence and Wealth in America* (a survey of 1,800 individuals conducted last December by American Express Publishing and Harrison Group), and from similar surveys of over 600 households in April and June 2008. The median income of the sample was \$325,000.

“The economic difficulties of the past year have begun to significantly change the way America's most financially successful families view their future,” according to Jim Taylor, vice chairman of the Harrison Group. “The affluent and wealthy, who account for 50 percent of U.S. consumption, are becoming more thoughtful, getting on top of their spending and worrying more about the future of their children. Nearly half of our respondents are owners of or senior officers in American businesses, so we expect the growing caution to spill over into capital and human resources decisions.”

That caution is reflected in the growing number of respondents who believe difficulties will extend beyond a year: 75 percent of the respondents believe the country is now in a recession. Most of the remaining 25 percent are simply waiting for an official declaration of recession. Sixty percent of respondents believe the recession will last more than a year, up from 55 percent in June.

Optimism among America's affluent and wealthy continues to decline. Fifty-five percent of respondents are optimistic about their own future, down from 93 percent in 2005. Only one-quarter of respondents are now upbeat about the future of America (60 percent were in 2005).

“What makes the survey a source of concern is that this top 10 percent represents over 50 percent of all retail spending,” said Jim Taylor, vice chairman of Harrison Group, a Waterbury, Conn.-based marketing and research consulting firm. “It is affluent consumers who have kept the consumer economy afloat and whose purchasing is critical to the coming holiday season.”

The study reveals promising news: the affluent and wealthy consumers are reacting to the economic uncertainty by focusing on their own finances. In December 2007, 53 percent worried that they were not on top of their finances. That number has since dropped to 41 percent, indicating that consumers are facing the economy head on and developing a strong sense of how they will be able to ride out this downturn.

“As we approach the holiday season, we are getting a clearer picture of how America’s affluent and wealthy will be spending their money,” said Cara David, co-director of the study and Senior Vice-President, Strategic Insights, Marketing and Sales, American Express Publishing.

Categories that are seeing significant reductions in intended spending include jewelry, fashion, accessories and other personal items. At the same time, spending for the family – automobiles, travel, children’s clothing and home décor – are trending up, even over June numbers.

“It would appear that we are shifting from an iWant to iNeed economy in which people are looking out for the interest of the people they love more than their own interests. If there is a silver lining in the current malaise, growing thoughtfulness in gift giving and family purchasing may be it,” said Taylor.

David added, “It is also interesting that 20 percent of American families are reducing gift giving so that they can donate to charity this holiday season. These charitable gifts are targeted for families in need, religious institutions and charities focused on health issues.”

Today’s affluent and wealthy are shopping with a new perspective. For the first time this year, there is a decline in *enthusiasm* for luxury purchases overall. Half of all respondents now agree that “a few luxuries are important in tough times” (down from 61 percent in April and June 2008).

Over 70 percent of respondents are now looking carefully at their spending in luxury categories to see where money can be saved. Eighty-three percent are waiting for something to go on sale before they buy it. Yet respondents are not abandoning luxury. Instead, they are cutting spending within their favorite categories. Only 2 percent of our respondents report eliminating luxury all together. Even in categories experiencing reductions, most respondents are trimming spending by substantially less than 50 percent.

“It is a mixed story,” said David. “People are cutting luxury, but they are not eliminating luxury. Instead of buying the same number of designer dresses or handbags or bracelets, they will buy gifts of greater meaning, but fewer in each category. This will have an effect at the cash register, but it is an effect mitigated by an increasing desire to live a good life, where the good life includes a healthy mix of values-based shopping and giving.”

“Gift giving has changed in a couple of other ways,” said Taylor. “We asked respondents what they really want this year. Topping their list is a gift certificate. Second was a favorite book or video, third was electronic entertainment equipment for the family and fourth were tickets to an event. Gifts that people expect to buy for others include electronics, apparel, an evening on the town or charity donation, followed by traditional gift items of accessories and jewelry.

“This may be a services holiday where people are thinking about the whole family, with traditional gift giving still reserved for children, or a fine piece of jewelry that has sentimental value,” said David.

“It is refreshing to think that people are responding to tough times by focusing on the family, even if they’re looking carefully at the way they spend money,” concluded Taylor.

**About the Annual Survey of Affluence and Wealth in America,
Produced by American Express Publishing Corporation and Harrison Group**

The original study sampled more than 1,800 individuals with a discretionary income of \$100,000 and above. Interviews took place in November-December 2007 via a 45-minute online survey. The study is nationally projectable; sampling error is estimated to be +/- 5%.

From September 19-23, 2008, a follow-up survey was conducted with 614 previous respondents via a 40-minute online survey, to ensure the study captured the changing economic environment. Similar studies in were fielded in April and June of 2008 as well.

Our surveyed households represent just 10% of the American population, yet account for 50% all retail sales, 70% of all margins at retail, and hold approximately 80% of all non-retirement account assets.

About Harrison Group

Harrison Group (www.harrisongroupinc.com) is one of the country's leading marketing and strategic research consulting firms. Based in Waterbury, Connecticut, Harrison Group specializes in concept testing, forecasting, segmentation, branding and market modeling for some of America's leading companies, including financial services firms, software and technology companies, retailers, consumer package goods companies, pharmaceutical manufacturers and interactive entertainment companies.

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