# 6 ways to identify and attract young affluent consumers

## Less than 20% of young households control more than 80% of the generation's wealth. These 20% are the **young affluent.**

**Younger consumers are a valuable segment for most marketers — they offer significant opportunity for future growth, customer lifetime value, and long-term ROI.**

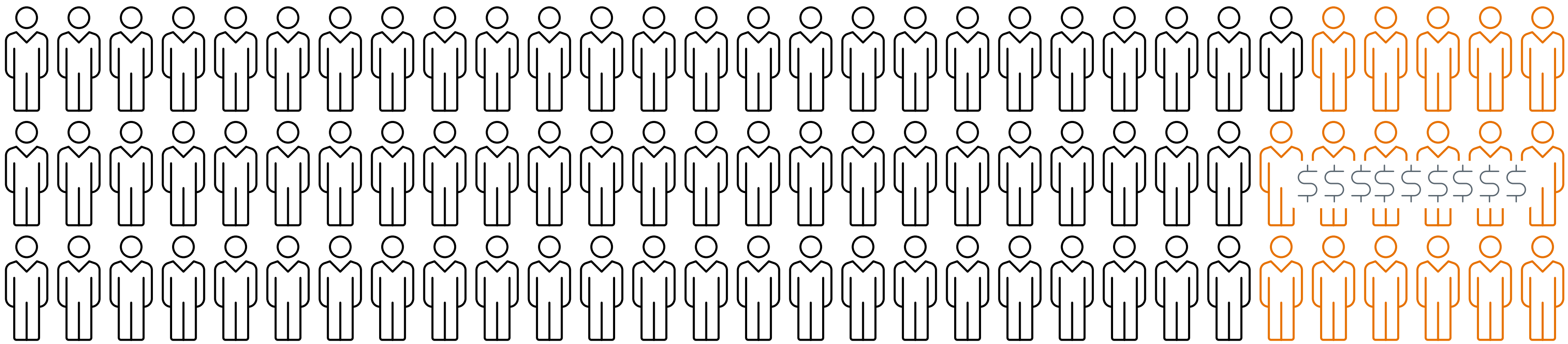
**However, not all young consumers are the same.**

In fact, **young affluent consumers have significantly higher assets, higher income, and higher discretionary funds** compared to young non-affluent consumers.

**That's why marketers need to continuously improve their strategy** to identify, attract, and encourage transactions by young affluent consumers.

## Who are young affluent consumers?

**Young consumers include** Gen Z + Young Millennials (20-29) and Older Millennials (30-39)



**Young affluent households** Hold **$250,000+** in total investable assets

**19%** of all young households

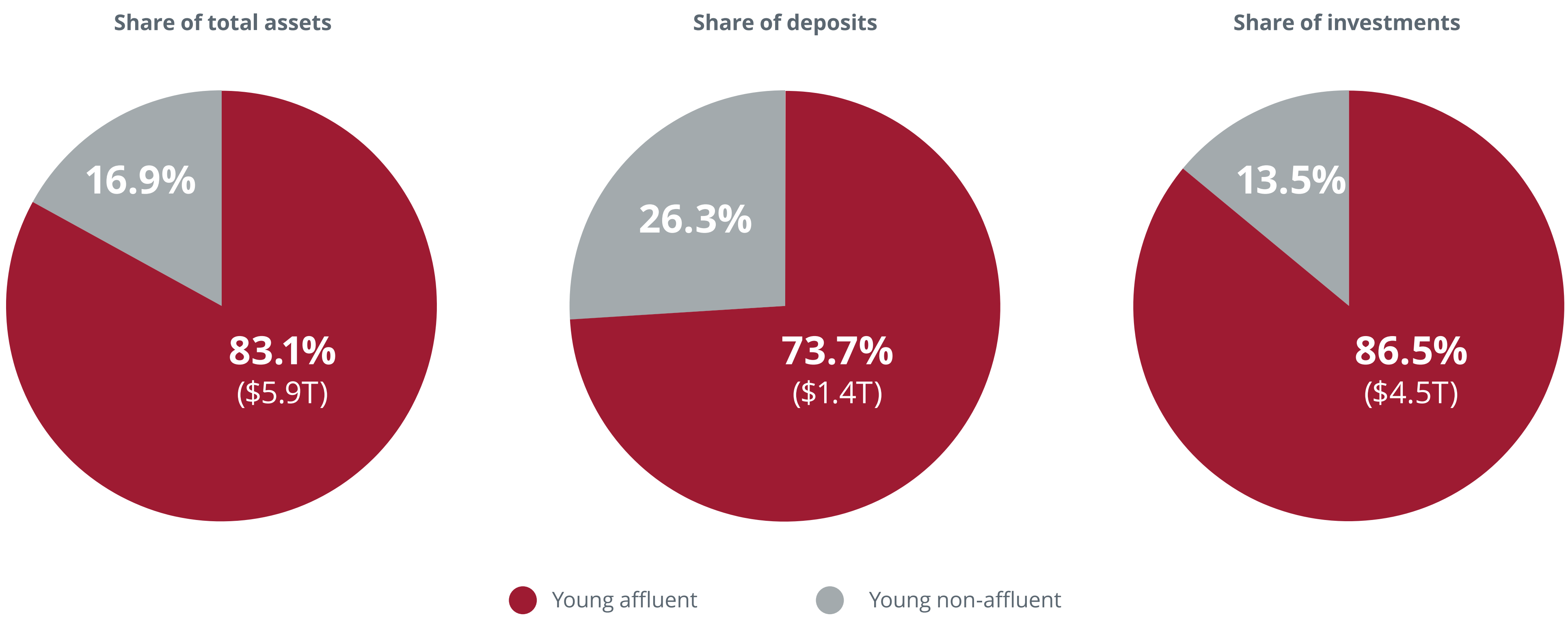
With over $250,000 in estimated total assets, **young affluent households stand out from the general population of young consumers.**

| | Young non-affluent consumers | Young affluent consumers |
|---|---|---|
| Number of households | 24.2 million | 5.8 million |
| Percent of all U.S. households | 18.9% | 4.5% |
| Attended college/grad school | 19% | 55% |
| Percent with children | 42% | 51% |

# How much wealth does the young affluent segment control?

**Among young consumers, the young affluent hold the vast majority of investable assets, deposits, and investments*.**

## Share held by young affluent consumers compared to young non-affluent consumers

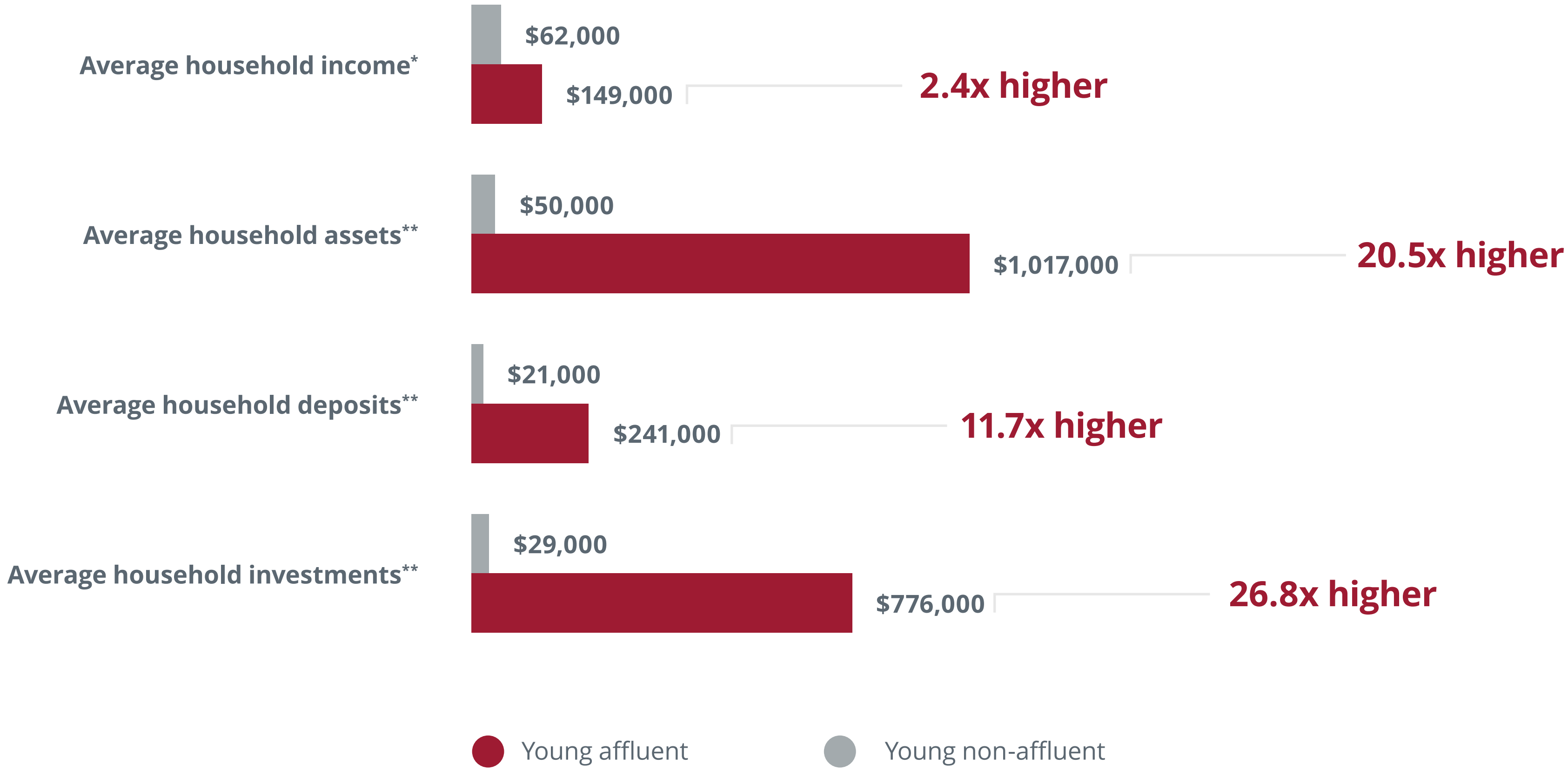



*WealthComplete® Total Assets measures estimated household total assets, deposits, and investments excluding housing and real estate.

## How do income and assets compare?

**With a solid foundation of investable assets and high estimated income, young affluent households offer significantly higher investment and spending potential than young non-affluent consumers.**

Young affluent consumers have **2.4x higher** income, **11.7x higher** deposits, and **over 26x higher** investments.




*Income360® measures gross household income from wages and salaries, investments, social security and retirement, and small business income. On average, approximately 21% above the national Adjusted Gross Income as measured by the IRS.

**WealthComplete measures estimated household total assets, deposits, and investments excluding housing and real estate. Total assets are the sum of deposits and investments.

## What's the spending opportunity?

**Young affluent consumers have over 3x the amount of discretionary funds available for spending, saving, or investing.**

**While many young consumers are focused on paying their bills and may even be living paycheck to paycheck, the young affluent are likely to have extra funds to use as they please or to save for the future.**

**$173,000**
**Young affluent households**

**$55,000**
**Young non-affluent households**


**Average annual discretionary funds***

**Don't miss out on future opportunities:** About 9 million young non-affluent households (37% of all young non-affluents) are expected to increase their wealth in the next 3 years.**

**Young millennials** are more likely than older generations to spend on***:

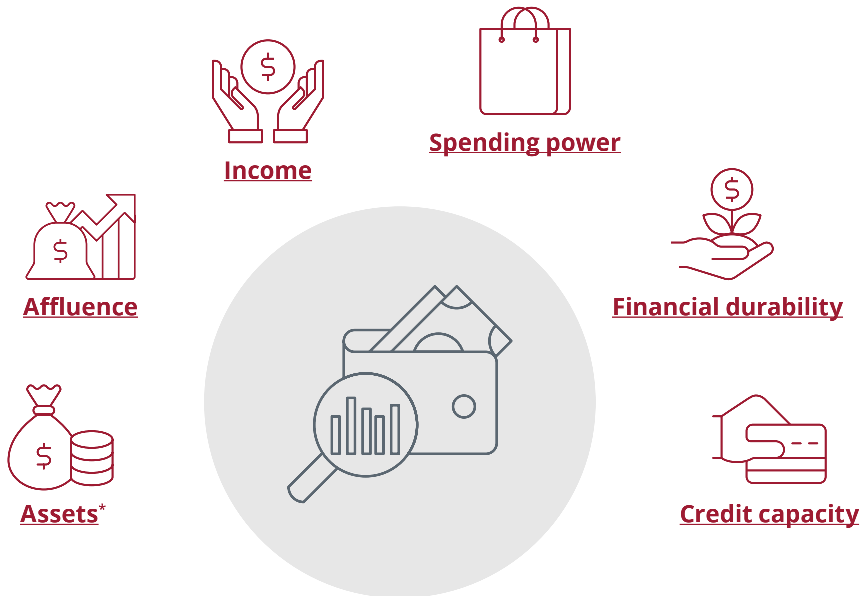
- **Travel and food experiences**
- **Casual attire**
- **Health and wellness**
- **Cryptocurrencies**

*Based on Spending Power™ which measures the amount of household discretionary funds after accounting for fixed household expenses.
**Based on Wealth Growth Indicator™ which measures the expected relative growth in investable assets in the next 3 years.
***Business Insider

# Young affluent consumers offer tremendous opportunity for marketers.

**By using consumer financial insights — such as estimated affluence, spending power, household income, and financial durability — marketers can better identify and market to this valuable audience of young spenders and investors.**

**What are consumer financial insights?**
Consumer financial insights are key ingredients that marketers can use to better understand consumers' financial health and ability to spend, save, or invest. They include anonymous, aggregated, non-FCRA measures that can be used to boost marketing efforts. For lenders and insurance issuers, these measures can also be used to enhance segmentation for acquisition or cross-sell campaigns. Sample measures include:




Here are **6 ways that marketers can use consumer financial insights to identify, attract, and build relationships** with young affluent consumers.

*For IXI™ Network members only

# 1 Target
## young affluent consumers to expand customer base

**For many brands, traditionally profitable customers may have consisted of Baby Boomers or other older consumers that have discretionary funds available to purchase their goods and services.**

**But identifying new, younger audiences that have the financial ability to purchase your offerings can be a challenge.** Life-stage segmentation can be useful, but it often falls short in differentiating which younger consumers are likely to be able to afford a company's products.

**The solution:**
Leverage consumer financial insights — such as likely affluence and spending power — combined with lifestage and category transactional data, to identify younger, affluent consumers. Then, marketers can promote their goods and services to this audience and feel confident that the target audience will likely be able to both:

**Have an interest in the offer, AND**

**Be able to afford to purchase it**

An upscale travel company determined the **affluence level** of its existing older customer base and then used that metric to **differentiate** prospective young affluent consumers for new customer acquisition programs.

(Equifax analysis)

Young affluent households **have over $173,000 in spending power, over 3x the level as compared to young non-affluent households.** Incent them to spend more.

(Equifax analysis)



# 2 Encourage spending
## by young affluent customers

**Young affluent consumers have over 3x the spending power as young non-affluent consumers — so you need to ensure that your marketing promotions are reaching that affluent audience and that they can take advantage of your offers.**

**Here's how:**

**Identify young affluent customers that can spend more:** Use consumer financial insights such as affluence, spending power, or estimated household income to better identify your current most profitable young affluent customers. This is the audience that can likely spend more and take advantage of your offers.

**For lenders, consider a credit line increase for young affluents:** When is the last time you proactively identified young cardholders for a credit line increase? Use financial durability measures (before Prescreen) to better identify young affluent segments that might be a good fit for a credit increase offer.

# 3 Connect
## with young affluent consumers through their devices

**Young consumers are digitally focused. Their eyes are on their screens — so your messages and offers need to be delivered where they are likely to see them.**

**Here are a few ways to incorporate digital into your acquisition campaigns:**

- **Use email:** Deliver your messages and offers via email
- **Reach young audiences on their devices:** Onboard young affluent audiences to deliver your ads via display, mobile, and social
- **Boost targeting:** Enhance targeting for mobile, display, and social campaigns by marketing to these online Millennial audiences:

**5.7%** of households are likely to be Millennials that are **on the road to wealth**

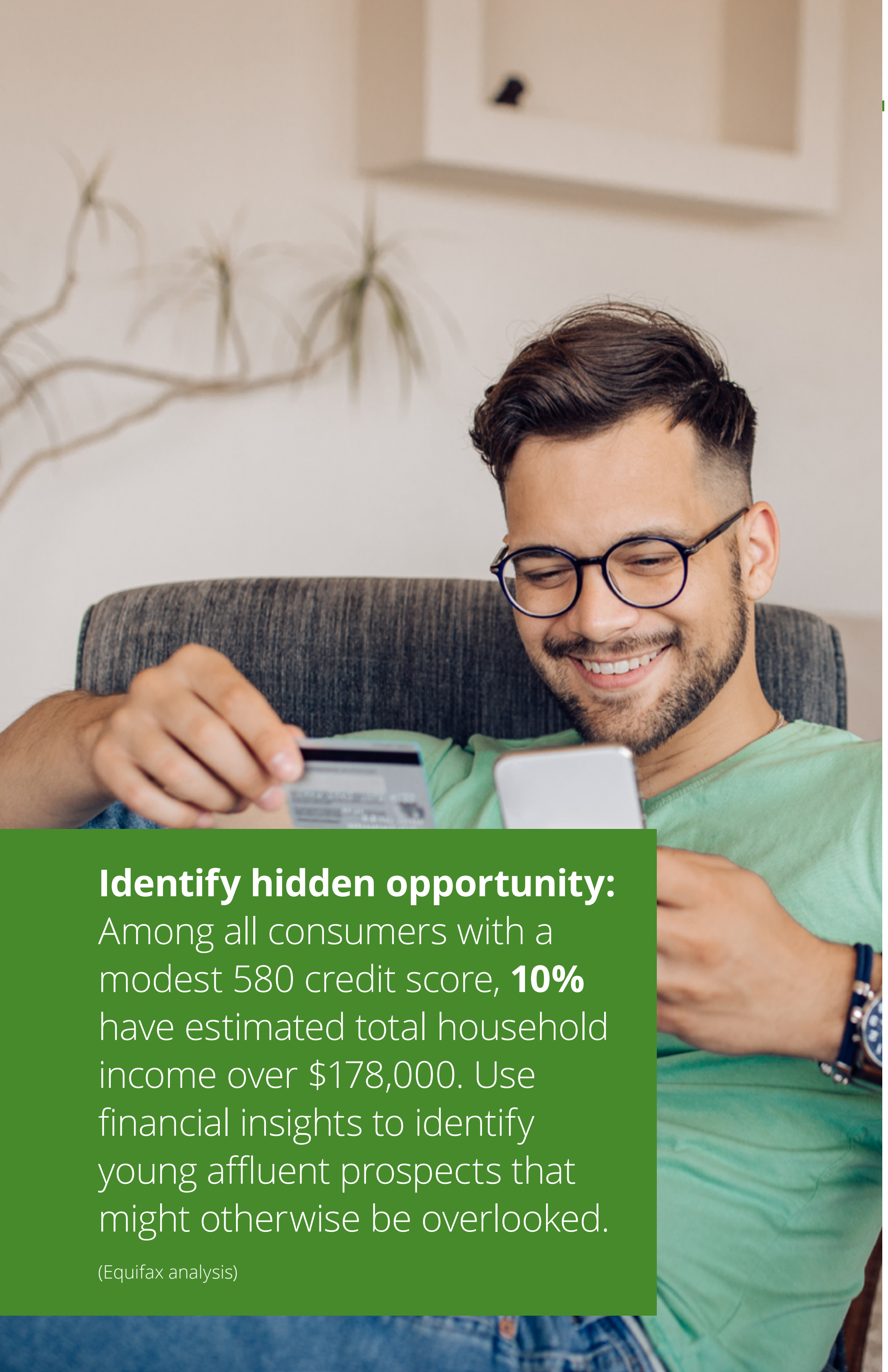
**12.5%** of households are likely to be Millennials with **discretionary spending > $50,000**

**12.0%** of households are likely to be Millennials with **income > $100,000**

**10.8%** of households are likely to be Millennial **travel enthusiasts**

**10.5%** of households are likely to be Millennials **in the market for an auto lease**

**19.6%** of households are likely to be Millennial **investors**



**Identify hidden opportunity:** Among all consumers with a modest 580 credit score, **10%** have estimated total household income over $178,000. Use financial insights to identify young affluent prospects that might otherwise be overlooked.

(Equifax analysis)



# 4 Identify
## young affluent consumers to expand lending audiences

**It's no secret that many younger consumers have damaged, thin, or non-existent credit files — even if they are affluent.**

To overcome the limitations of relying on credit scores, credit and insurance issuers can use consumer financial insights to identify younger, affluent prospects that are likely to have the traits that will result in a profitable lending relationship.

Boost segmentation for young audiences before Prescreen with consumer financial insight measures, such as likely:

**High**

- Affluence
- Income
- Spending power
- Financial durability
- Need for new credit

# 5 Attract

## new young affluent customers, uncover hidden opportunity, and grow share

**Many young consumers have several financial relationships, allowing for significant assets or credit balances to be held at other companies.**

**How can financial managers and lenders discover which of these young consumers hold the most opportunity for asset capture or growth, as well as low-risk credit balance transfers?**

**Find hidden assets and grow share of wallet:** Use **asset-based measures** to better segment current young clients that hold high balances at other firms and thus offer the most potential for asset growth and LTV.

| You know | We know | Your opportunity |
|---|---|---|
| $100,000 at your firm | $900,000 held at other firms* | Target for asset transfer |

**Find credit opportunities:** Identify young customer segments to grow lending balances without changing risk.

| Start with... | Identify audience to capture incremental credit | Your opportunity |
|---|---|---|
| A segment of your current young borrowers | Apply **financial durability** before Prescreen and then use credit scores to refine a cross-sell audience | Promote balance transfer or debt consolidation offers, without impacting risk** |

**Target new young affluent investors:** A regional bank used **asset-based segmentation** to identify young affluent consumers for its prospecting campaign and expected to grow deposits by $18 million and total assets by $108 million.

*For IXI Network members only.

**Consumers with very high financial durability scores are 5x less likely to go 60+ days past due than those with low durability scores. (Equifax analysis)



# 6 Validate
## financial capacity of young prospects and customers

**Many companies have active prospect lists comprised of young consumers or already have a segment of young customers. But not all of these young individuals are worth your marketing dollars.**

How can marketers differentiate which of their young prospects and customers are most likely to have the right financial profile for — and be able to afford — your products and services?

Marketers can analyze their young prospect and customer segments with consumer financial insights to discover:

- Which young segments offer the highest potential to purchase or invest?
- Which young segments portray desired credit behaviors?
- Which young segments best match the buyer profile for my products or services?

A leading **captive auto lender used consumer financial insights** including economic-based segmentation and aggregated credit measures to validate the financial capacity of consumers interested in a new electric auto model — which helped convince dealers to support the new model launch.

# Find more young affluent consumers and incent them to spend and invest more.

Contact us to learn more about growing your relationship with young affluents.

USISmarketing@equifax.com • equifax.com/DDM

Results for scenarios may vary based on actual data and situation.