

First Draft

AB'S, the Holy Grail of marketers, are known to be prolific Internet users. So why are the luxury brands not rushing to spend their budget on the web?

Forget the platinum Amex card, the expensive sports car or the second home in Tuscany. The real test of whether you can cut it as an AB on the marketing people's social scale, or rank as a mere C, D, or E, now has more to do with your surfing habits than your material assets.

Upmarket consumers are the marketing people's Holy Grail. But while we all know that the AB's read the Financial Times rather than the Star and watch Channel 4 or the BBC rather than Channel 5 or Sky, we have had only a hazy idea of what they like on the Internet.

The first detailed study of how Britain's brightest and most affluent citizens are using the Internet has been published by a group of media companies. The VIPer study looked at 1,000 members of the elite AB social grouping aged between 25 and 54 – ranging from lawyers and doctors to politicians and media workers.

The results show that Abs are big Internet users. They embrace new technologies, and are what the marketers call "early adopters" – so they are more likely than the rest of the population to own a WAP phone or a personal digital assistant. Almost nine out of ten have Internet access, with 75% able to log on at home and almost a third saying it changed their lifestyle. Just three per cent agreed with the statement, "I'm frustrated by the Internet and have stopped using it".

And it's not just those in their twenties and thirties who have fallen in love with the net. The company chairman who gets his secretary to open his email because he still hasn't worked out how to use his PC appears to be a thing of the past. Of the group VIPer describes as "country casuals" – the older, class-conscious establishment types – more than 85% used the Internet and more than 50% shopped online.

Holiday and flight-booking sites are by far the most popular, and VIPers are also likely to bank online and to buy their books and CDs on the Internet. More than a third regularly read their newspapers online and 21% use the Internet to trade their stocks and shares.

"Abs have had time to get used to the net – many have had home computers for two or three years and we have found people usually need to have been on the Internet for about 18 months before they start making transactions", says Rebecca Ulph, analyst at the internet research firm, Forrester.

"They are also generally more confident people, who are more willing to try new things – such as Internet banking and shopping online. And because they are independent travellers, they will use travel sites such as Expedia or Travelocity to book flights and accommodation rather than going to a travel agent for a package holiday"

Cas-rich VIPers are also likely to be time-poor, making them the perfect target for e-commerce companies. Online supermarkets are already benefiting from the fact that

urban working parents are buying their ciabatta and sun-dried tomatoes online to avoid the hassle of dragging the kids around the local supermarket.

Upmarket food and drink stores have also been quick to exploit their customers' penchant for the web. Fortnum & Mason has for the past two years sold its famous Christmas hampers online, and the upmarket wine retailer Berry Bros & Rudd has a thriving website. The company was one of the first wine shops on the web, and its site offers everything from a shop manager who gives advice on which wines are worth investing in to pointers on opening a bottle champagne without spilling the lot and a variety of inventive hangover cures.

"Berry Bros has been able to attract a completely new market by going online" says Wayne Arnold, UK managing director of the interactive agency Porfero. They have attracted a whole new market of people who have money to spend and like wine, but don't necessarily know much about it. Buying online, you have to display your ignorance face to face with a wine expert – you can find out about the products anonymously"

Arnold says companies from Tiffany to Rolex are beginning to use the web to attract consumers with a high disposable income who may feel intimidated by the idea of going into their stores. Even Coutts, that most traditional of companies, now provides an online personal banking service for those clients who can't make the time to travel to its headquarters in the Strand, central London.

So, you would think, with so many wealthy people online, luxury brands would be rushing to spend their marketing budgets on the web. But they are not. Internet advertising accounted for just 2.5% of all advertising spend last year, and advertisers' current disaffection with the internet means this year's figure is likely to be smaller.

John Owen, head of digital services at the media buyer Starcom Motive, believes media owners should shoulder some of the blame. "For a time internet publishers were making money without having to try. They wouldn't take anything other than banners. This year has been a real jolt and the balance of power has shifted from seller to buyer, so we are beginning to see some more interesting advertising formats", he says.

New Internet advertising formats, such as transitionals – the full-page ads that pop up between webpages are already beginning to be used by upmarket retailers and the luxury hotel groups. But most agree that it will be a while before we see the likes of Louis Vuitton or Cartier advertising on the web!

"The luxury brands are reluctant to go online because they can't get across their message on a banner ad" says Rebecca Ulph of Forrester. "When you're spending hundreds of thousands getting a celebrity photographer to shoot Kate Moss for your advertising campaign, you want to see it in a glossy magazine, not squashed into a little space on a website."

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