

Press Release

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**Luxury Consumer Confidence and Spending Rebounds
in Second Quarter 2004, reports Unity Marketing**

Luxury goods consumption index rises 4.9 points to reach 102.7

Stevens, PA September 7, 2004 — Reflecting a greater confidence in the economy, luxury consumers showed a substantial increase in their overall confidence in the second quarter. The Luxury Consumption Index rose to 102.7, up nearly five points (4.9 points) from the March 2004 level of 97.8, according to Unity Marketing's (www.unitymarketingonline.com) second quarter Luxury Tracking Study.

“The Luxury Consumption Index measures luxury consumers’ feelings and attitudes about their financial well-being. For example, 36 percent of luxury consumers (average income of 143k) personally feel better off now than they did during the first quarter, and 29 percent believe the country as a whole is better off .

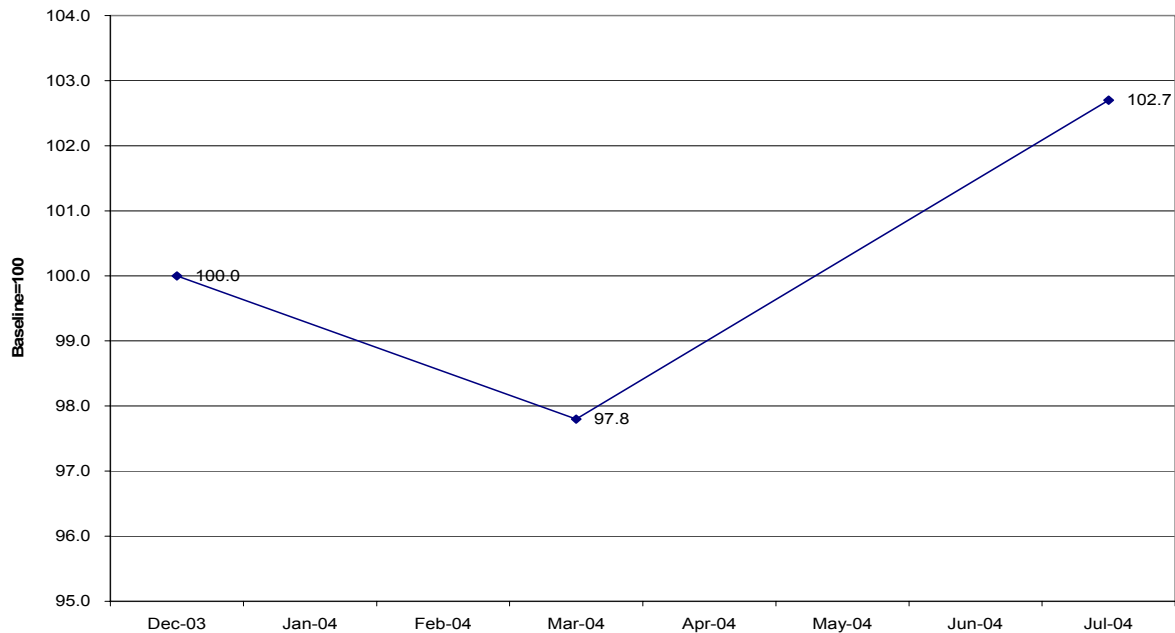
“As a result, the luxury consumers spent more freely on luxuries. Purchase incidence of home luxuries, personal luxuries and experiential luxuries rose in the second quarter, while the typical luxury household spent 72 percent more on luxuries in the quarter. Net/Net: More luxury consumers were in the market during the second quarter buying more luxury goods and spending more on their purchases. Overall, the personal and experiential luxury categories grew the fastest, while home spending remained even with the first quarter,” Danziger says.

“The typical luxury consumer spent about 50 percent more on personal luxuries, including fashion and accessories, jewelry, watches, cosmetics and automobiles. They more than doubled spending on experiential luxuries, such as travel, dining, entertainment and spa/beauty, in the second quarter. In particular, luxury dining and foreign luxury travel saw significant increases.”

Thomas Bodenbergh, economic forecaster for Unity Marketing and former Conference Board executive, comments, “At 2004’s midpoint, we find that continuing strength in the financial services and real estate sectors have propelled household confidence in luxury goods to higher levels. In addition, despite political and petroleum uncertainties, demand for luxury goods and services is not only consistent with recent trends, but also shows definitive increases.”

This benchmark index of luxury buyers is calculated from a sample of over 1,000 upper-income households throughout the United States. This panel, with household incomes over \$75,000 (one-third \$150,000 or more) represents one of the largest longitudinal studies of high-end luxury consumption of goods and services. Panelists reported purchasing behavior of luxury goods and services over the past three months, as well as attitudinal and expectation data about luxury brands and categories, their households and the health of the economy in general. Unity Marketing publishes its *Luxury Tracking Study* quarterly with the next due in October 2004.

Luxury Consumption Index



About Unity Marketing

Founded in 1992, Unity Marketing is a marketing consulting firm that specializes in consumer insights for luxury marketers. Pam Danziger is the company's founder and author of *Why People Buy Things They Don't Need* (Chicago: Dearborn Trade Publishing, 2004) which uncovers the motivations, desires and emotional needs that drive consumers to buy. Unity also publishes market research studies on the luxury market, jewelry, garden, pet accessories, home furnishings, gifts and collectibles, greeting card and stationery, tabletop, art and wall décor markets, as well as the *Luxury Business* newsletter. Pam has just finished writing her second book, *Let Them Eat Cake: Marketing Luxury to the Masses — as well as the Classes*, to be published in 2005.