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VALENTINES DAY 2012: OPEN HEARTS, OPEN WALLETS

Consumers expect spending to rise 8%; four million anticipate an engagement this Valentine's Day

NEW YORK, NY (January xx, 2012) – Love will cost a little more this Valentine's Day, as consumers expect to increase spending to an average of \$196, up 8% over <u>last year</u>, according to the latest <u>American Express Spending & Saving Tracker</u>. And while most will celebrate the year's biggest date night with flowers and dinner, four million plan to get engaged on February 14.

For the full report, and past Spending & Saving Tracker surveys, click <u>here.</u>

This year, more than half of consumers (54% vs. 41% in 2011) plan to purchase Valentine's Day gifts, and it's back to basics across the board. The most popular tokens of affection among couples include flowers (29%), gift cards (19%), jewelry (15%) and electronics (13%). And consumers aren't just gifting; 46% intend to visit their favorite restaurants to celebrate the holiday (up from 39% last year).

"Whether people are planning to get engaged, or just celebrate the holiday with flowers and a night out, consumers are telling us they can open their wallets a little wider for Valentine's day," said Sonali Chakravorti, Vice President at American Express. "We've seen a consistent trend of consumers saying they will spend more, from holiday shopping to 2012 travel plans, and spending plans for February 14 are no exception."

Millions of Proposals Expected; But Will Consumers Have Cold Feet?

For some Americans, it will be a very happy Valentine's Day. Responses to the *Spending & Saving Tracker* indicate that four million consumers expect to propose, or be proposed to, over the holiday. Additionally, 14 million expect a proposal at some point in 2012. That's a whole lot more romantic than the actual experience of recent years. According to the U.S. Census Bureau, just over 2 million couples tied the knot in 2008. Many of those proposing on Valentine's Day won't get married until next year or later, but the survey results suggest a lot of cold feet when it comes time to actually ask the question.

But for those who go ahead with their proposal plans, the trend of "<u>engagementcations</u>" continues, with 30% of consumers naming a weekend getaway or vacation as the best setting to pop the question, while a romantic proposal at home took second place (19%).

The True Cost of Bling

Dreaming of a star-worthy bling? Not so fast. Despite the publicity surrounding celebrities dropping millions on engagement rings, everyday consumers are more modest when it comes to the actual amount they intend to spend. Forty-eight percent of single consumers feel between \$1,000 and \$5,000 is appropriate amount for couples to spend on an engagement ring this year. Others feel the price range

should be even lower, with 22% citing \$1,000 to \$1,999 as appropriate, and 21% citing less than \$500. Five percent felt shelling out \$10,000 or more for the ring was most suitable.

From First Dates to Marriage

When unmarried consumers were asked who pays for a date, 58% of unmarried men overwhelmingly identified themselves, while only 39% of women expect men to foot the bill. In fact, many women will break out their own wallets despite tradition: 39% believe whoever asked for the date should pay, and 14% would split the bill.

How long into dating before finances are disclosed? Fifty percent report that they waited at least six months before discussing their finances. Among married couples, 20% waited until after saying 'I Do' and 26% broached the subject during their engagement.

The majority of married couples surveyed maintain joint checking (66%) and/or saving (51%) accounts, and many discuss their finances on a regular basis. More than half (56%) of couples say they speak about money once a week or more with their spouse, while 25% opt to discuss finances once or twice a month.

Household disagreements over finances have also declined in some areas since last year: with arguments decreasing over spending on the kids (12% vs. 15% in 2011); setting household budgets (10% vs. 14%); and making everyday purchase decisions (7% vs. 9%). The threshold at which spouses feel they should get permission before purchasing has increased to an average of \$300, up from \$245 in 2011.

In terms of who takes care of household finances, more men than women credit themselves as the primary handler of filing income taxes (74% vs. 52%), paying property/school taxes (62% vs. 45%), making credit card payments (61% vs. 22%), and applying for a loans (56% vs. 30%); but more women than men take credit for managing their household budgets (70% vs. 54%).

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The <u>American Express Spending & Saving Tracker</u> research was completed online among a random sample of 2000 adults, including the general U.S. population, as well as two sub-groups—the Affluents and Couples. Interviewing was conducted by Echo Research between October 18 and October 22, 2011. Overall, the results have a margin of error of +/- 2.2 percentage points at the 95 percent level of confidence.

Affluents are defined as having a minimum annual household income of \$100,000. Couples are defined as single living with a partner or single with a significant other.

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