

There Is Money on the Table

Challenges and Opportunities of Marketing
to an Older Population



Dr. Doug Norris

Senior Vice President and Chief Demographer

Housekeeping

- Listen-only mode for attendees
- Use the Webex Q&A feature to submit your questions
- Technical difficulties? Call 1.866.229.3239
- Presentation deck will be available at environicsanalytics.com/webinars within 24 hours

Today's Presenter



Dr. Doug Norris
Senior Vice President and
Chief Demographer

“People over the age of 55 have the most money and buy the most products. Yet, the advertising industry is infatuated with the 18- to 34-year-old target market.”

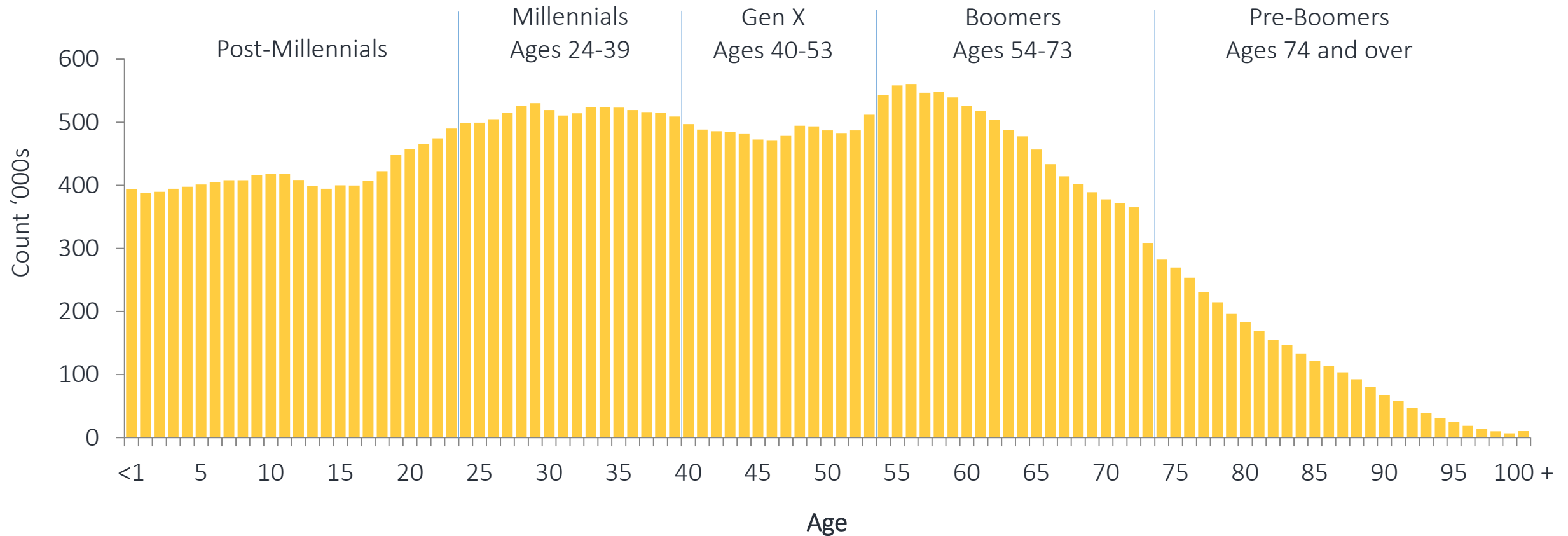
Terry O'Reilly, *This I Know: Marketing Lessons from Under the Influence* (2017)

The Size and Growth of Canada's Older Population



Canada's Population

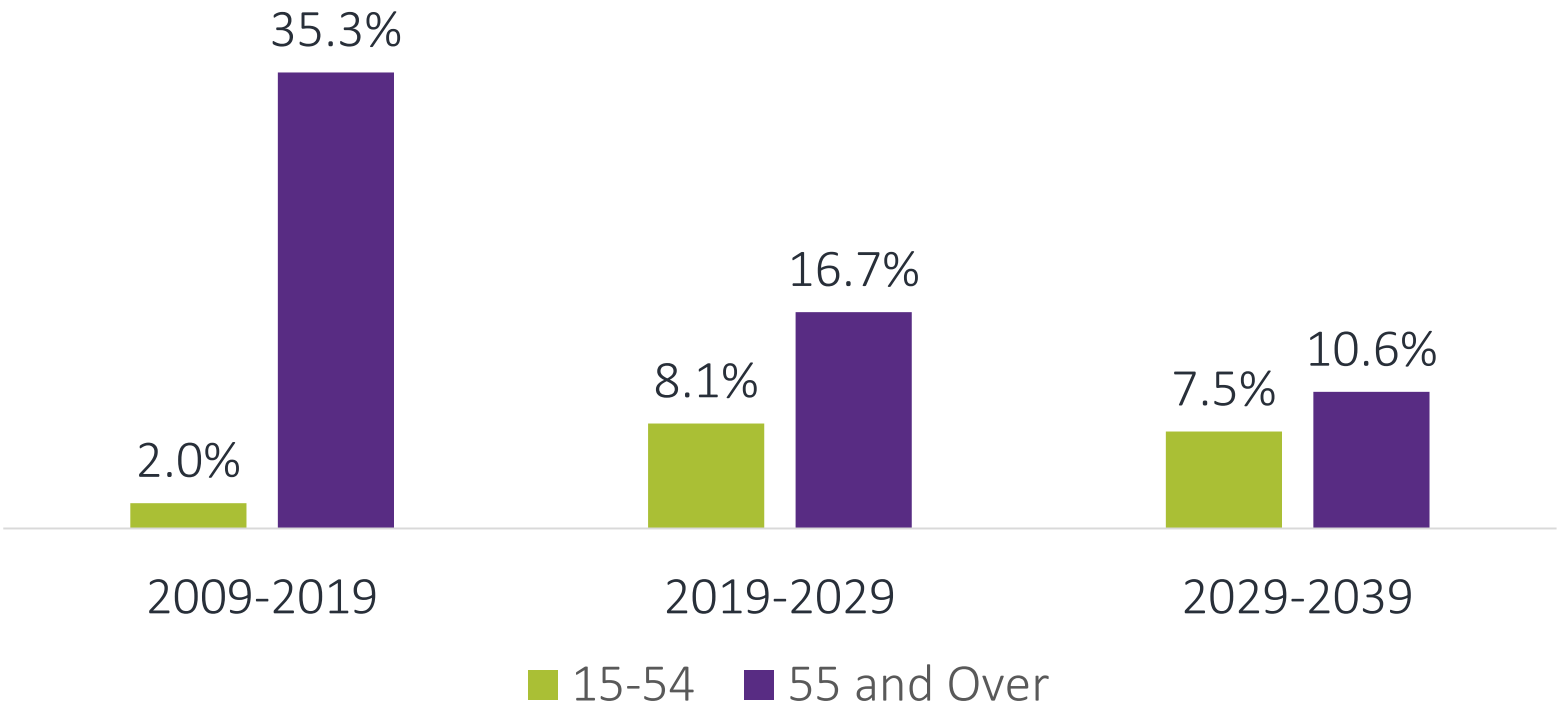
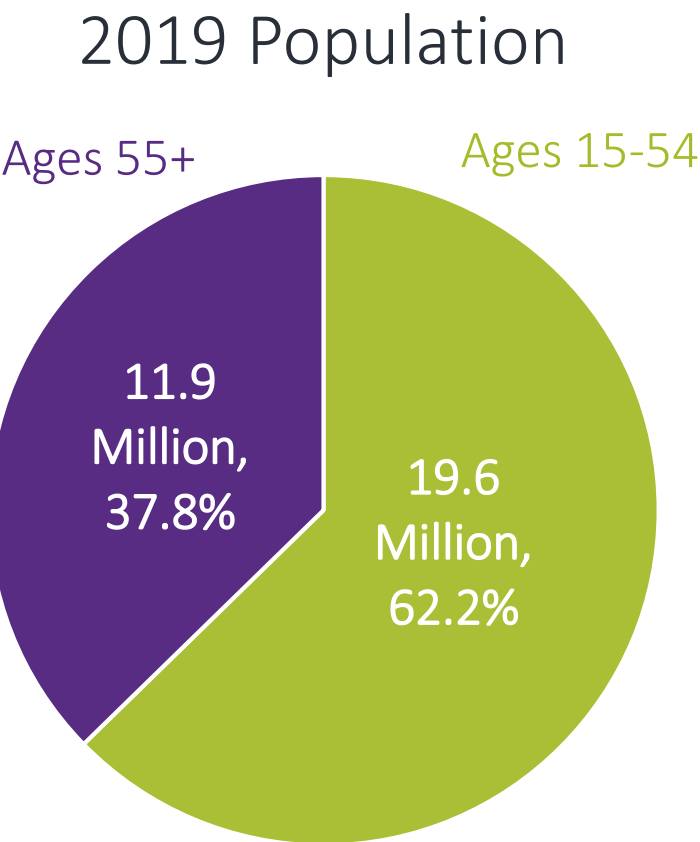
Projected population ('000), Canada 2019



Source: Statistics Canada Annual Projection Update 2018

Future Growth Concentrated at Older Ages

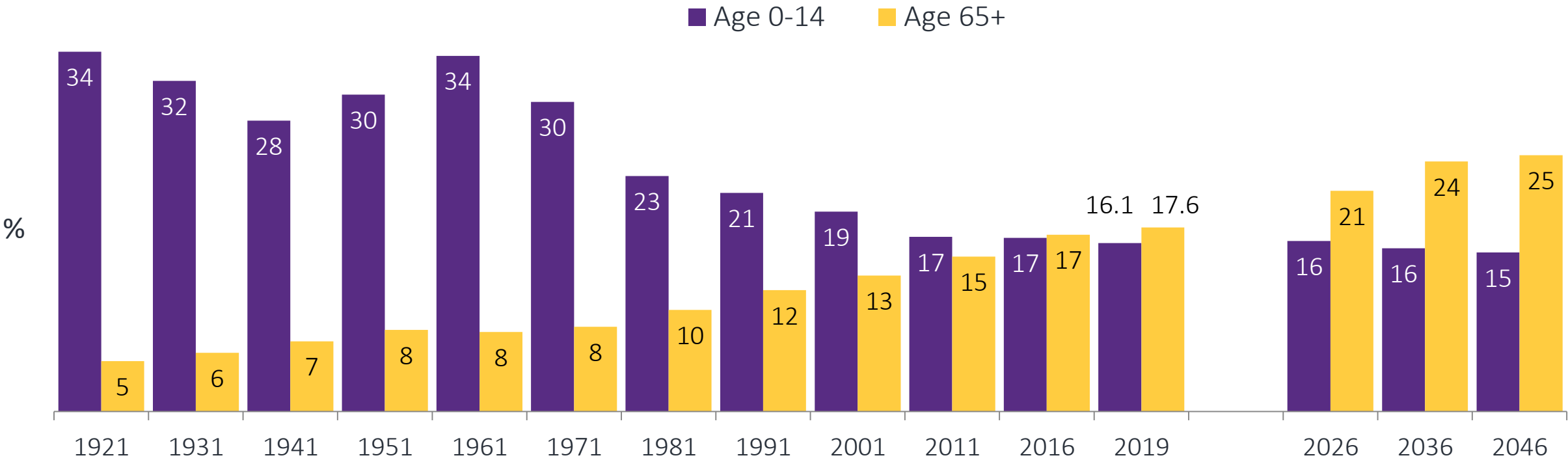
Population aged 15+ in Canada, 2019 and 2039



Source: Statistics Canada, Medium projection

By 2036, One in Four Will Be 65 Years and Older

Percent of population, Canada

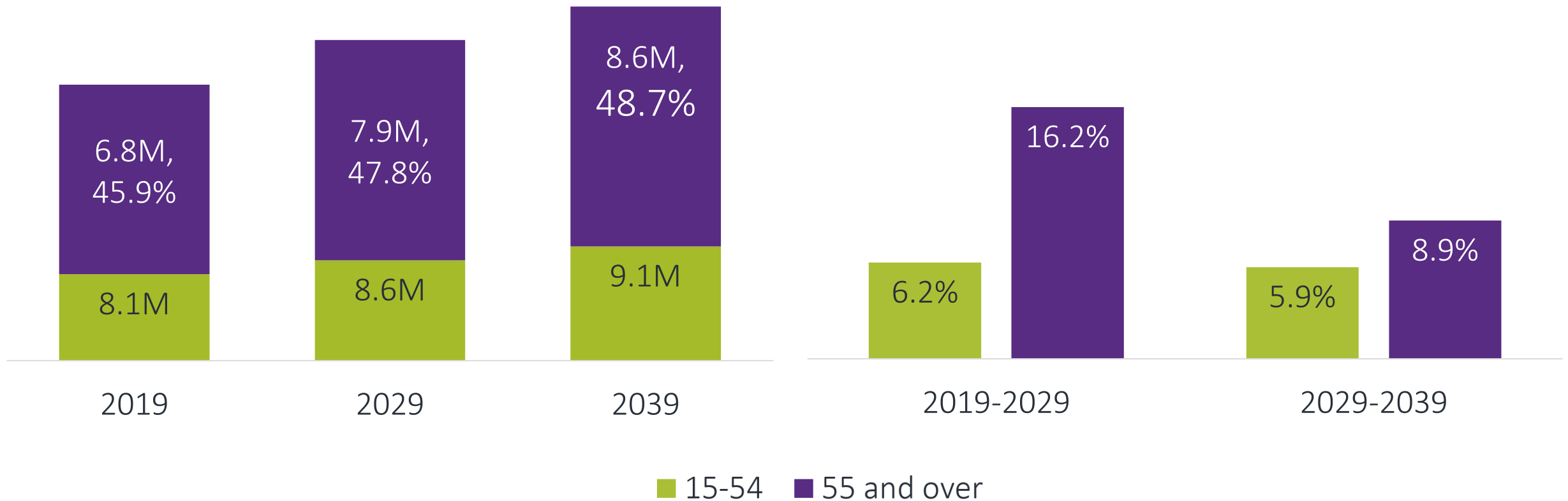


Source: Statistics Canada Medium term projections

Nearly Half of All Households Will Be Over Age 55

Projected households by ages,
Canada, 2019-2039

Growth in number of households



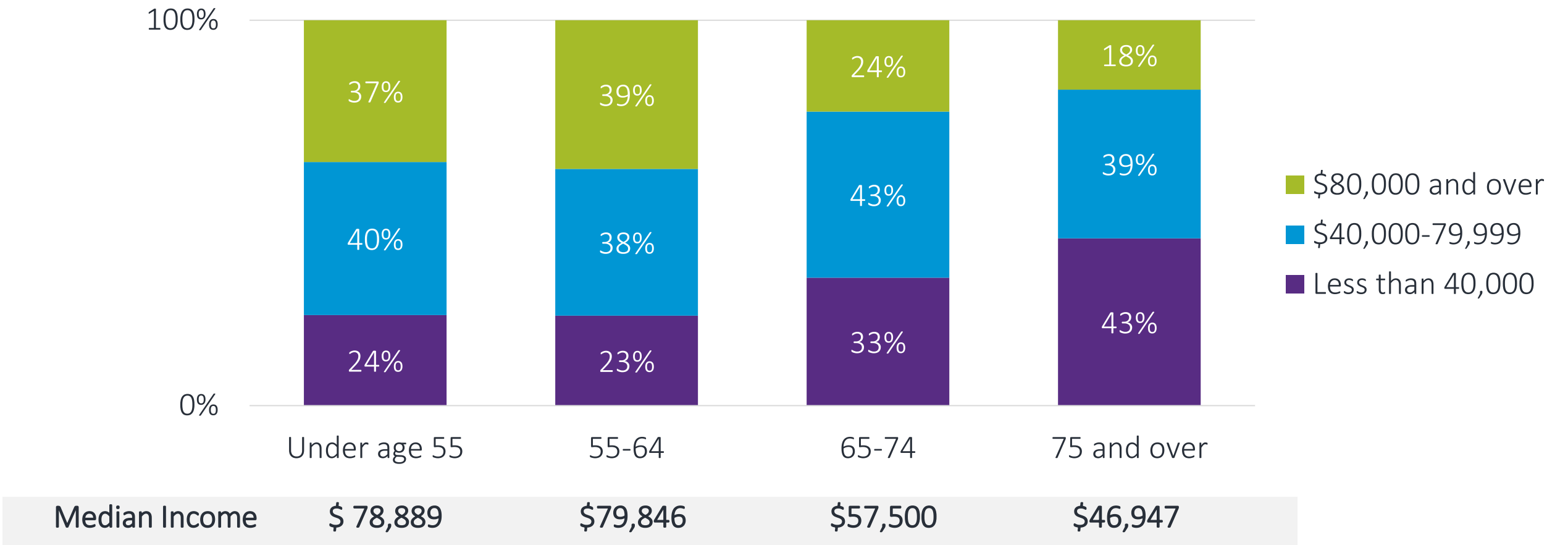
Source: Environics Analytics, 2019 DemoStats

The Spending Power of the Older Population



Lower Income at Older Ages

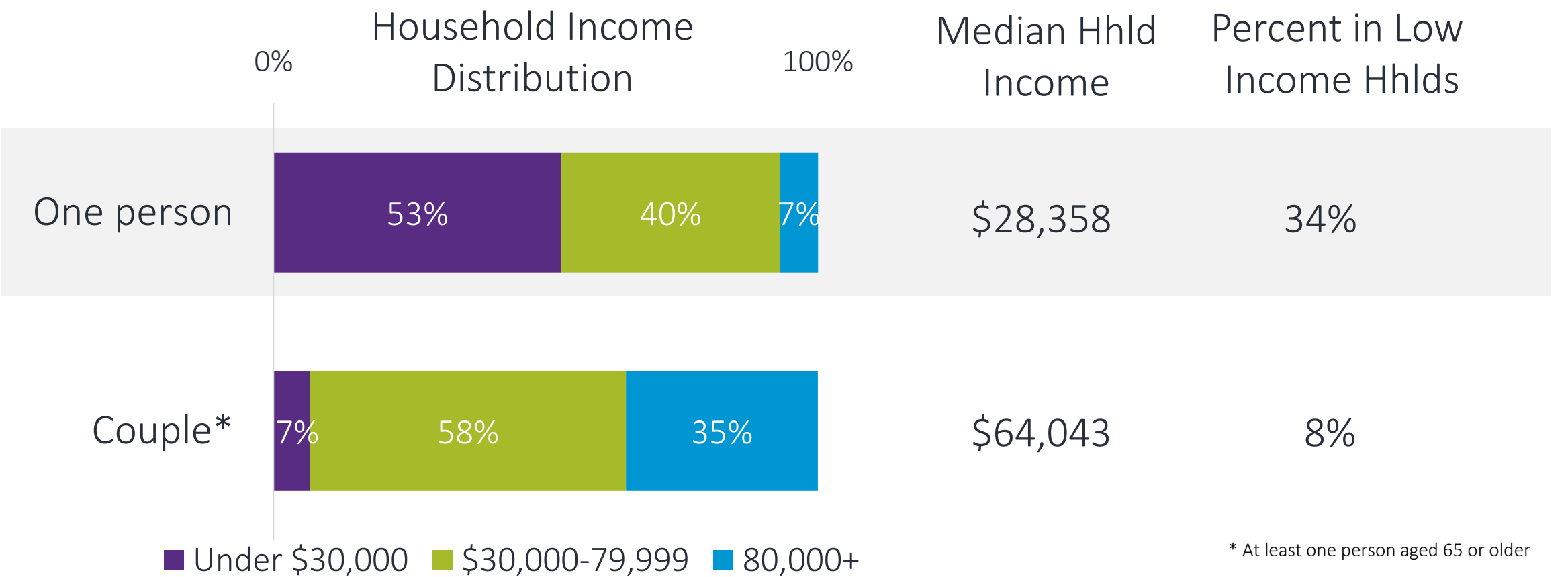
Distribution of household income, Canada, 2018



Source: Environics Analytics, 2018 AgeByIncome

Living Arrangements Make a Big Difference

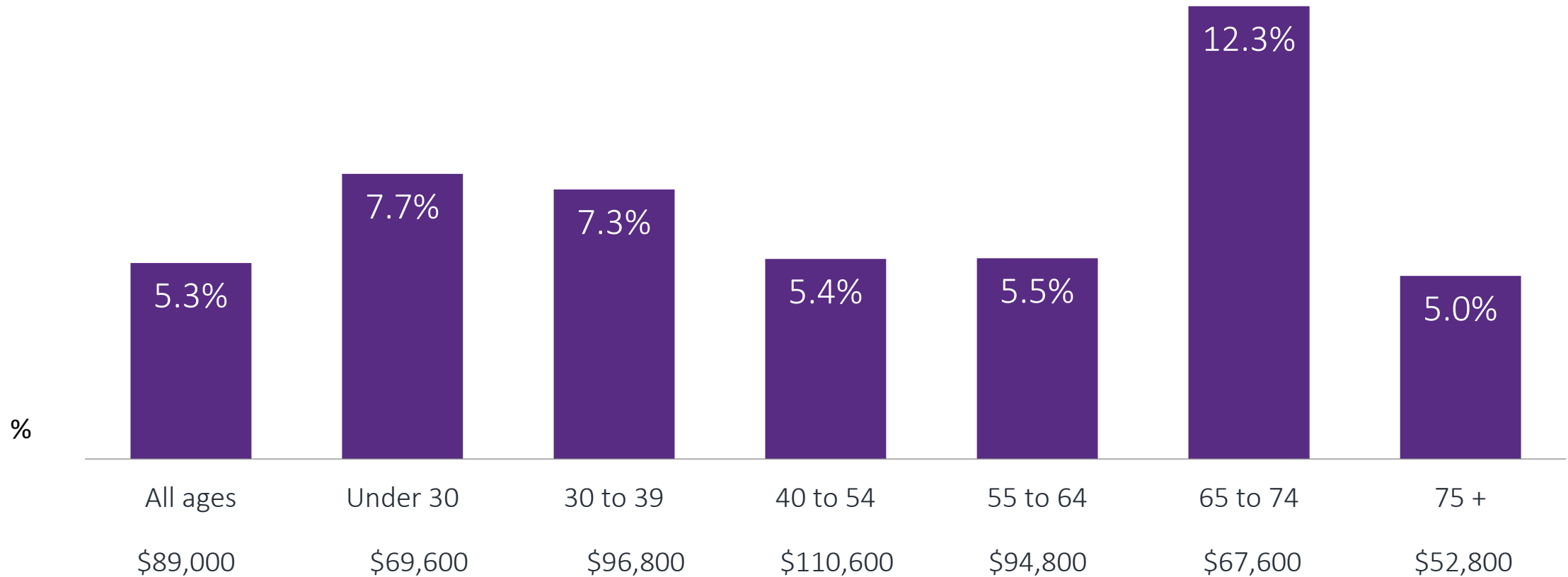
Household income, persons aged 65 and over, Canada, 2015



Source: 2016 Census

Households Aged 65-74: Highest Increase in Income

Increase in average household income 2010-2016 (2016\$) by age group

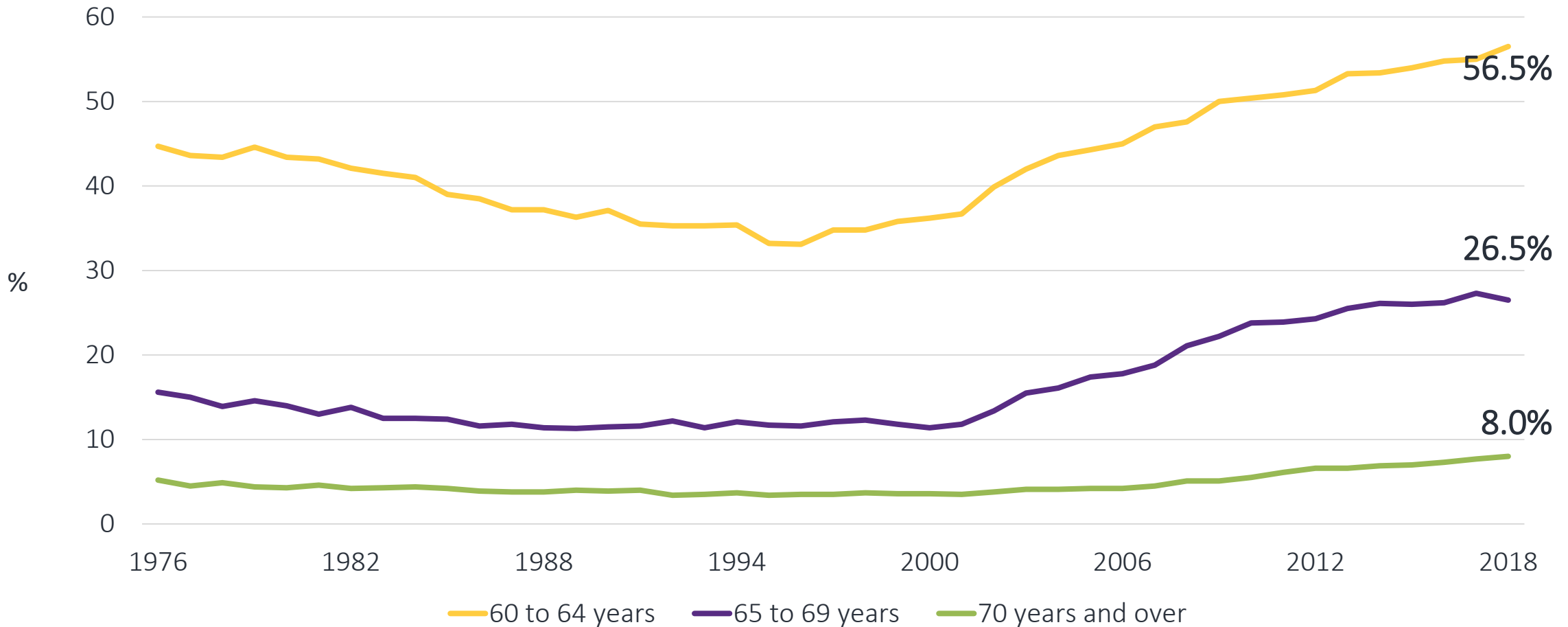


Source: Statistics Canada, Income Statistics

Average \$ 2016

Increasing Labour Force Participation at Older Ages

Labour force participation rate (percent), Canada

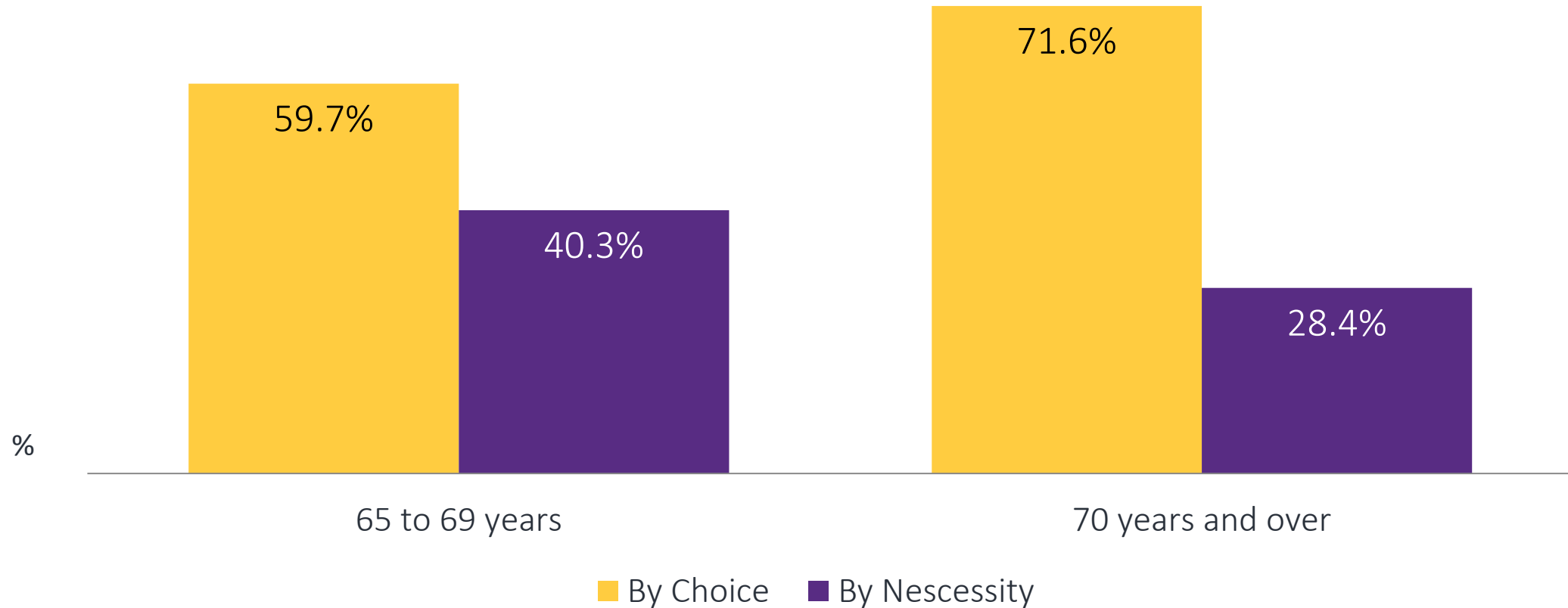


Source: Statistics Canada, Labour Force Survey

Age Group

Majority of Seniors Work Past Age 65 by Choice

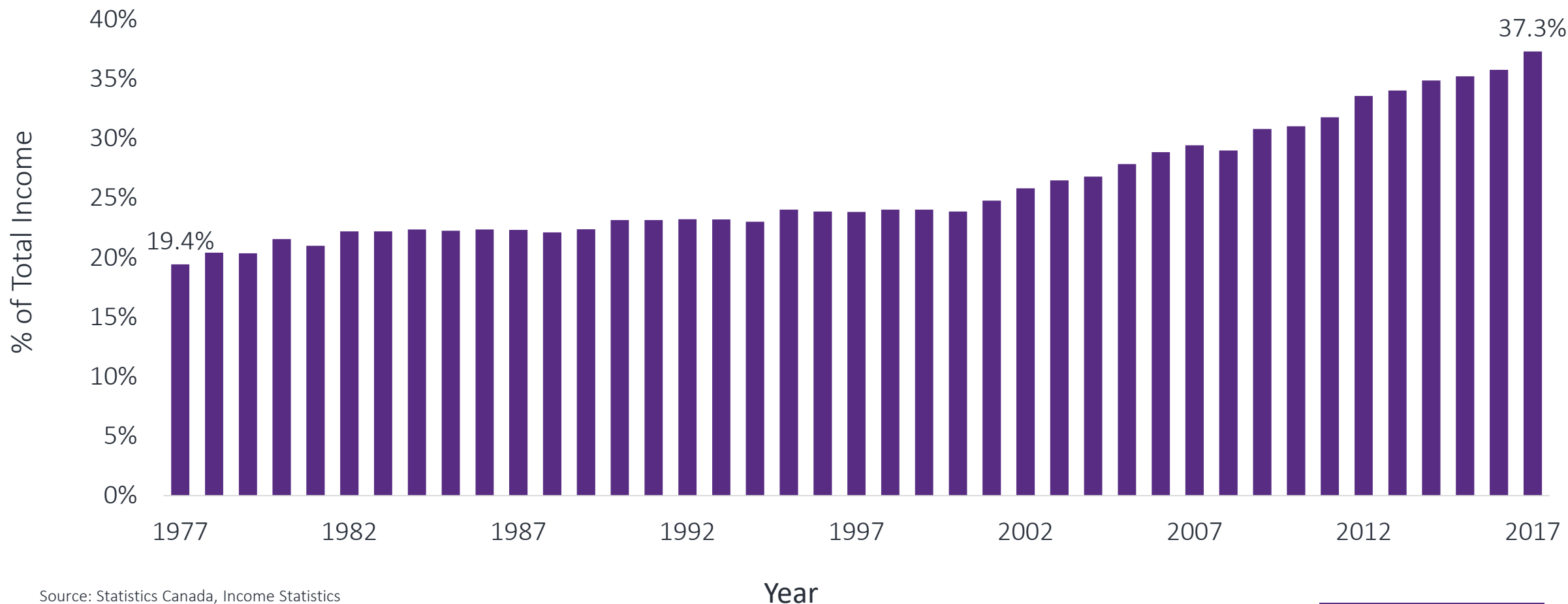
Reasons for working past age 60, 2018



Source: Statistics Canada, Labour Force Survey

Increasing Share of Income Due to Growth in Numbers

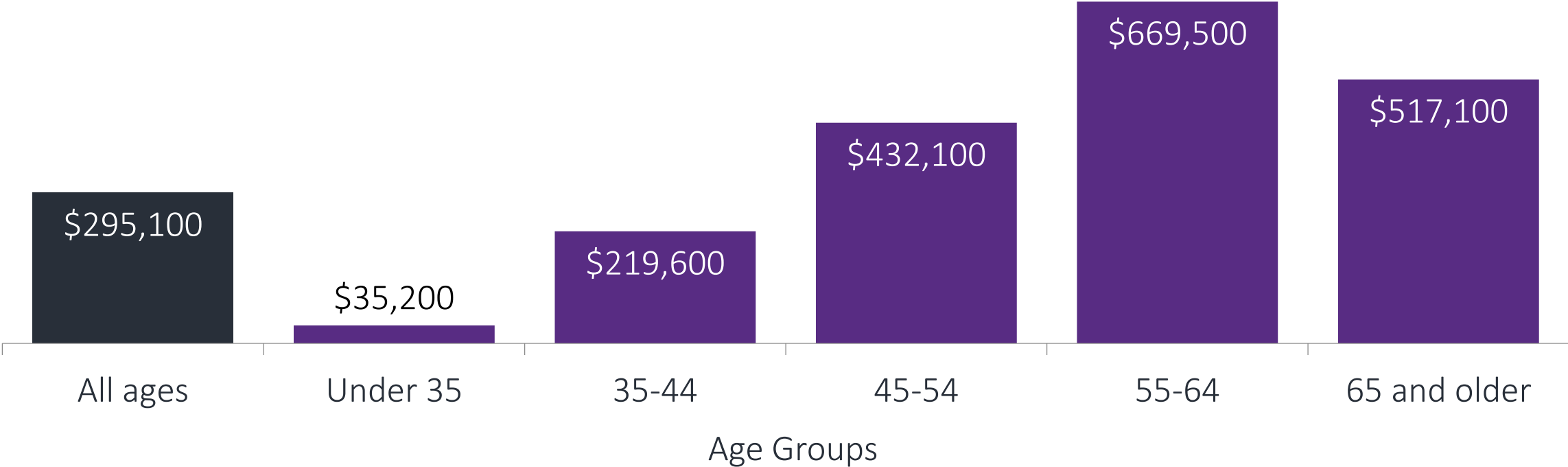
Percent of total income for population aged 55 and over, Canada



Source: Statistics Canada, Income Statistics

Net Worth Peaks at Ages 55 to 64

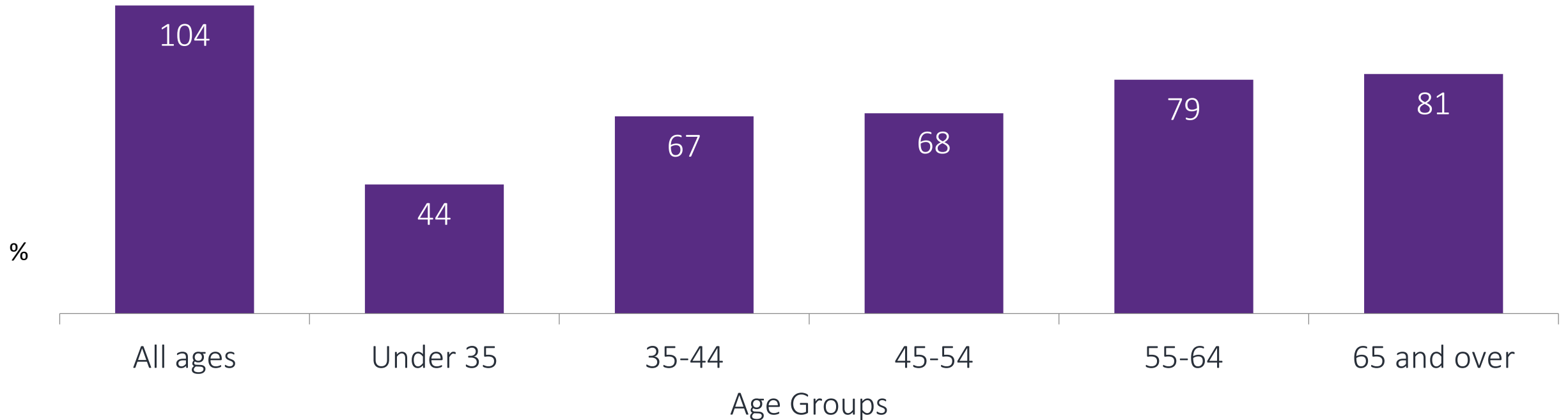
Median net worth, Canada, 2016



Source: Statistics Canada, Survey of Financial Security

Higher Growth in Net Worth for Older Population

Percentage increase in median net worth 1999-2016 (2016\$), Canada, 2016



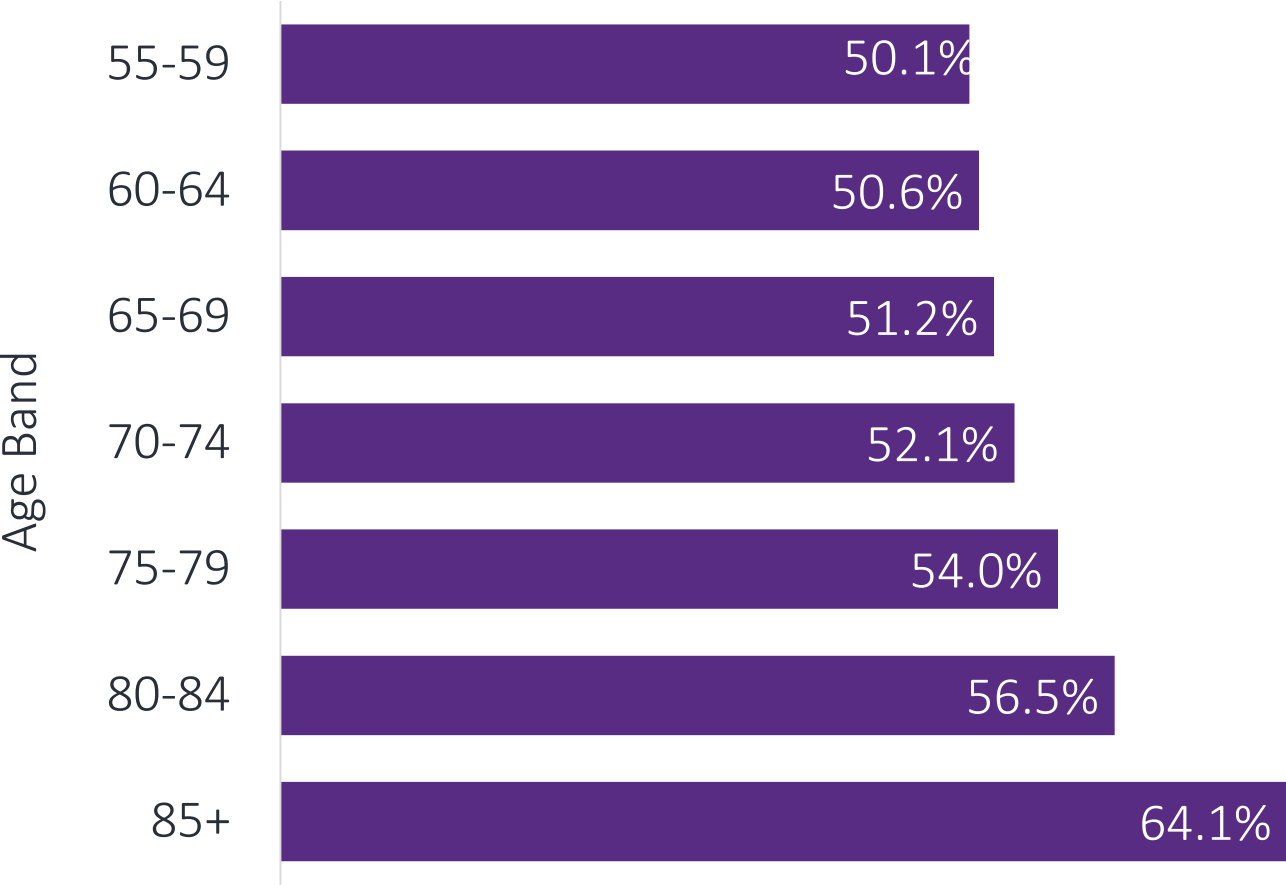
Source: Statistics Canada, Survey of Financial Security

Some Characteristics of Canada's Older Population



Higher Percentage of Women at Older Ages

Percent Female in Canada, 2018

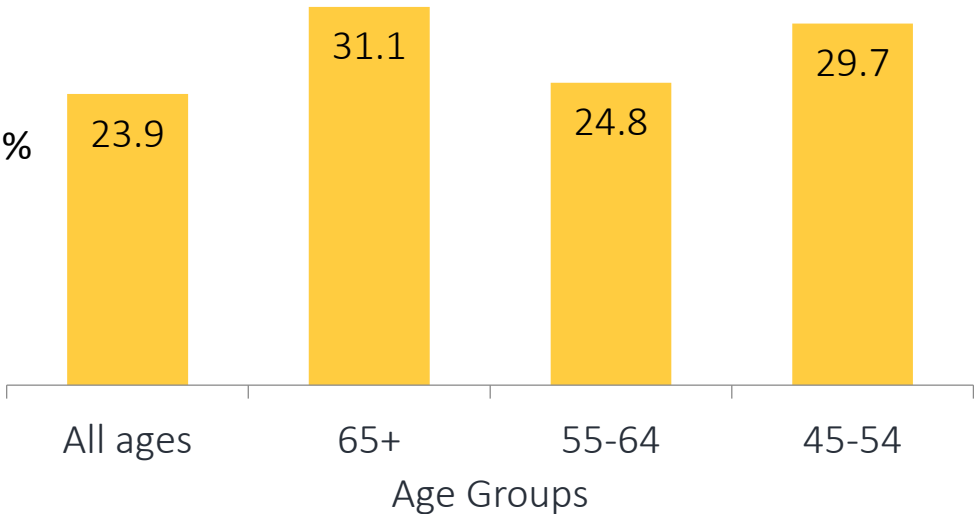


Population 55+ is 52.5% Female

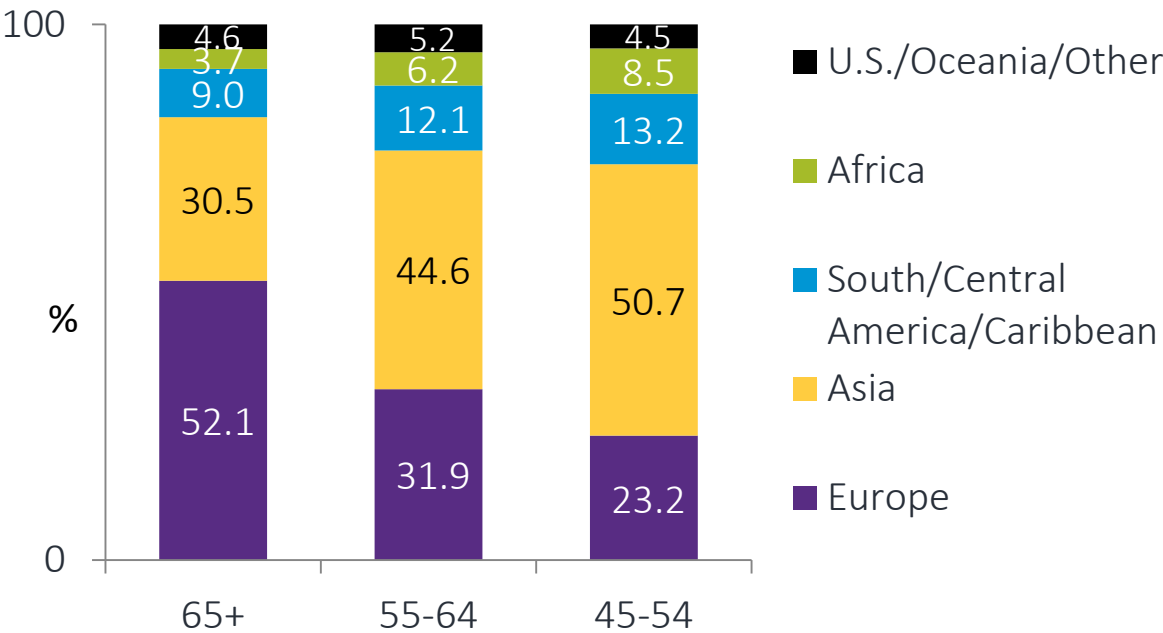
Source: Environics Analytics, DemoStats 2018

Seniors More Likely to Be Foreign Born

Percent of population foreign born, 2016, Canada



Percent of population foreign born by continent of birth, 2016, Canada

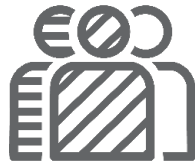


Source: Statistics Canada, 2016 Census

Boomers are Different from Yesterday's Seniors



Highly
educated



More culturally
diverse



Smaller & more
diverse families



Women in
labour market



Delay retirement but
work at older ages
part time/part year



Will live longer with
more years in good
health

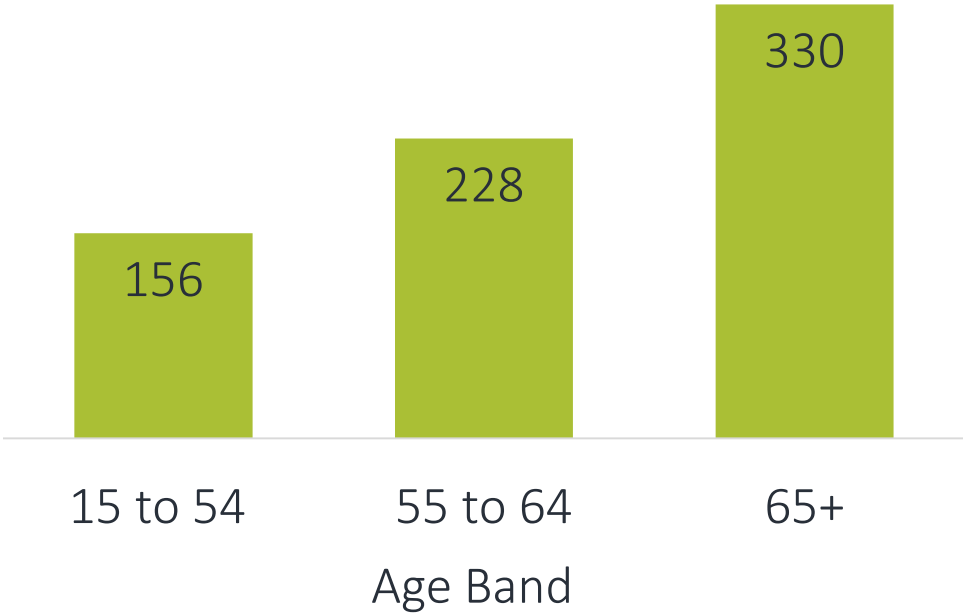


Higher income
and wealth

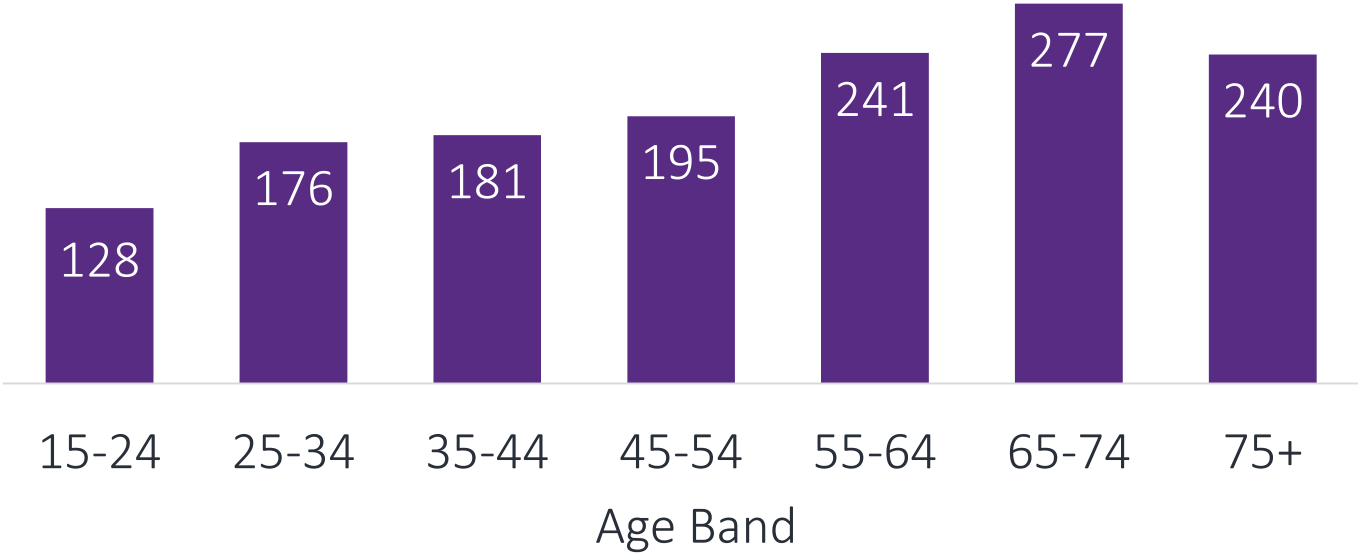


Seniors Have More Leisure Time and Like to Shop

Average Leisure Time, 2015 (Min)



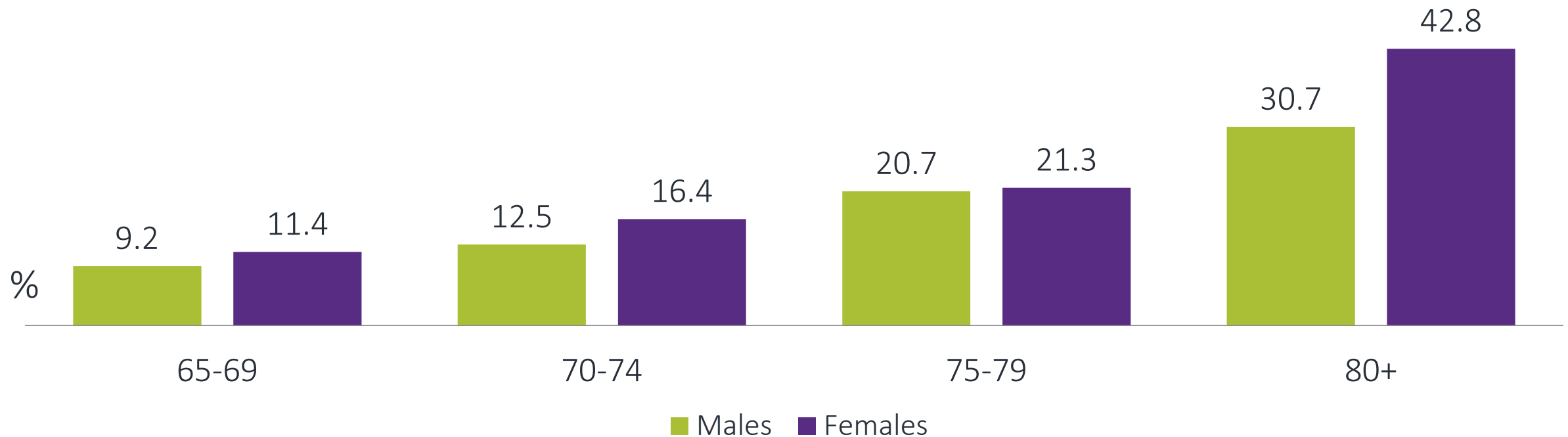
Average Time Spent Shopping 2015 (Min)



Source: 2015 General Social Survey on Time Use

Most Seniors are Independent, but Will Need Help

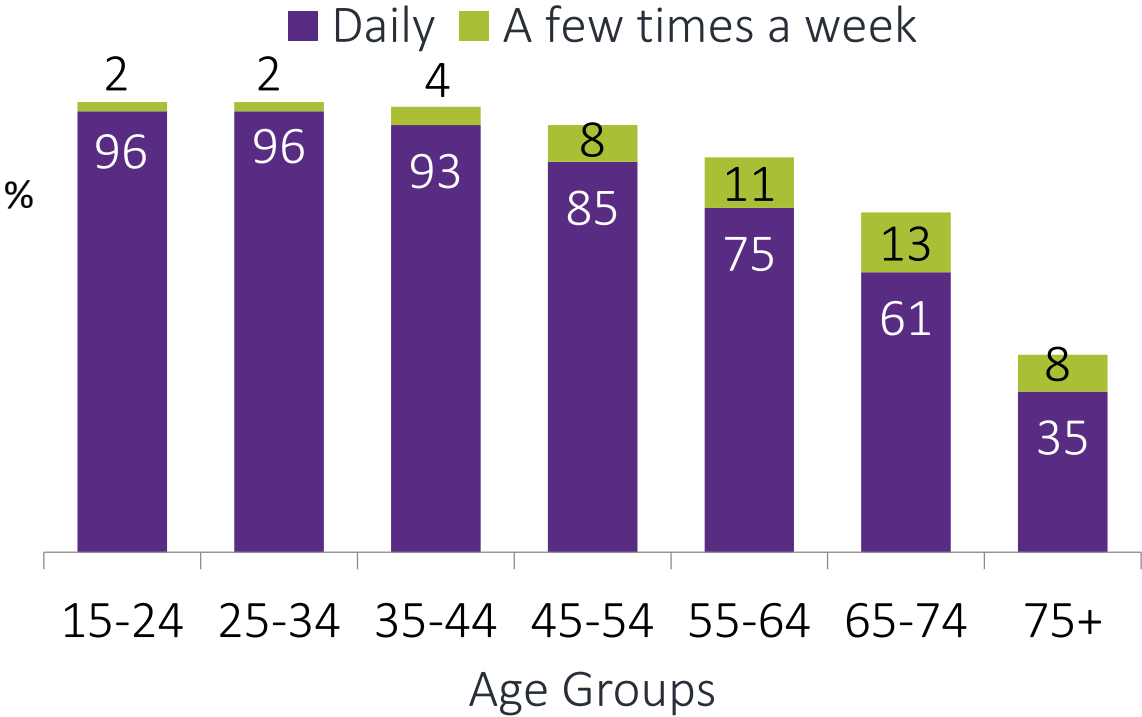
Percent of persons who need help because of long-term health condition, disability or aging, Canada, 2011



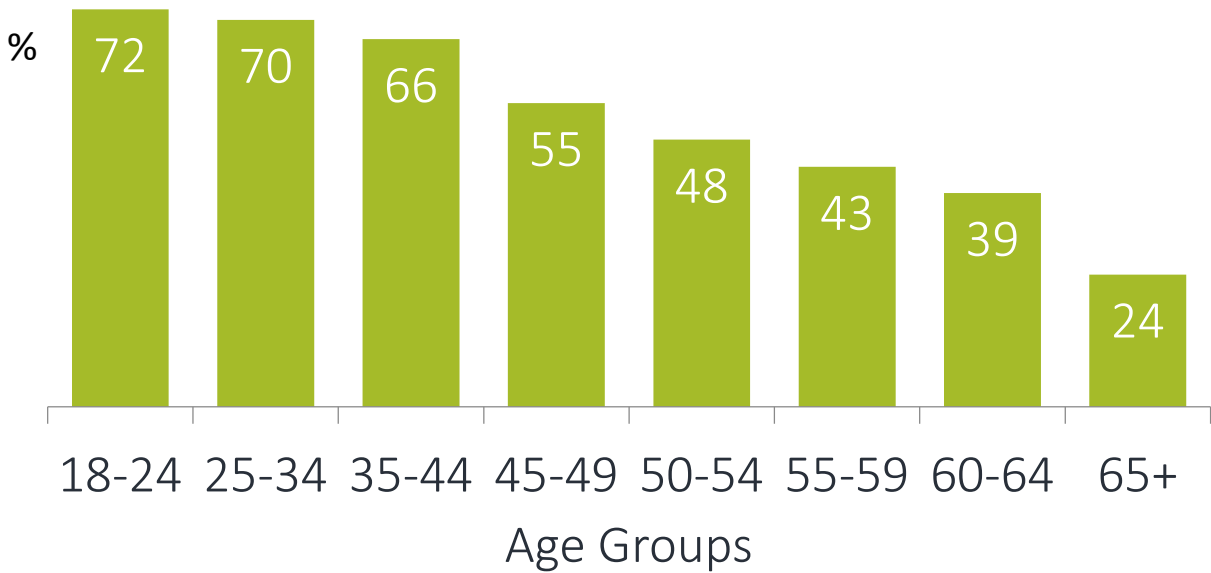
Source: Statistics Canada, 2012 General Social Survey on Caregiving

Seniors Spend Less Time Online, but Trending Higher

Internet use by age group,
2016, Canada



Participated in social media in
last two weeks, 2018, Canada



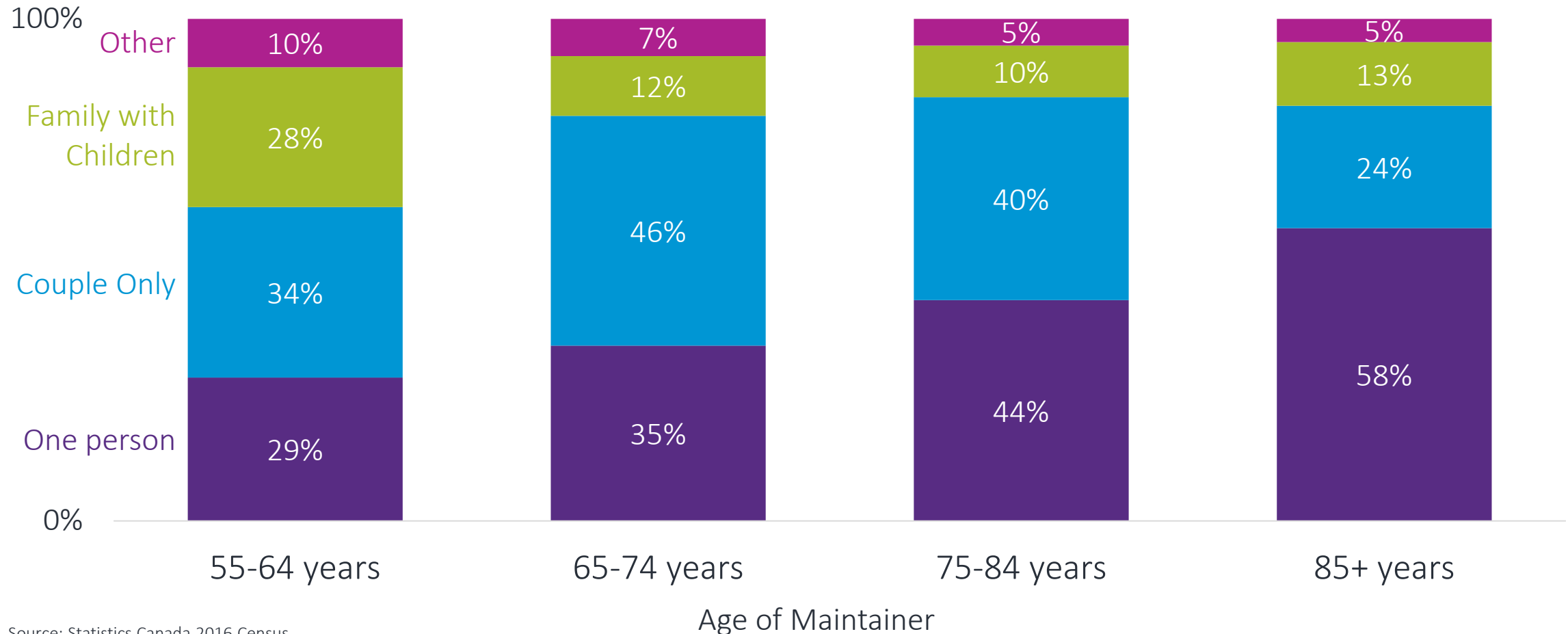
Source: Statistics Canada, 2013 General Social Survey

Living Arrangements and Housing of Seniors



A Shift to Living Alone at Older Ages

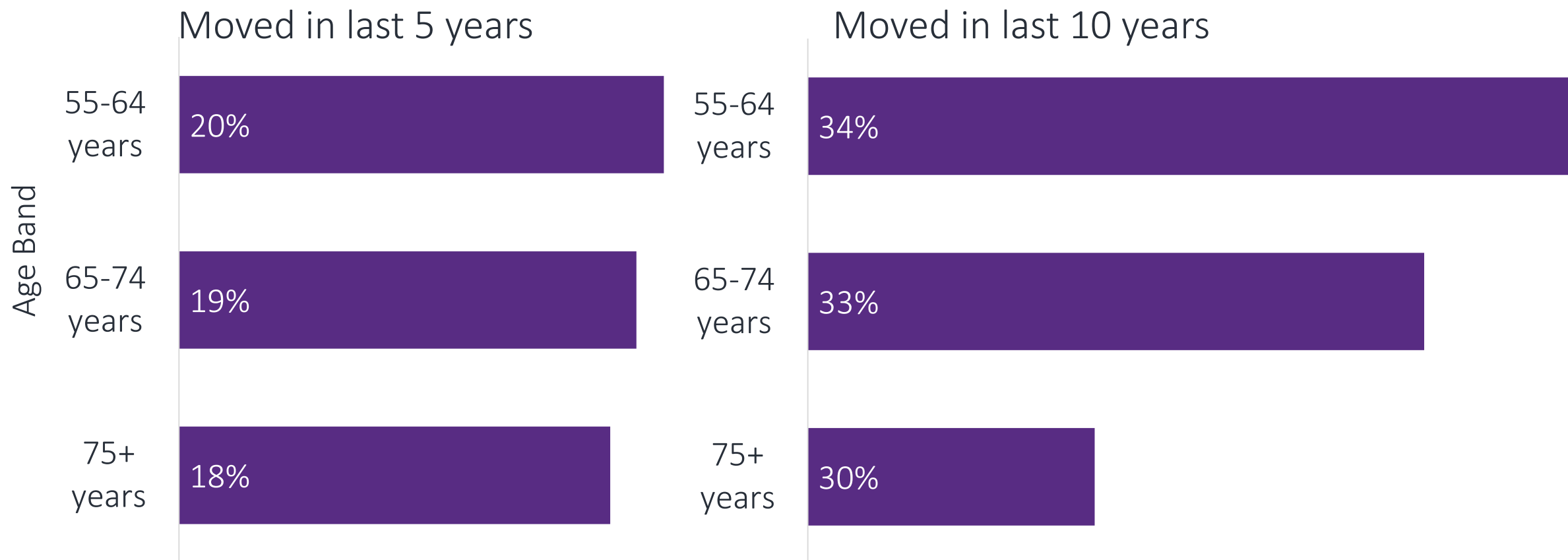
Household type by age of maintainer



Source: Statistics Canada 2016 Census

Seniors are On the Move

Percent of population moving, Canada, 2016



Source: 2016 General Social Survey

Decisions About Where to Live

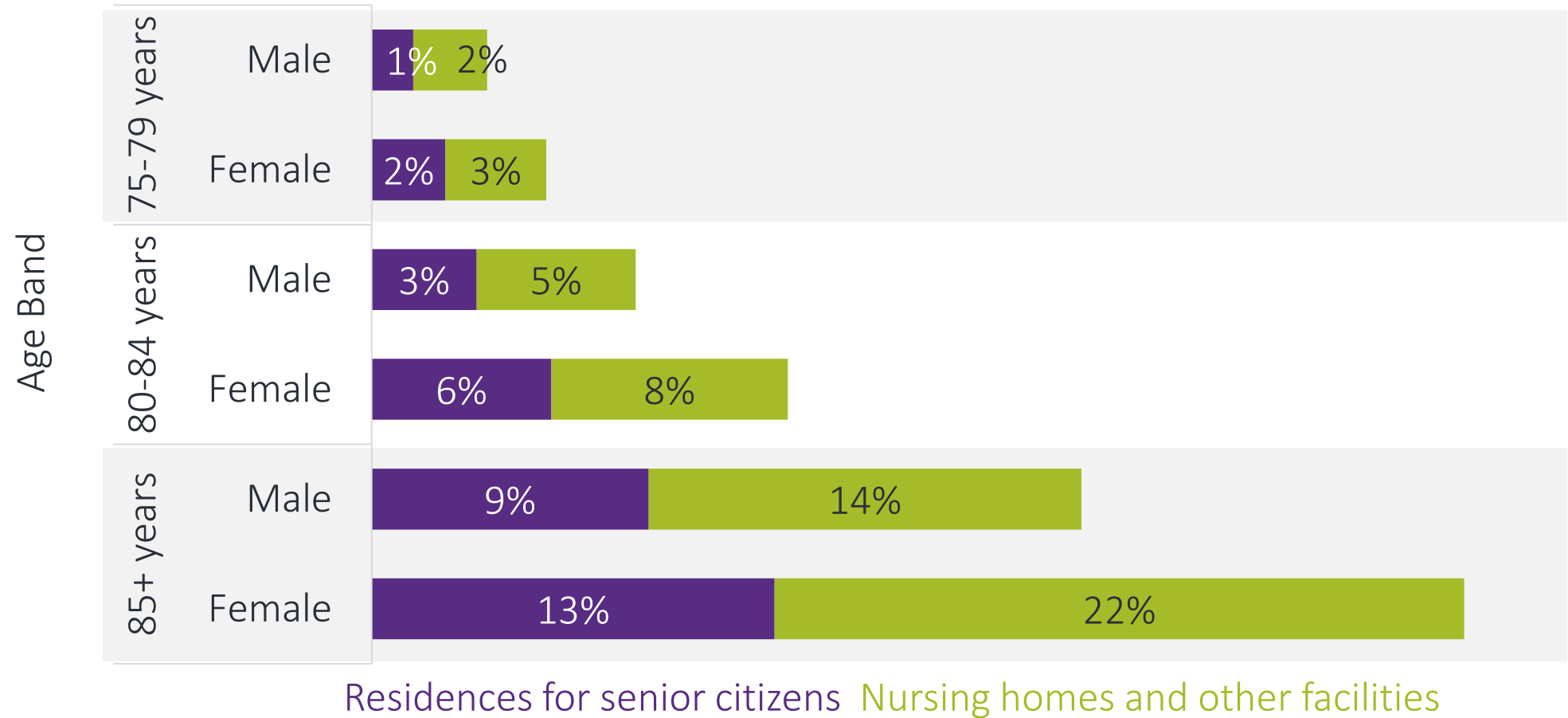
Many different alternatives for seniors:

- Stay where we are but renovate and make the home more accessible
- Sell the family home and rent
- Downtown condo living
- Adult-lifestyle community
- Move “back home where the livin’ is good”
- Residences for seniors/nursing home



Seniors Start to Need Assistance After Age 75

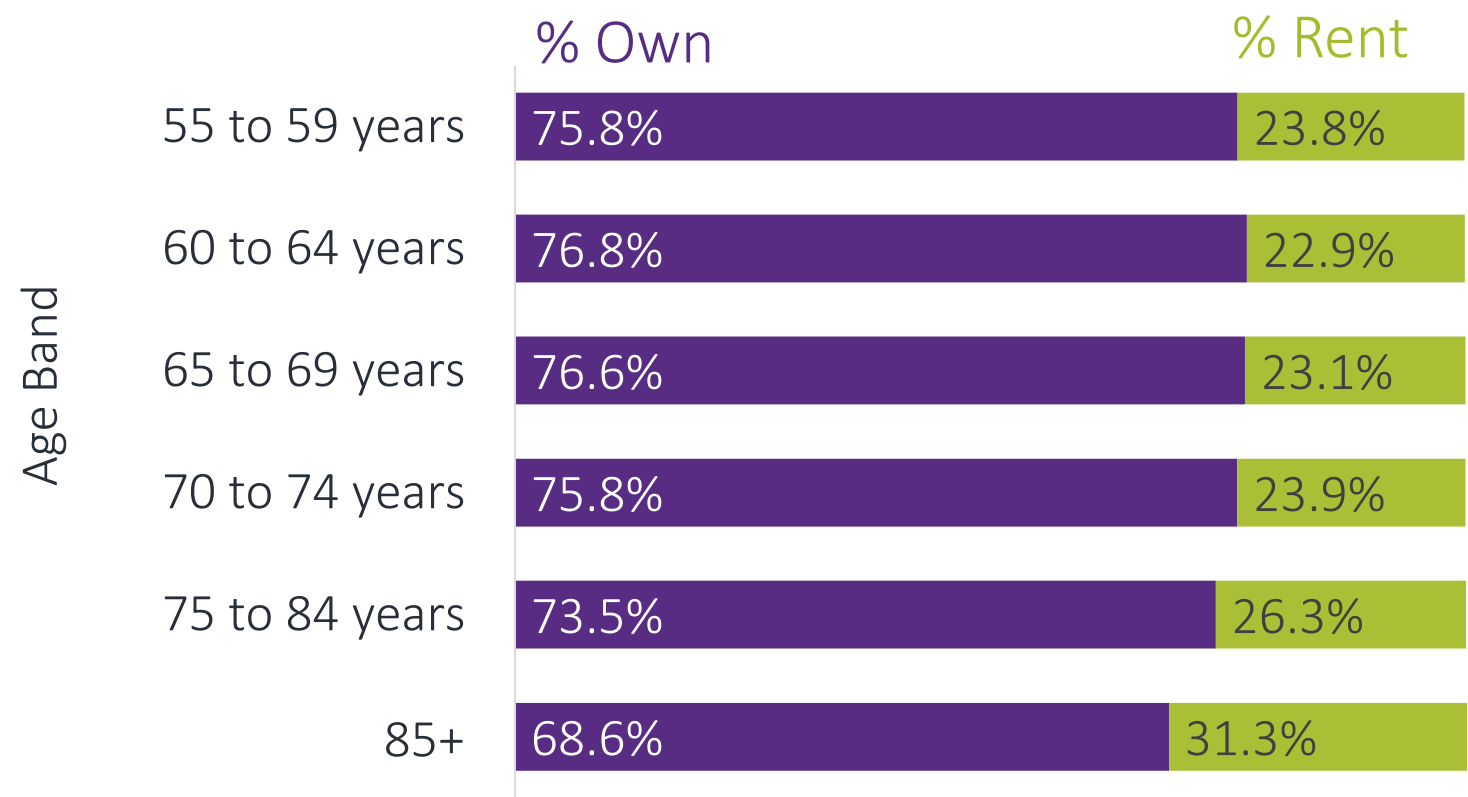
Percent of population living in a health related facility, Canada, 2016



Source: 2016 Census

Homeownership Rate Drops-Off With Age

Percent of persons living in rental housing, Canada, 2016

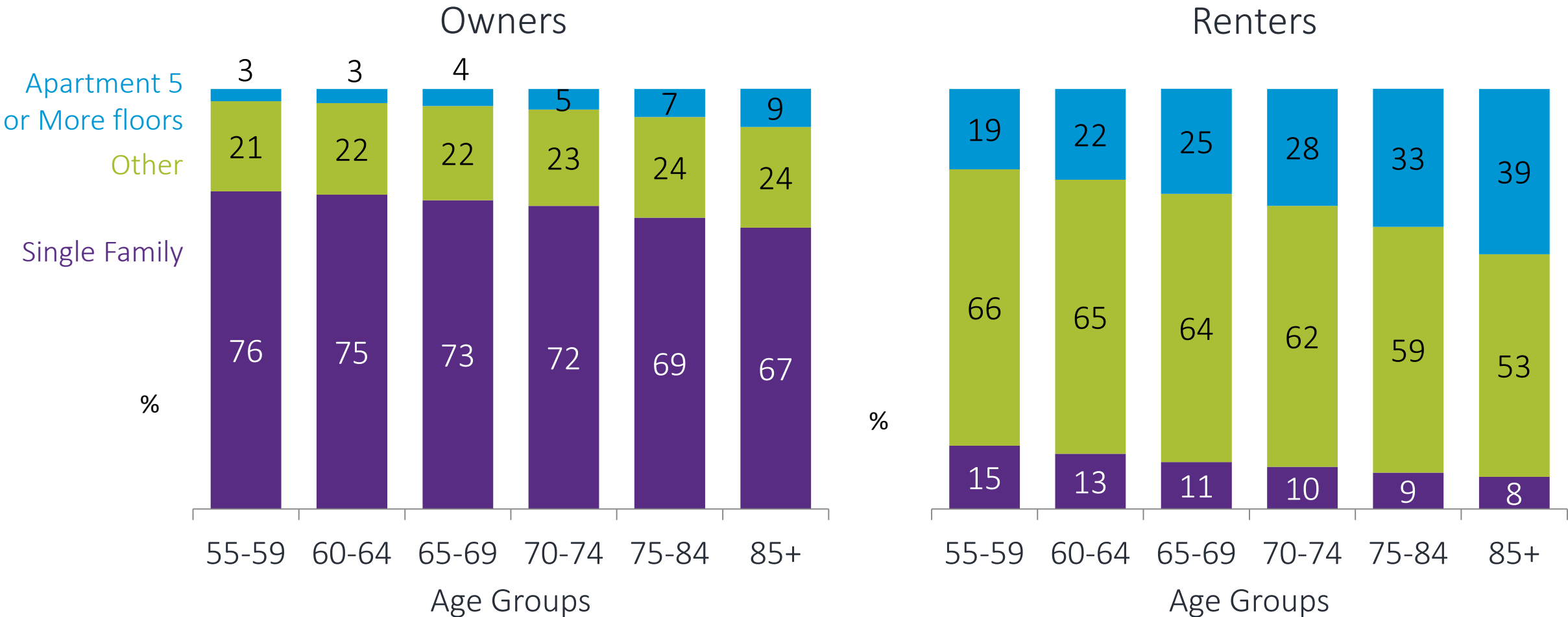


Percent of population aged 55 in rental housing
Living alone: 43%
Living with others: 14%

Source: 2016 Census

Apartment Living Increases With Age

Structural type of dwelling, 2016, Canada



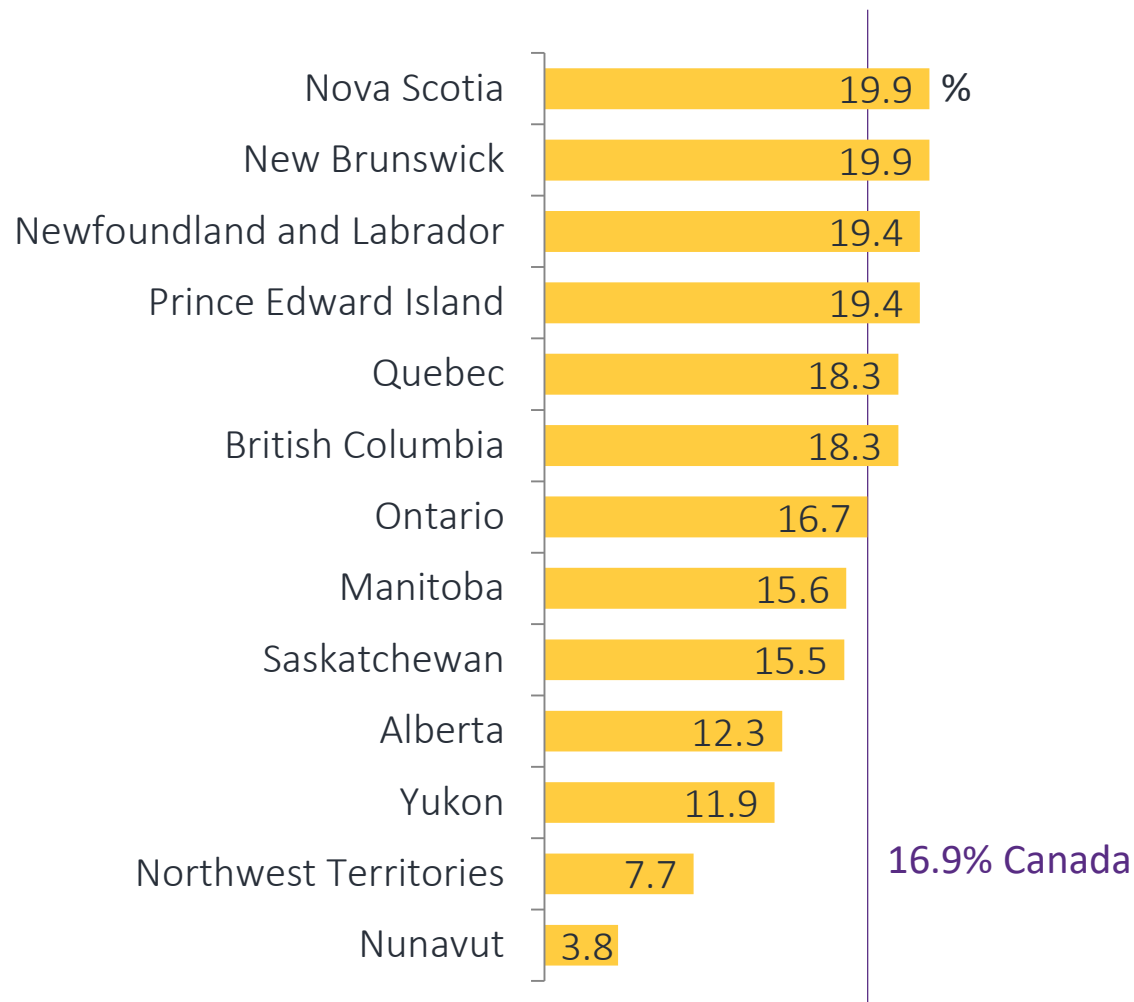
Source: Statistics Canada, 2016 Census

Locating the Older Population

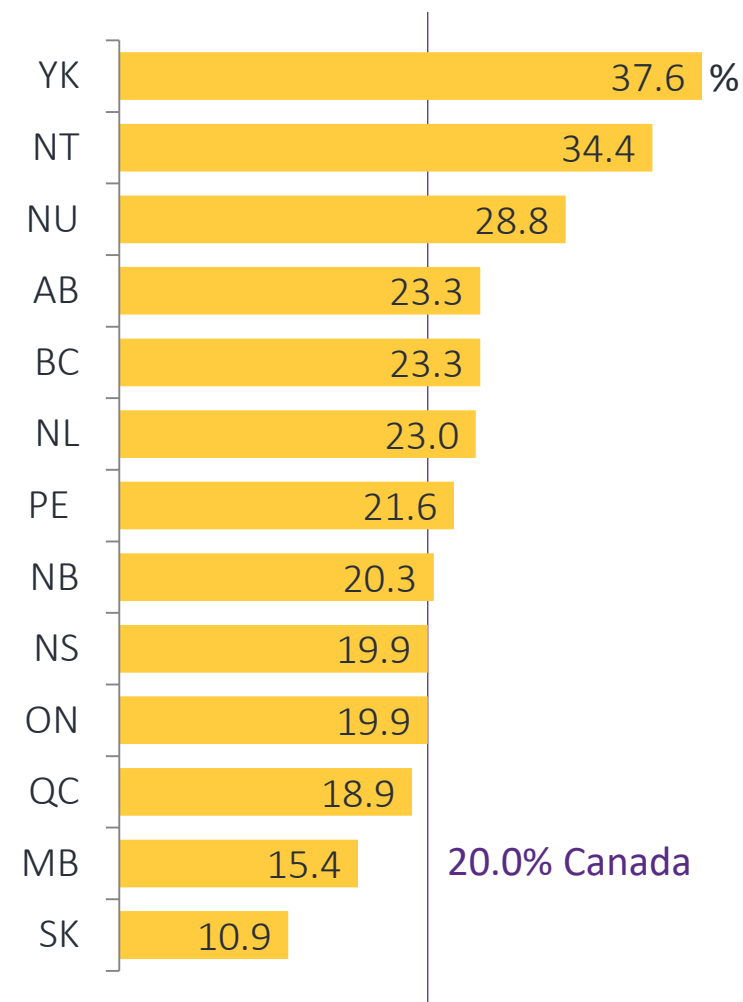


Atlantic Canada Has the Oldest Population

Percent of Population Aged 65+, 2016



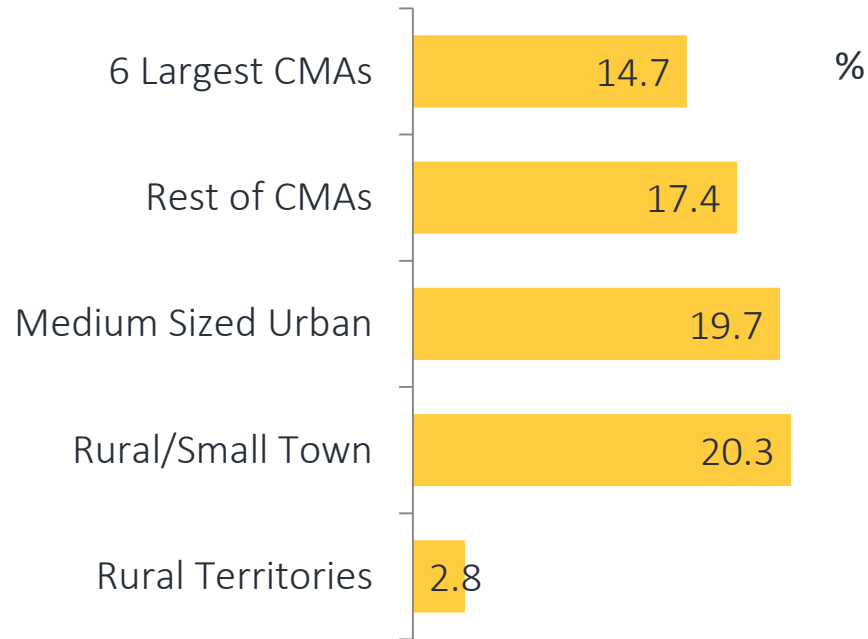
Percent Change in Age 65+, Canada, 2011-2016



Source: Statistics Canada, 2016 Census

Older Populations are Outside Largest Urban Areas

Percent of population aged 65 and over, 2016

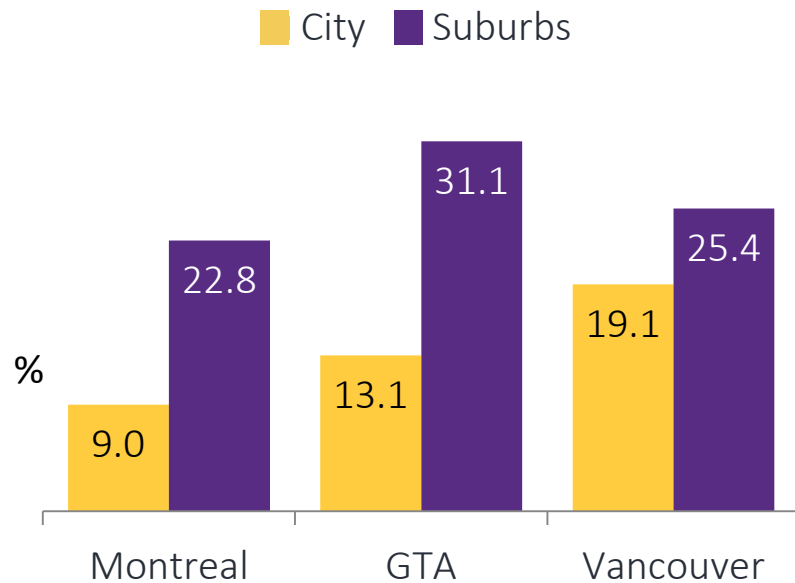


Six Largest CMAs: Toronto, Vancouver, Montreal, Calgary, Ottawa-Gatineau, Edmonton

Source: Statistics Canada, 2016 Census

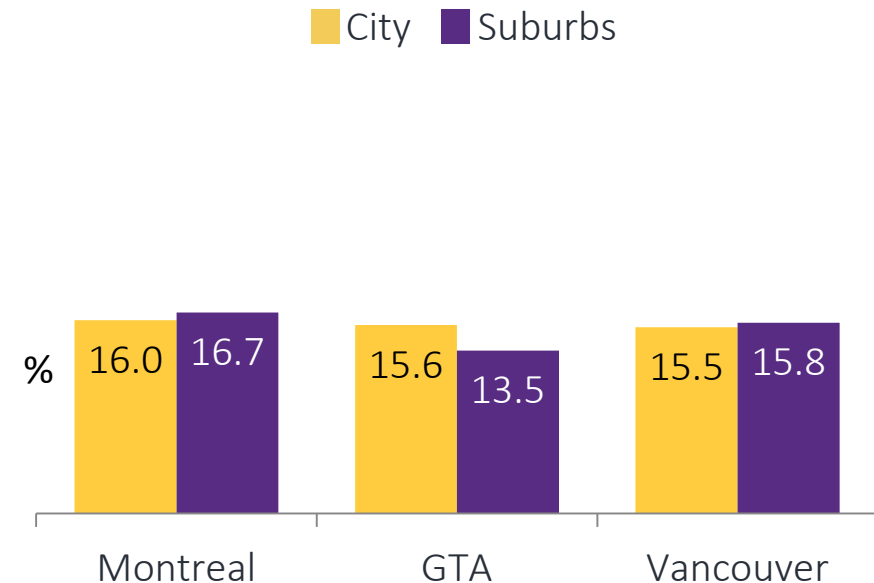
Suburban Populations are Rapidly Aging

2011-2016 Growth of Population 65+



GTA = Greater Toronto Area

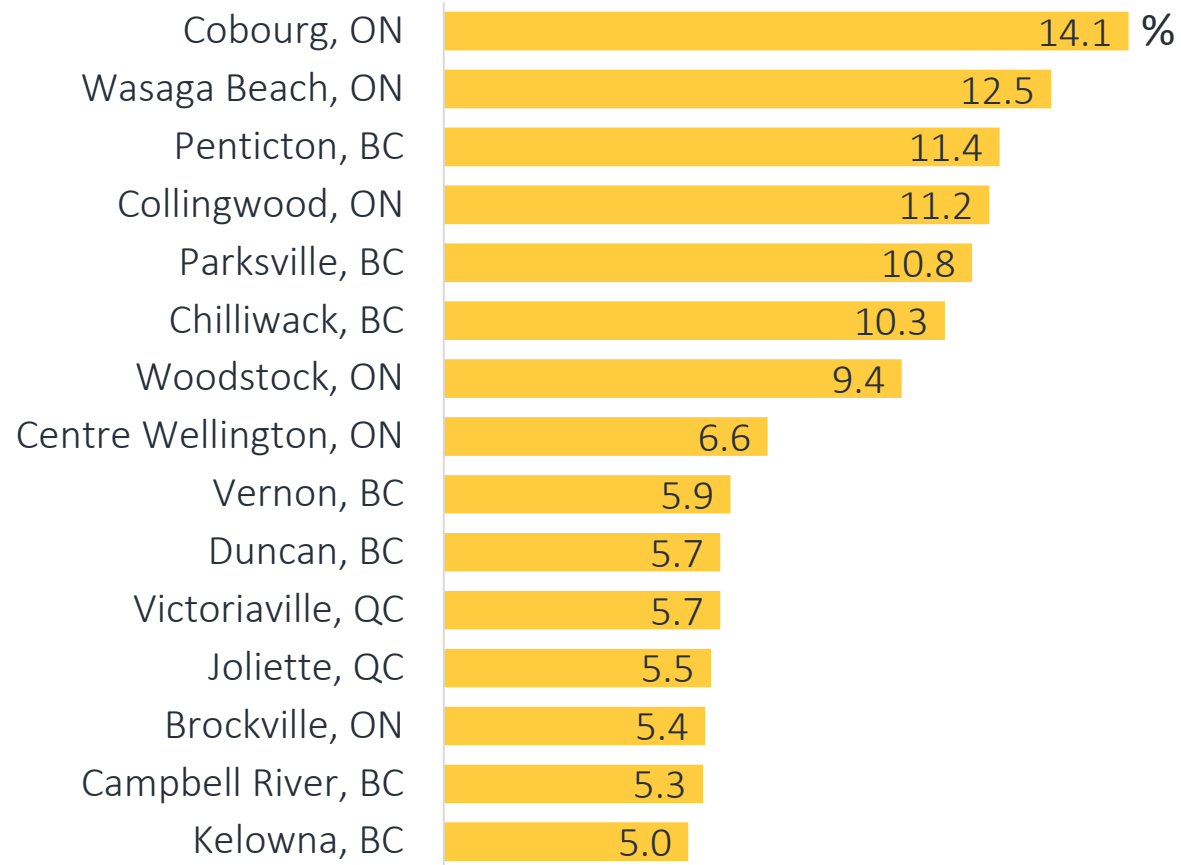
Population Aged 65+, 2016



Source: Statistics Canada, 2016 Census

Some Communities are Attracting Retirees

Net in-migration rate of seniors, 2011-2016

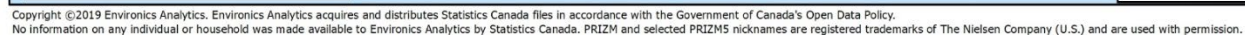


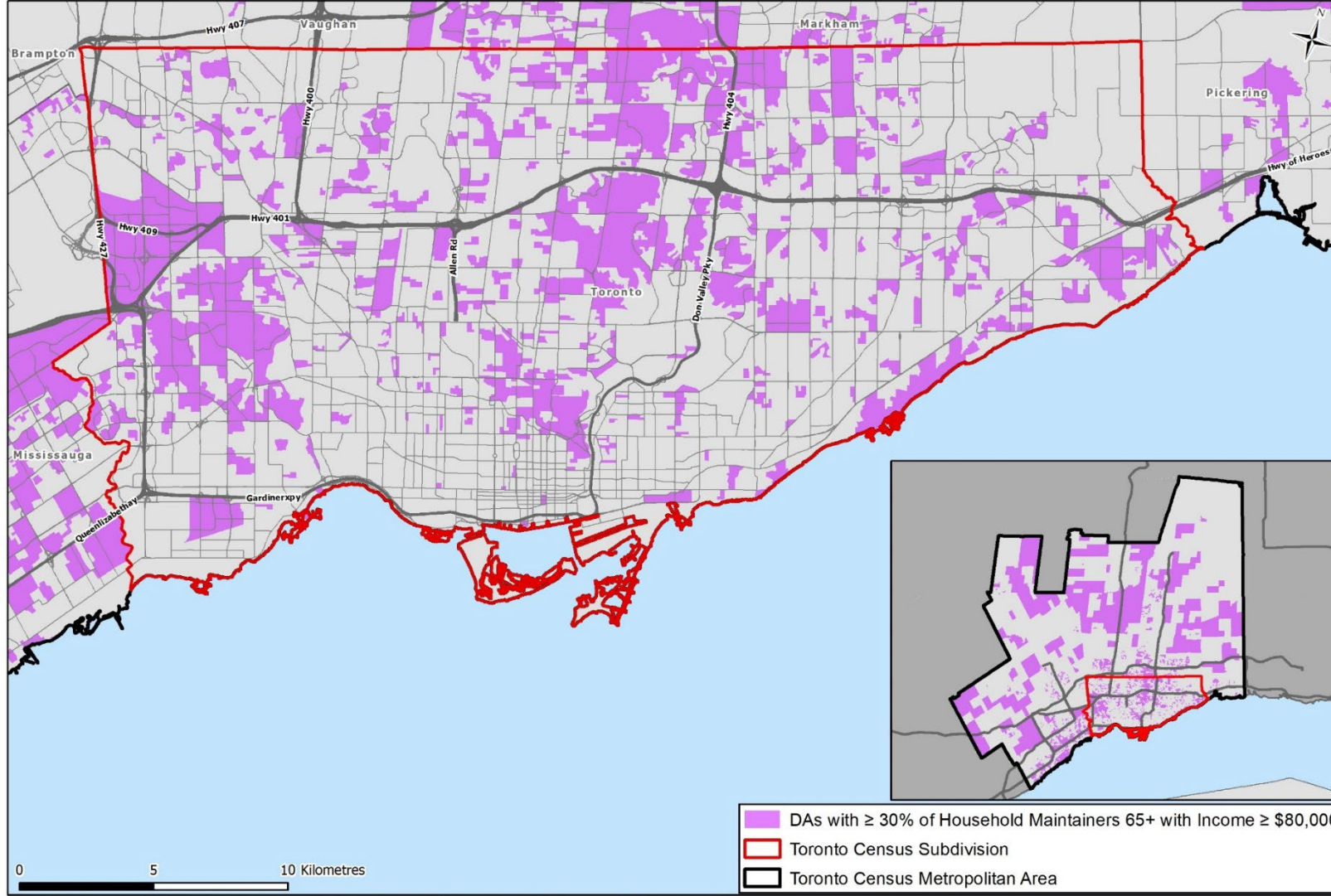
Source: Statistics Canada, 2016 Census

Approaches to Locating Older Population

- Direct use of demographic estimates
- Segmentation system such as PRIZM







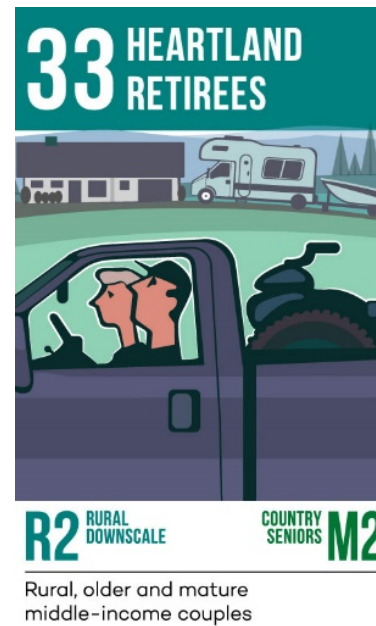
Copyright ©2019 Environics Analytics. Environics Analytics acquires and distributes Statistics Canada files in accordance with the Government of Canada's Open Data Policy. No information on any individual or household was made available to Environics Analytics by Statistics Canada. PRIZM and selected PRIZM5 nicknames are registered trademarks of The Nielsen Company (U.S.) and are used with permission.

PRIZM Segments



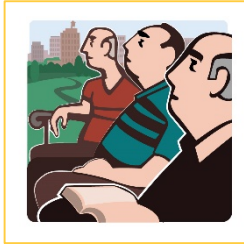
ENVIRONICS ANALYTICS

Three Segments Comprised of Older Populations



Source: Environics Analytics 2018 PRIZM

Demographics



	Grey Pride	Heartland Retirees	Sunset Towers
Total Households	99,194	185,408	279,322
Percent Own Homes	61%	86%	32%
Average Household Income	\$91,697	\$85,902	\$60,439
Percent with University Degree	31%	19%	19%
Percent One Person Households	49%	27%	55%

Source: Environics Analytics 2018 DemoStats

Economic Health – Balance Sheet

Grey Pride



Net Worth

\$903,788

Index: **137**



Investments

\$471,474

Index: **147**



Savings

\$172,992

Index: **172**



Real Estate

\$724,847

Index: **105**



Consumer Debt

\$34,766

Index: **82**



Mortgage Debt

\$252,602

Index: **91**

Heartland Retirees



Net Worth

\$742,283

Index: **113**



Investments

\$309,177

Index: **97**



Savings

\$98,452

Index: **98**



Real Estate

\$628,936

Index: **91**



Consumer Debt

\$42,203

Index: **99**



Mortgage Debt

\$209,002

Index: **75**

Sunset Towers



Net Worth

\$319,502

Index: **49**



Investments

\$222,734

Index: **70**



Savings

\$81,894

Index: **81**



Real Estate

\$446,096

Index: **64**



Consumer Debt

\$24,044

Index: **57**



Mortgage Debt

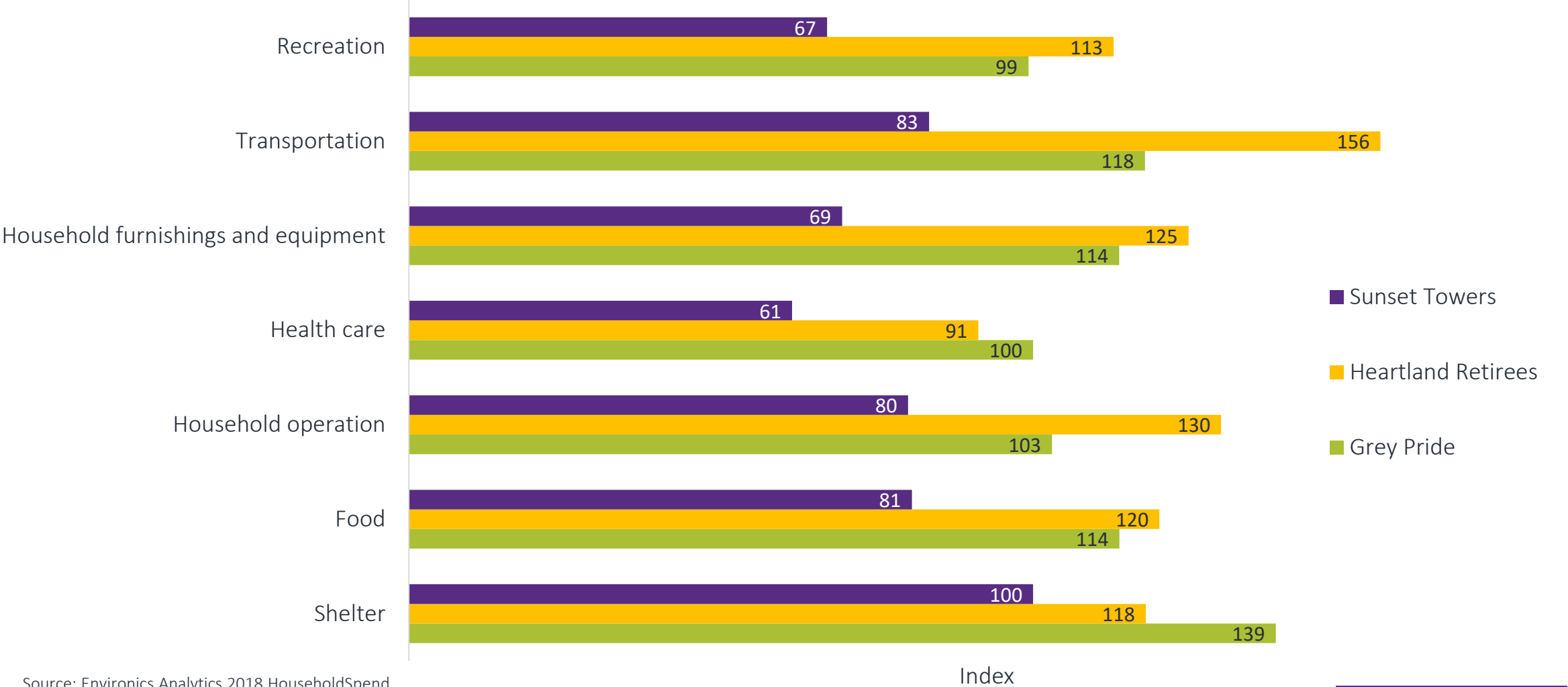
\$200,070

Index: **72**

Source: Environics Analytics 2018 WealthScapes

Where They Spend Their Money

Indexed to average spending of 65+ population



Source: Environics Analytics 2018 HouseholdSpend

Challenges of an Older Population



An Aging Population Presents Some Challenges...

- Pension system
- Health care
- Overall economic growth
- Providing for an age-friendly society – a society in which people of all ages can actively participate in community activities and everyone is treated with respect, regardless of their age



...But Many Opportunities for Business

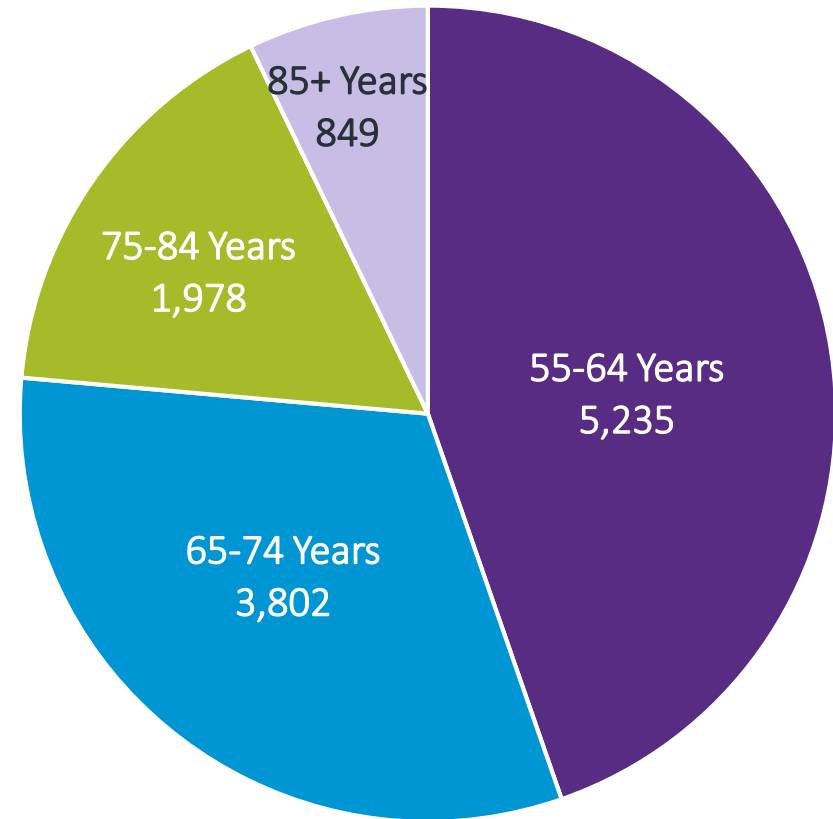


Four Segments of the Older Population

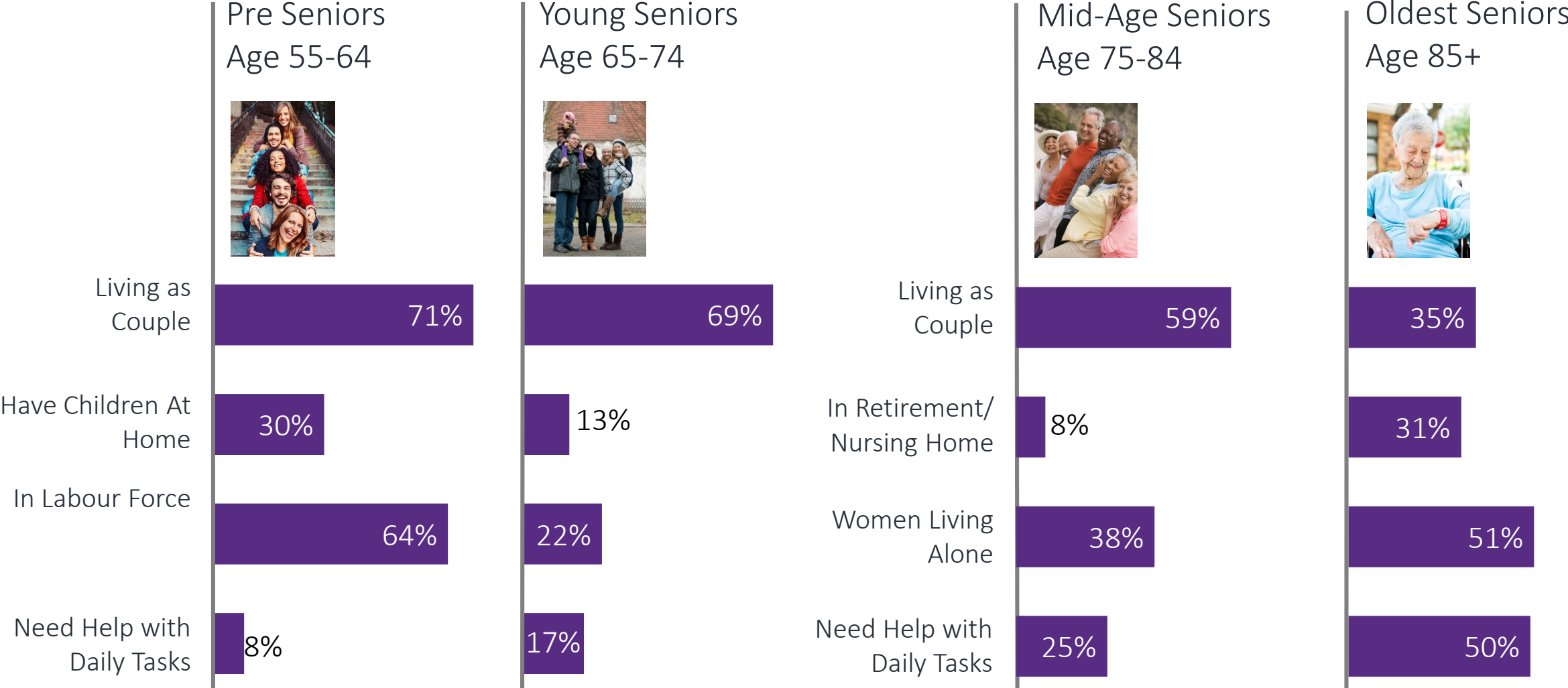
- Pre seniors aged 55-64
- Young seniors aged 65-74
- Mid-age seniors aged 75-84
- Older seniors aged 85 and over

Total population age 55+: 11.9 Million

Population (in '000s), 2019



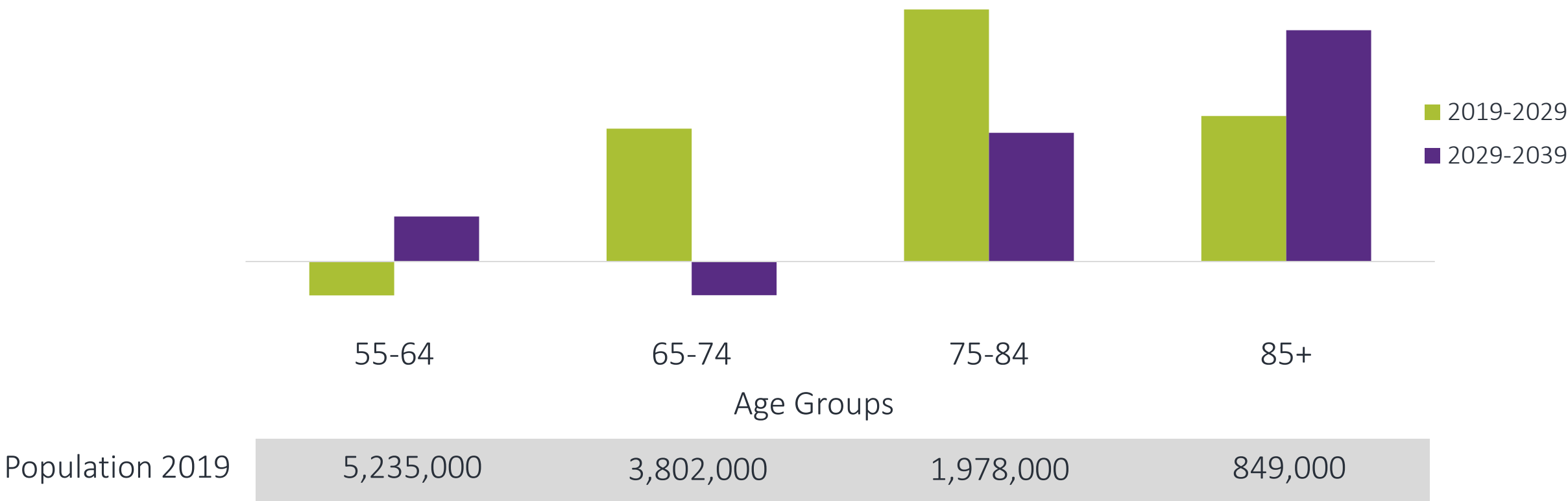
Differences in Demographics



Source: Statistics Canada, Census and General Social Survey

Growth Varies by Age Segment

Projected Population Growth, Canada, 2019-2039



Source: Environics Analytics 2019 DemoStats

Great Opportunities for Seniors' Spending



Health Products and
Services
(e.g. hearing aids, eyewear,
prescription drugs)



Travel and Other
Leisure Activities
(e.g. packaged and/or adventure trips)



Financial Services/
Retirement Planning



Luxury Goods
(e.g. that red
sports car)



Cannabis
(Back to the 60s)



Homecare/ Caregiving
Services



Home Monitoring Devices



Home Delivery

Where to Look for Housing Opportunities



New types of
housing for seniors



Seniors
residences



Higher end
rental units



Condos for
seniors

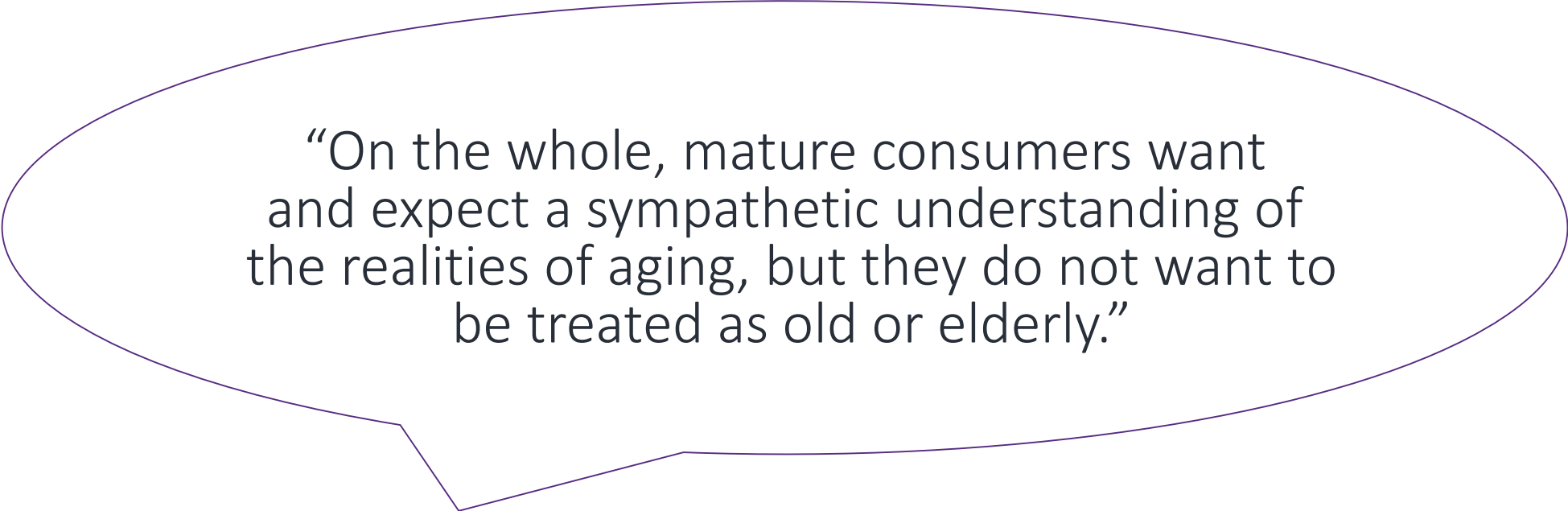


Home
renovations/
furniture

Businesses Also Need to Change Their Approach for an Older Population



What Do Older Consumers Want?



“On the whole, mature consumers want and expect a sympathetic understanding of the realities of aging, but they do not want to be treated as old or elderly.”

Source: What do Mature Consumers Want? Martin Walker and Xavier Menard, The Global Business Policy Council, AT Kearney

Recognize Opportunities

- Recognize the opportunities presented by a rapidly growing older population and reject stereotypes
- Recognize the range of different needs
 - Seniors in good health who want to enhance their lifestyle
 - Seniors who want to adjust their daily living in view of health conditions

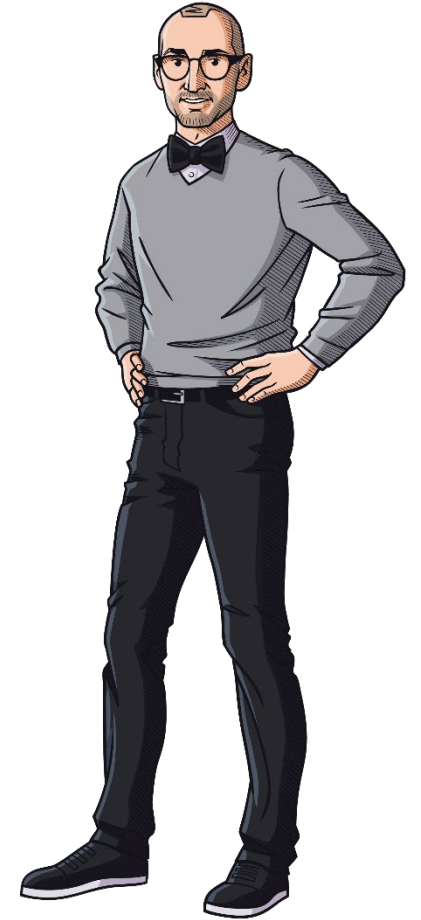
Store Design

- Make aisles accessible
- Signage easier to read/follow
- Make products easier to reach
- Consider setting aside shelves or aisles for products of particular interest to seniors (e.g., home health aids)
- Have places where seniors can rest while shopping



Product Design

- Market products that target older population wanting to enhance their lifestyle
- Look for products that might be appropriate for various physical states/conditions
- Need for smaller sizes
- Make labels easier to read and products easier to open



Some Examples

- Gillette developed the new TREO, the first device engineered for caregivers to shave men who can't shave themselves.
- The tech company GreatCall is a leading provider of active aging & independent living solutions. One example is the senior-friendly Jitterbug phone that alerts first responders when there's an emergency.
- In new condos targeted at seniors, vendors might include, or offer as options, packages that make the new home more age-friendly (e.g. wider doors, grab bars, monitoring system)
- Offer a range of options that recognize the differential mobility of the older population, e.g. tours/cruises with a variable amount of walking involved

Provide Good Customer Service

- Provide good personal customer service (in store, on the phone, and online)
- Train retail staff to understand age related changes and needs of older consumers
- Consider incentives to attract senior clients (e.g. senior's days, age discounts)

Don't Rule Out the Internet and Social Media

- Over 60 percent of persons aged 65-74 use the Internet daily
- Social media use is increasing but the types of social media used by seniors may differ from those widely used by Millennials; different jargon
- Online shopping for groceries, meals and other products, perhaps coupled with home delivery, may be attractive for many seniors
- New technology, wearables and apps must speak to values of healthy aging and be tested by older consumers

The Older Population Also Spends for Others


- Nearly a third of seniors are caregivers and have out-of-pocket expenses related to transportation, travel and accommodation, as well as health services and medication
- Nearly three quarters of Canada's seniors have grandchildren and businesses can do things that make it easier to shop for grandchildren
- A once a month “grandparents day” is attractive to many
- Indigo provides gift recommendations based on age, gender and preferences as well as in-store wrapping for the perfect present

Summary

Implications of the aging population

- “Demographic dividend” for products targeted at seniors as seniors have increasing share of spending
- Large increases in number of one-person and two-person households
- Implications for store design and product design
- Implications for shopping patterns with more leisure time

The Advantage of an Age-Friendly Business



“By providing the retail spaces and products that can help meet the needs of aging consumers, our members can create an immediate impact and a long-term advantage not just for our industry but also for society as a whole.”

Source: AT Kearney

“If you are a marketer looking for a robust market to chase, think boomers.”

Terry O'Reilly, *This I Know: Marketing Lessons from Under the Influence* (2017)

Questions?



Dr. Doug Norris

Senior Vice President and Chief Demographer

Environics Analytics

Doug.Norris@environicsanalytics.com

