

MARKETING TO AN OLDER POPULATION: HERE COME THE BOOMERS



Dr. Doug Norris

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Introduction



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Agenda

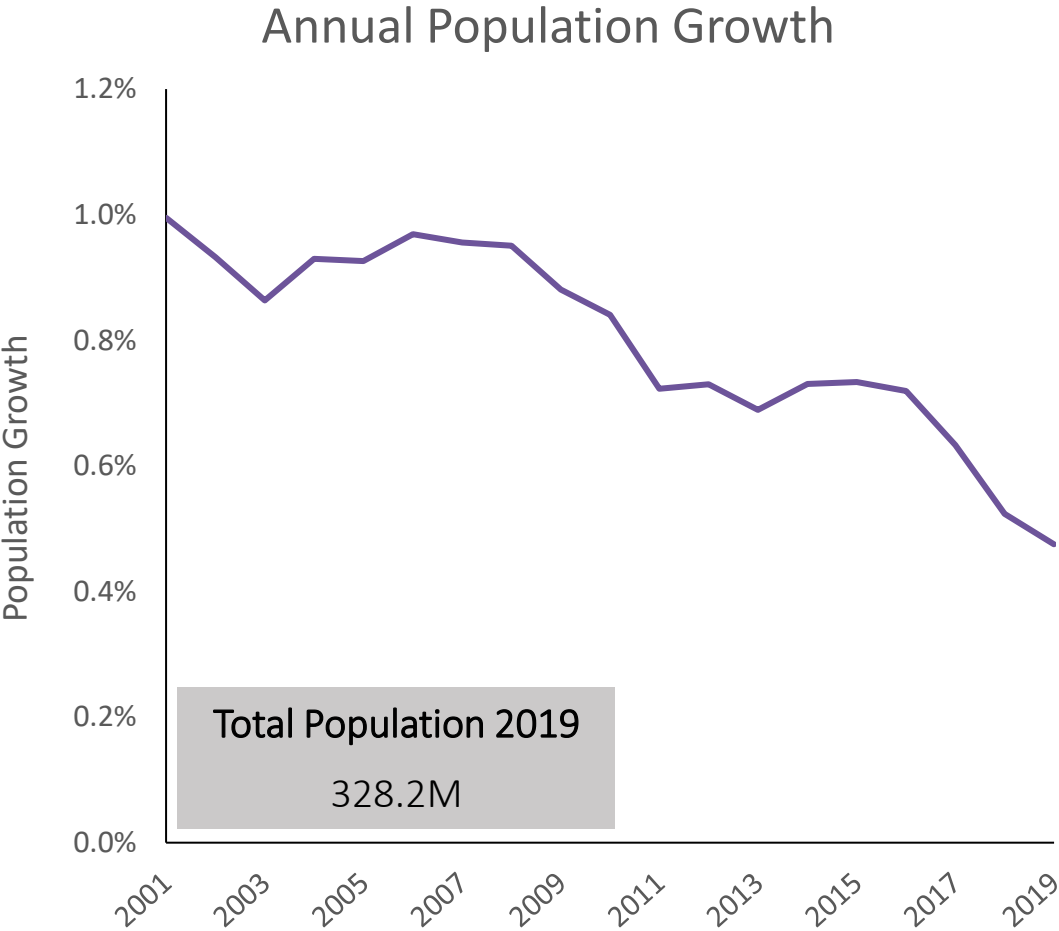
- The Size and Growth of America's Older Population
- The Spending Power of the Older Population
- Some Characteristics of the Older Population
- A Diverse Older Population
- Locating the Older Population
- Segmenting the Older Population
- Opportunities by industry



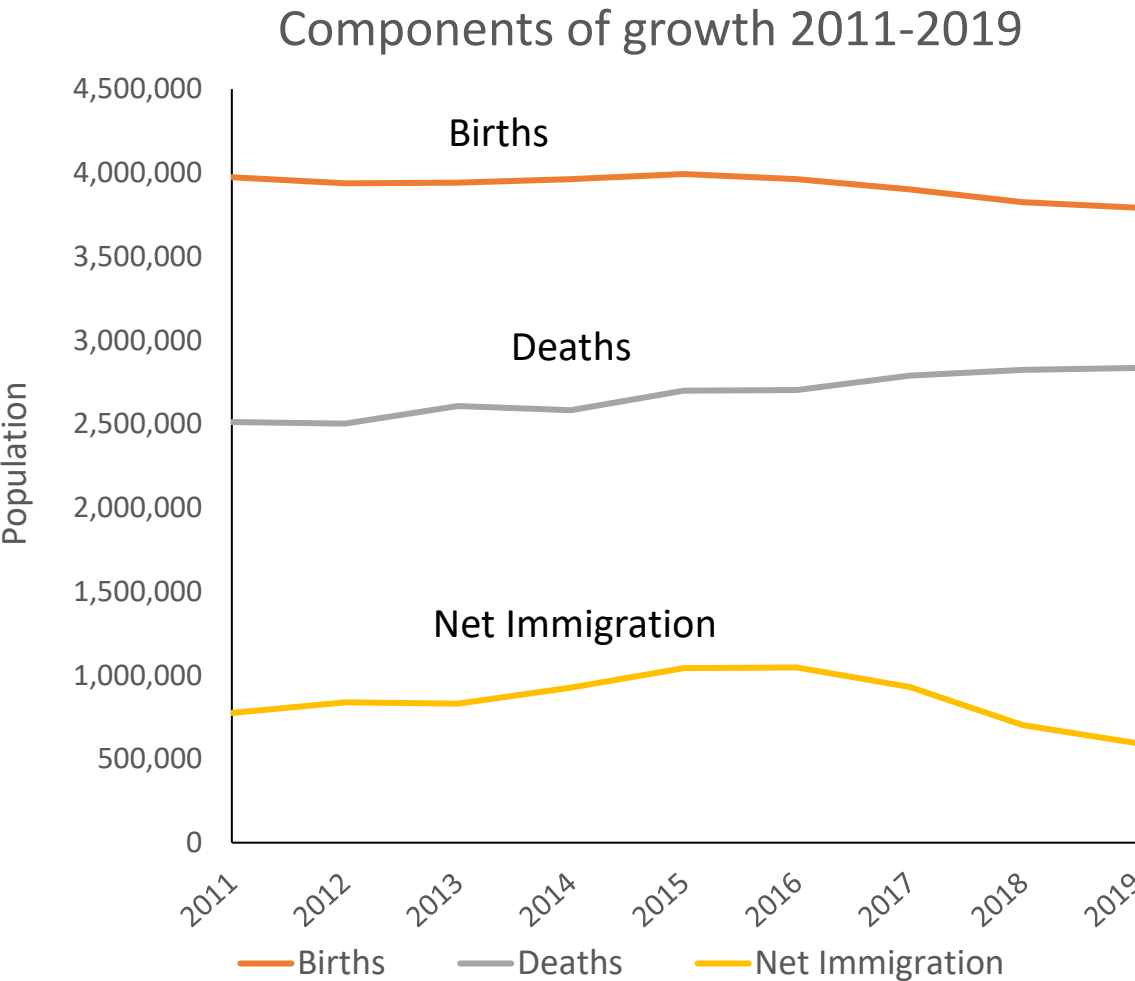
The Size and Growth of America's Older Population



Decent drop in growth due to declines in fertility and immigration

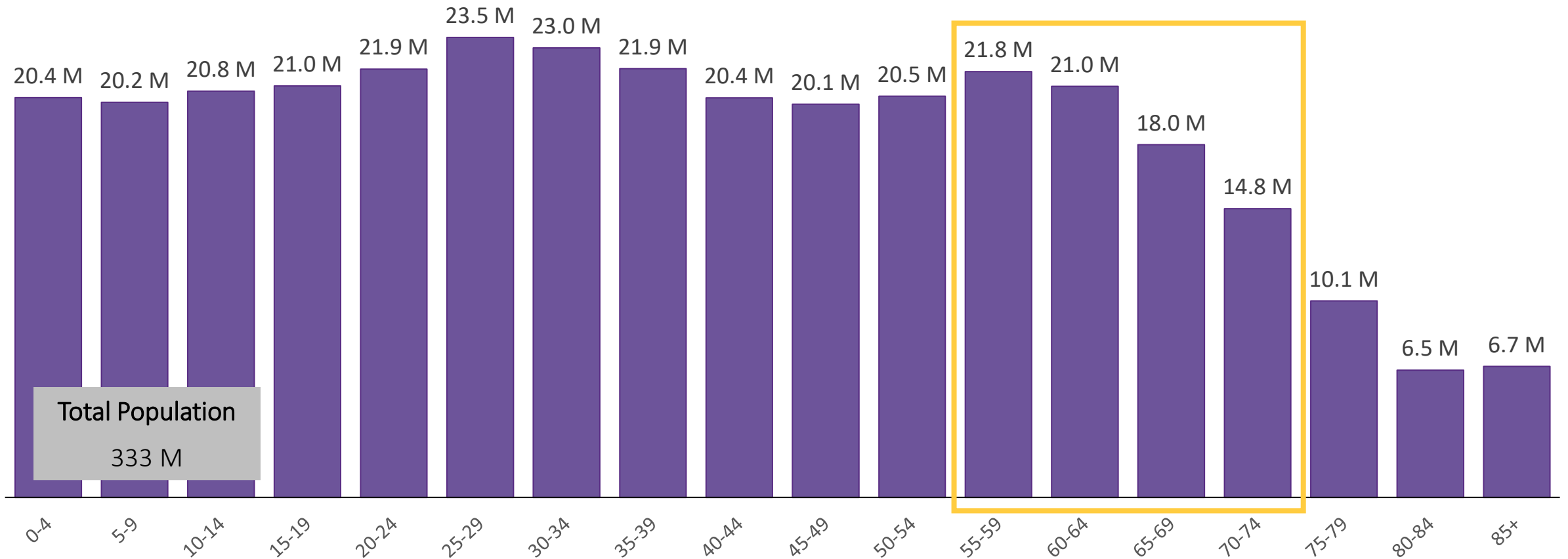


Source: U.S. Census Bureau



Boomer cohorts are much larger than older cohorts

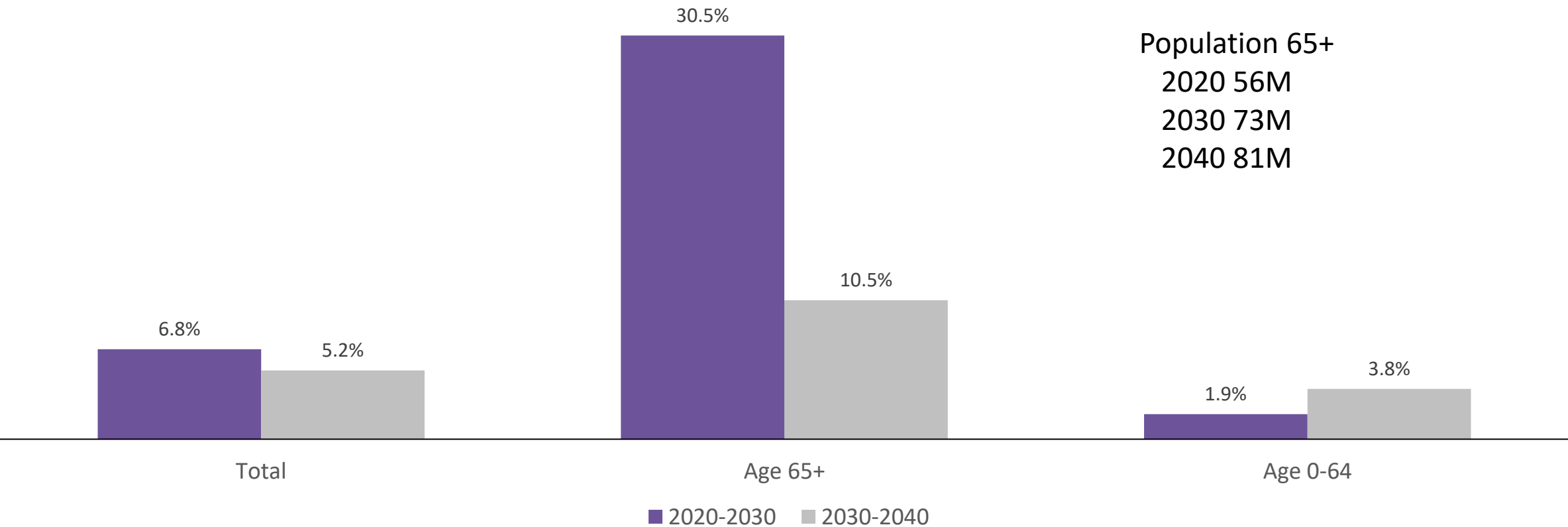
Population of United States, 2020



Source: U.S. Census Bureau Population Projections

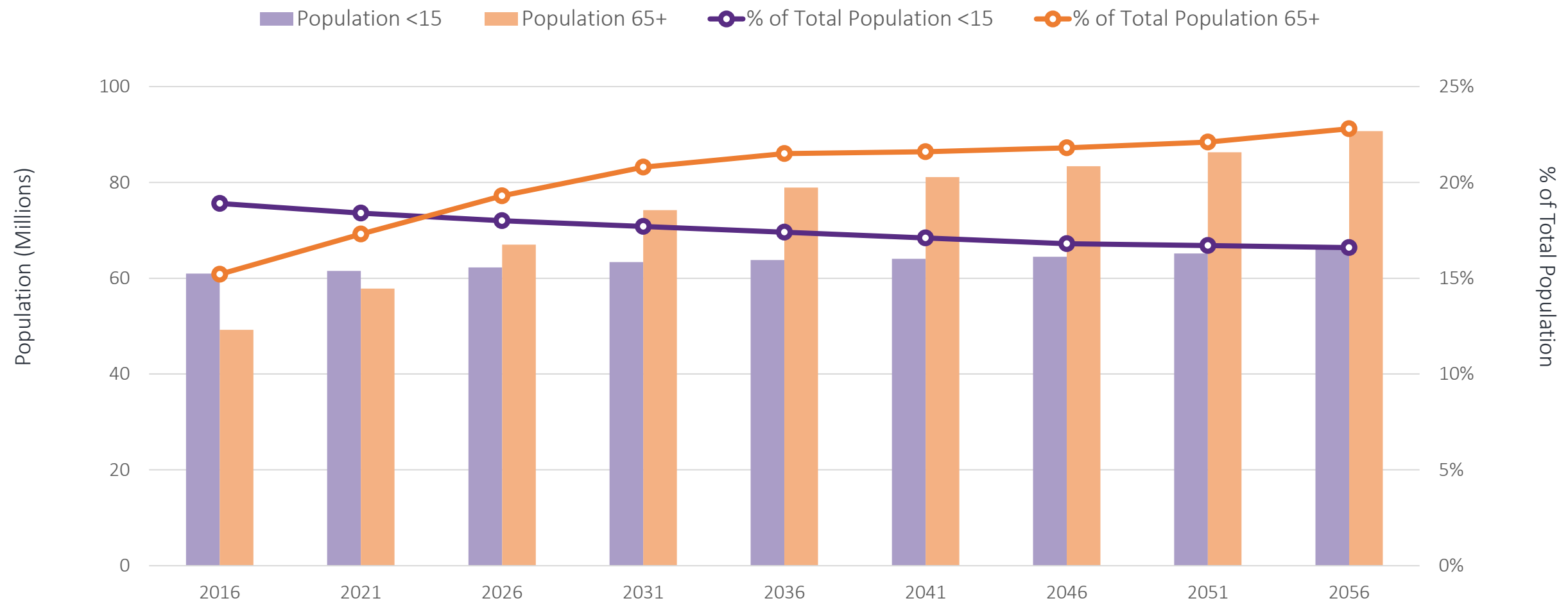
Much higher growth ahead at the older ages

Projected Population Growth, United States



Source: U.S. Census Bureau 2017 Projections

An aging population



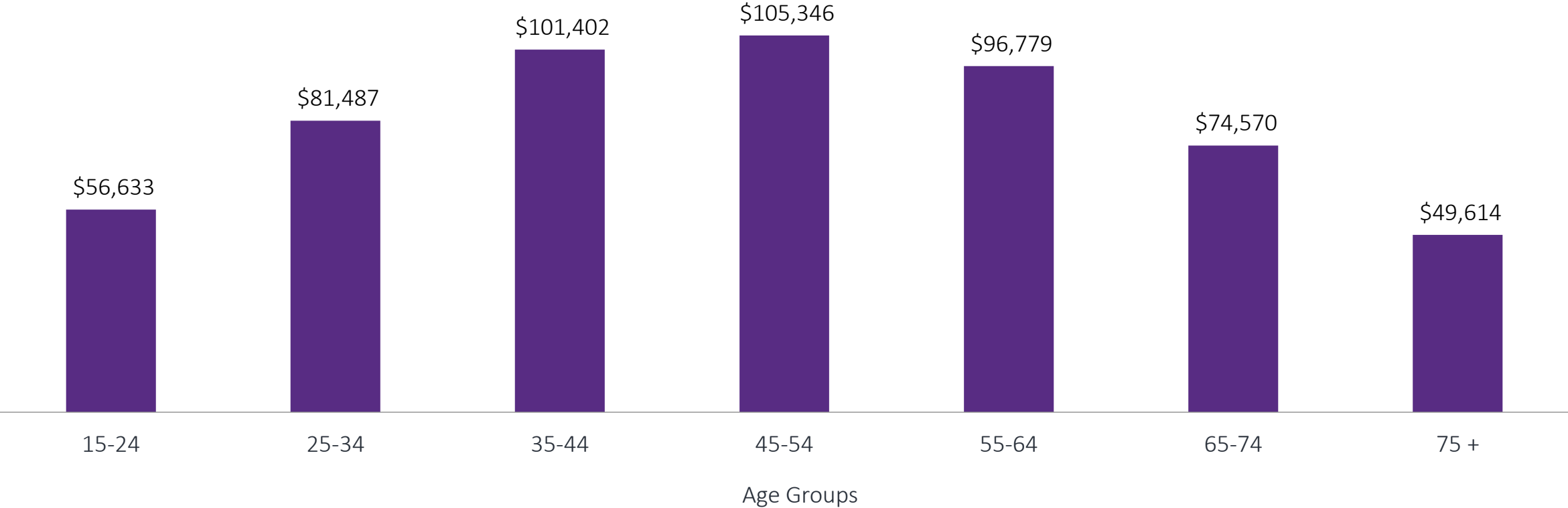
Source: U.S. Census Bureau, Main Projections Series for the United States, 2017-2060.

The Spending Power of the Older Population



Older households have lower income

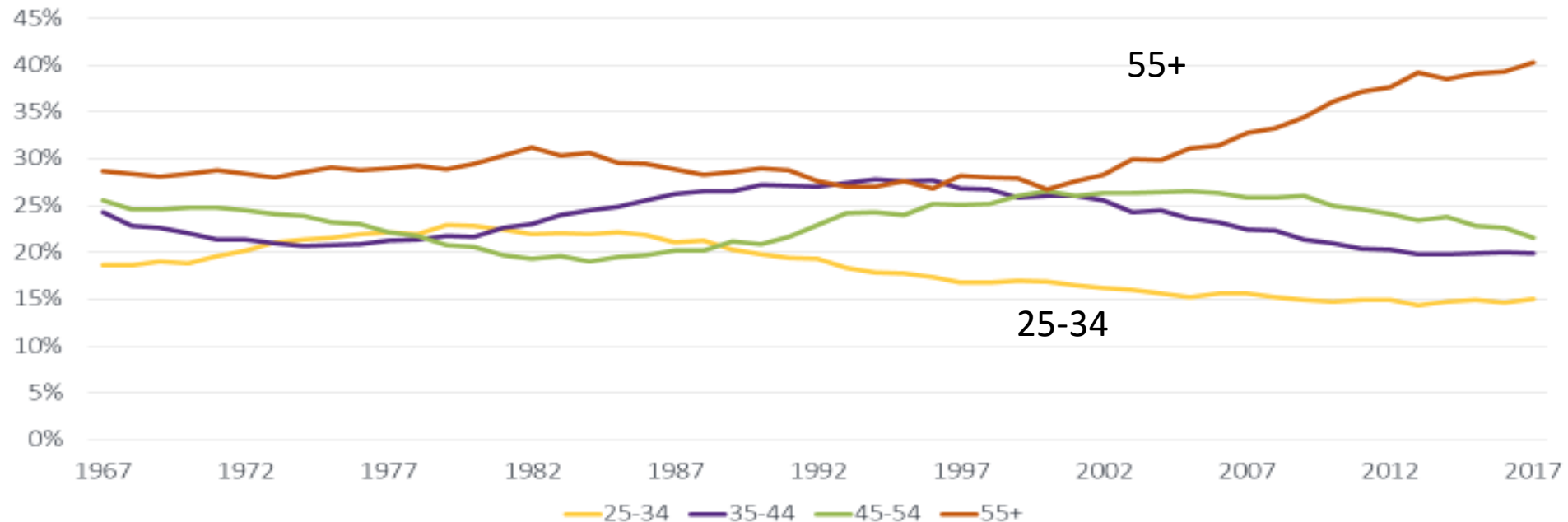
Average Income of Households, 2017, United States



Source: U.S. Census Bureau, Current Population Survey

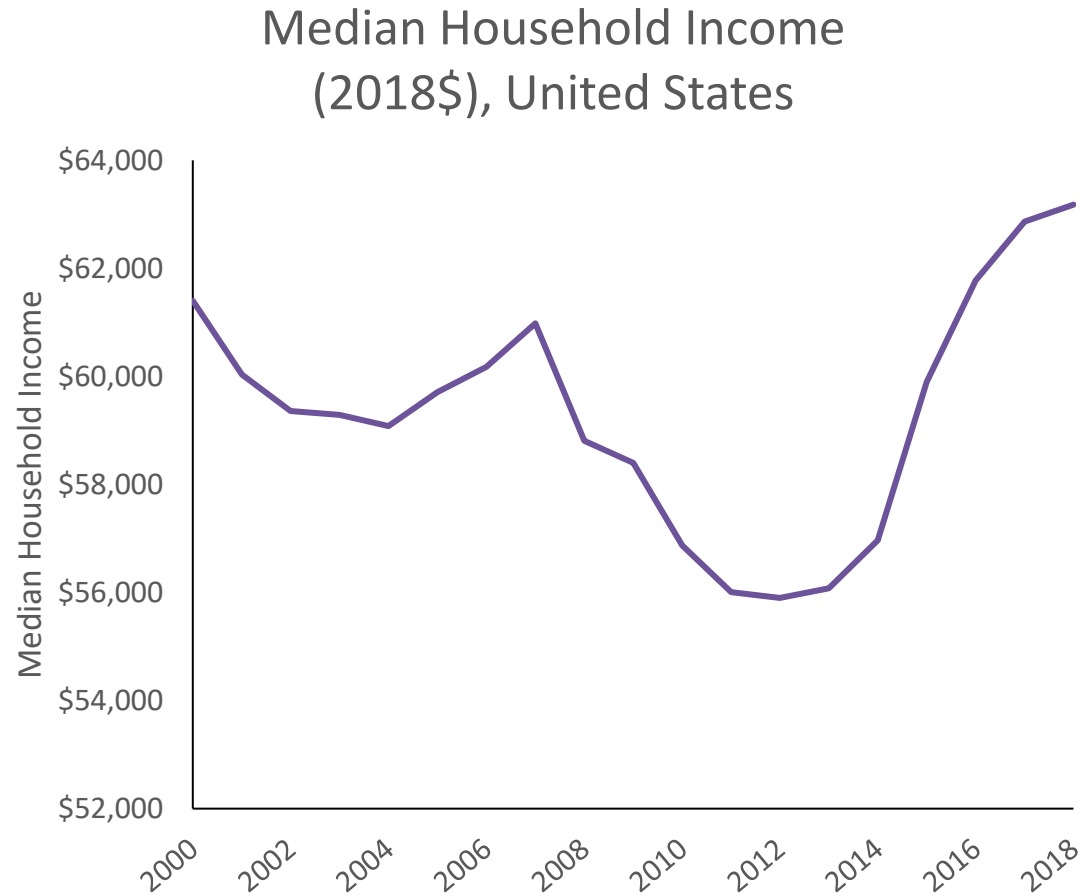
But the older population accounts for over 40% share of total income

Share of Total Aggregate Income
By Age of Household Maintainer



Source: U.S. Census Bureau, Current Population Survey

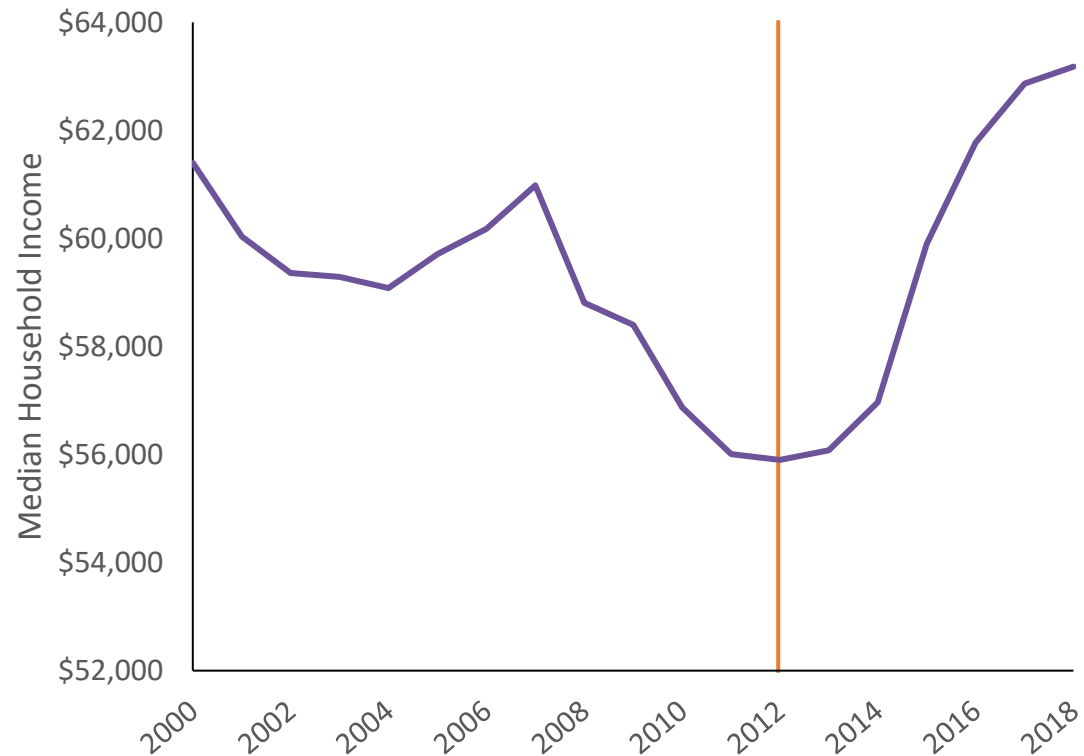
The Rollercoaster of income trends



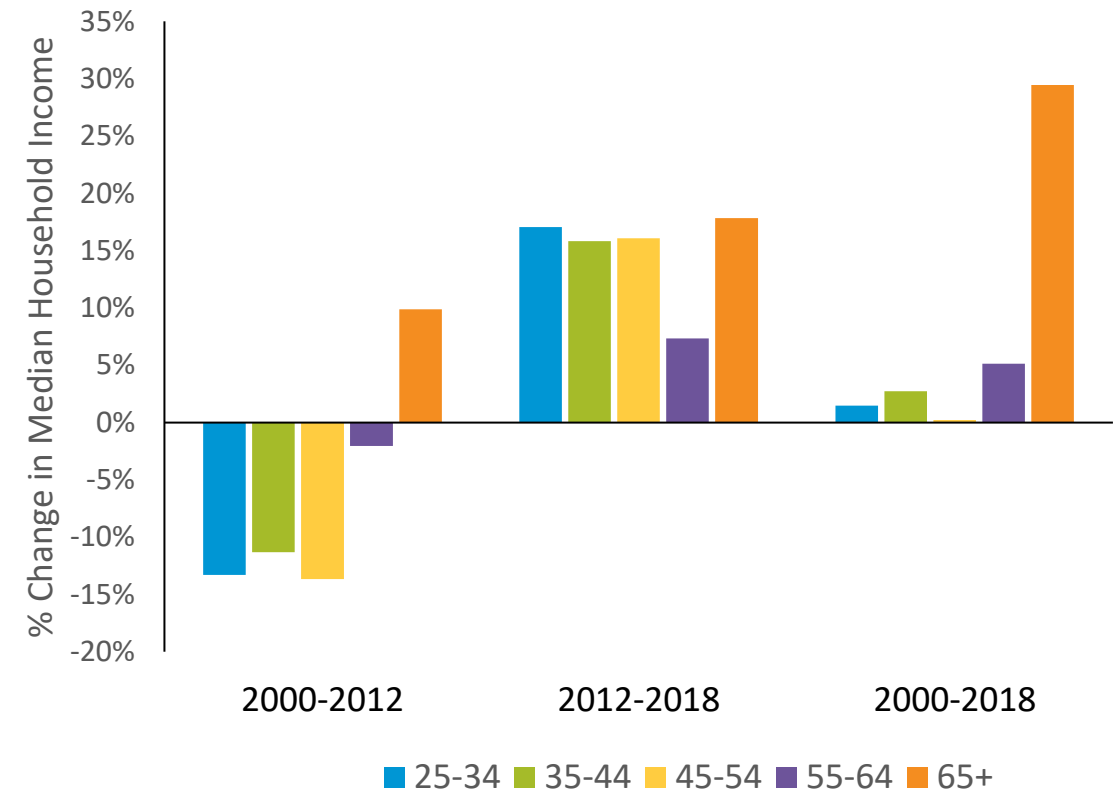
Source: U.S. Census Bureau, Current Population Survey, Annual Supplement

The Rollercoaster of income trends

Median Household Income
(2018\$), United States

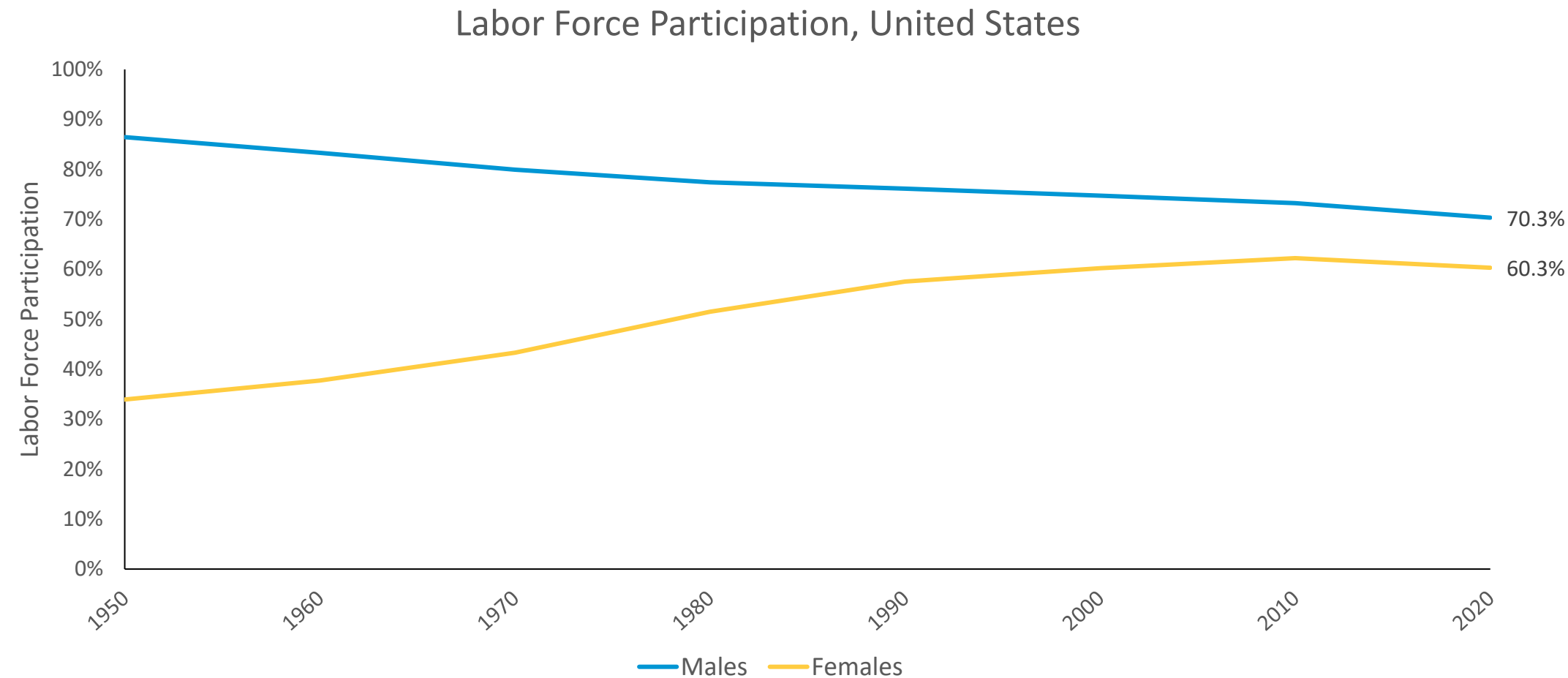


Change in median household income
(2018\$)



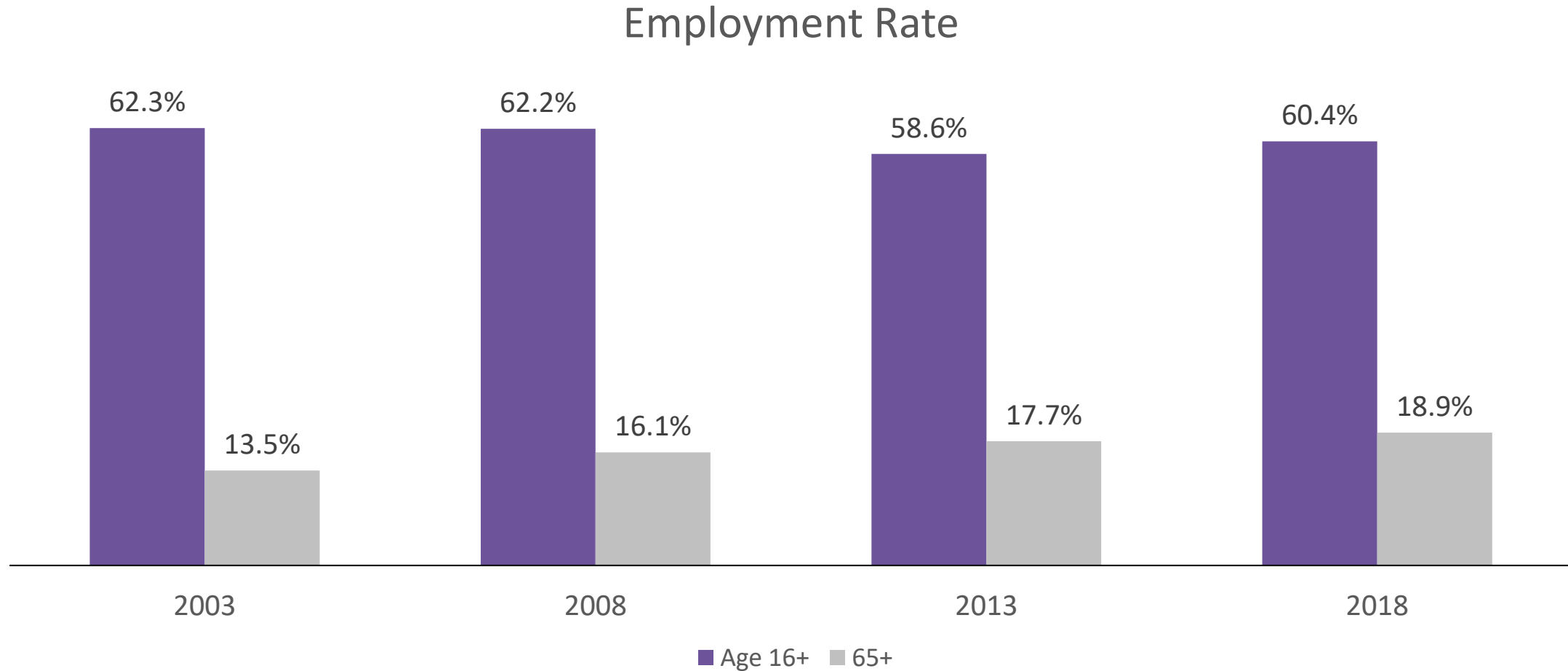
Source: U.S. Census Bureau, Current Population Survey, Annual Supplement

Boomer women have been in labor force much longer than older generations



Source: U.S. Bureau of Labor Statistics

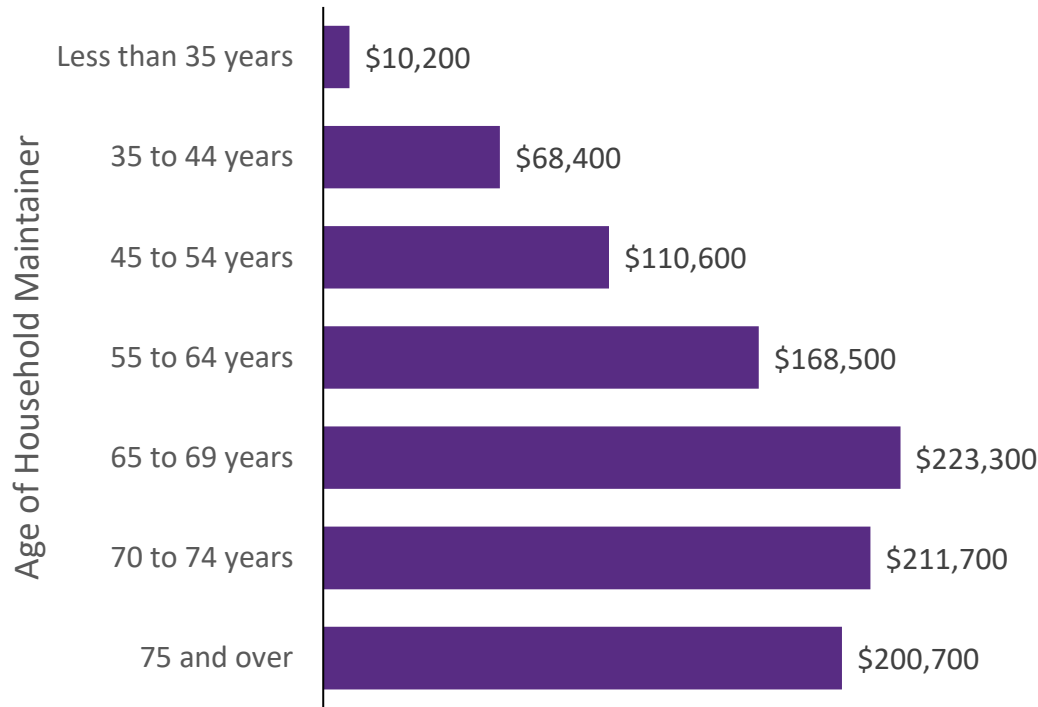
Increases in employment for older workers



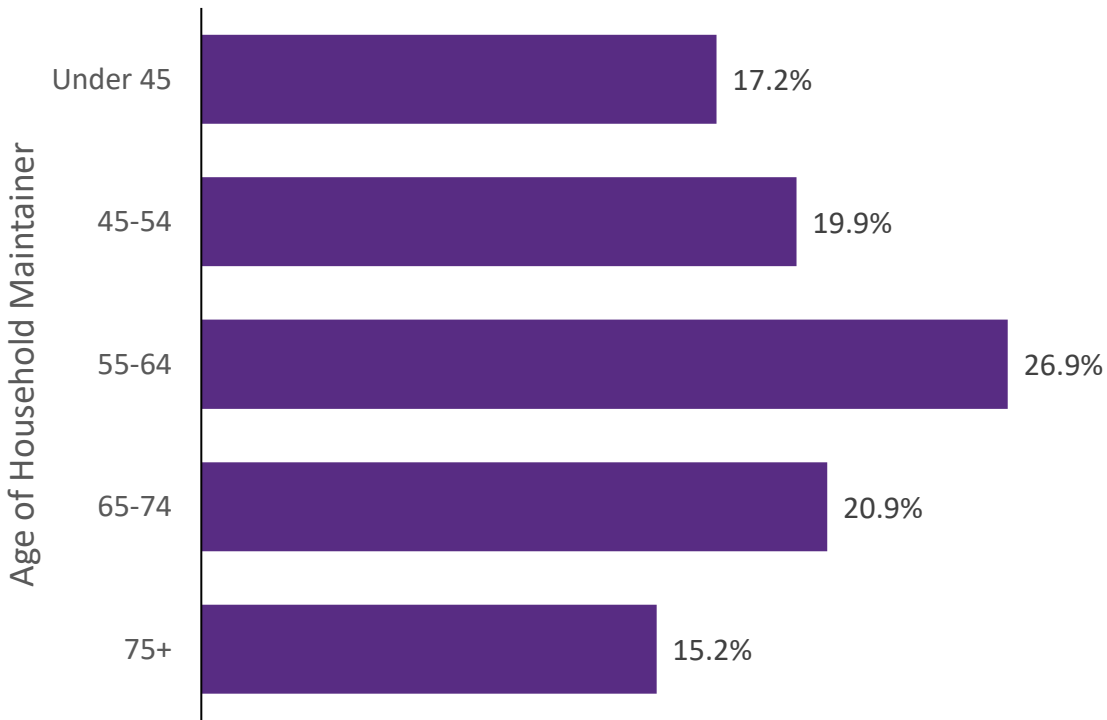
Source: U.S. Bureau of Labor Statistics, Current Population Survey

Over 60 percent of net wealth held by 55+ households

Net Median Wealth, United States, 2016

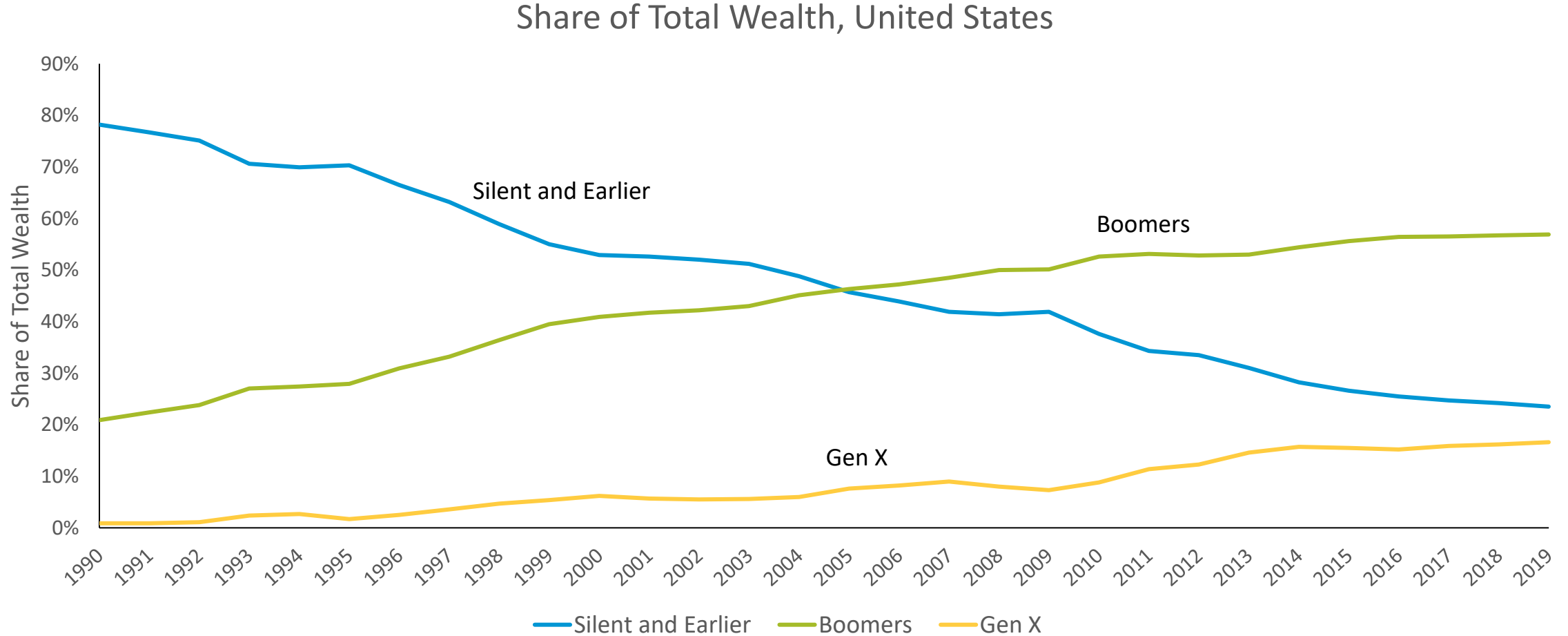


Share of Net Worth, 2016



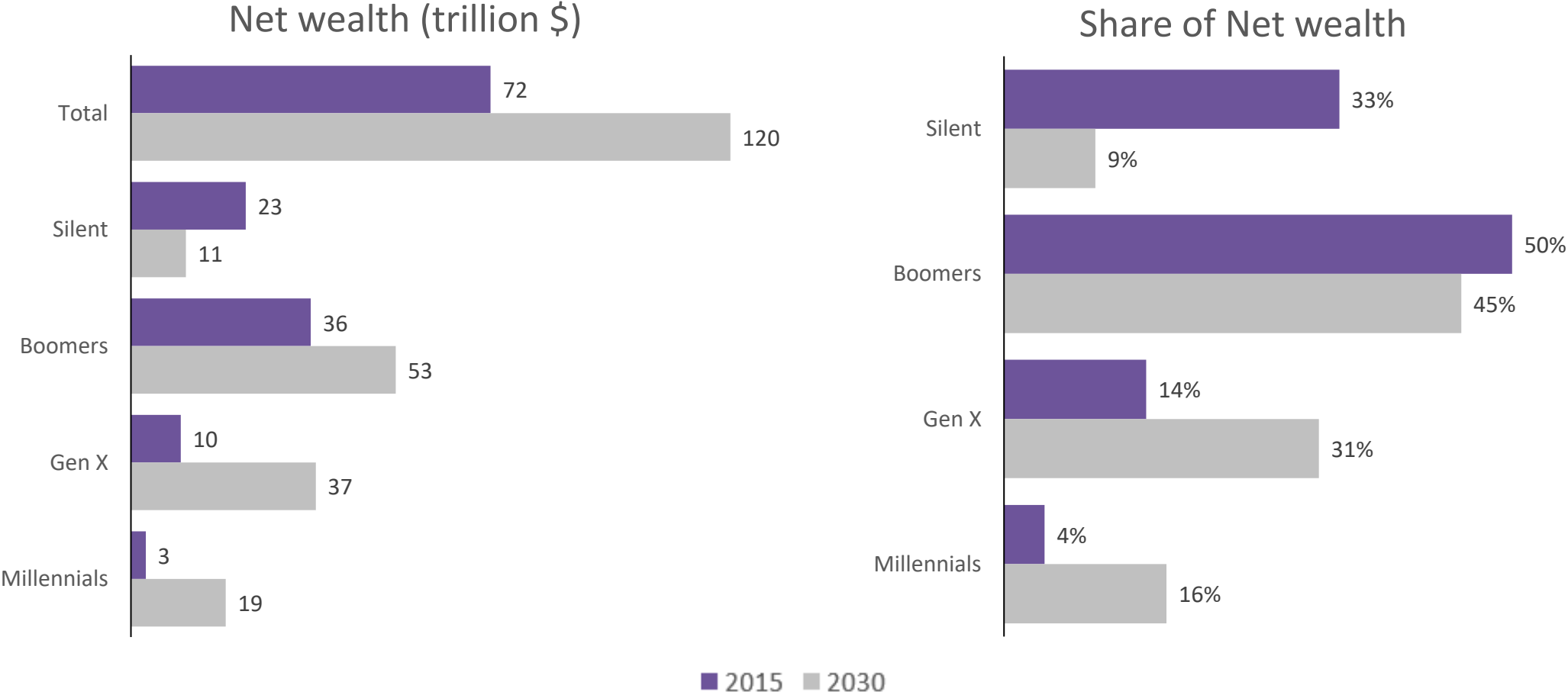
Source: U.S. Census Bureau, Survey of Income and Program Participation

Boomers have an increasing share of wealth



Source: Enhanced Financial Accounts, Federal Reserve

Wealth of Boomers projected to increase but a slight drop in share of wealth

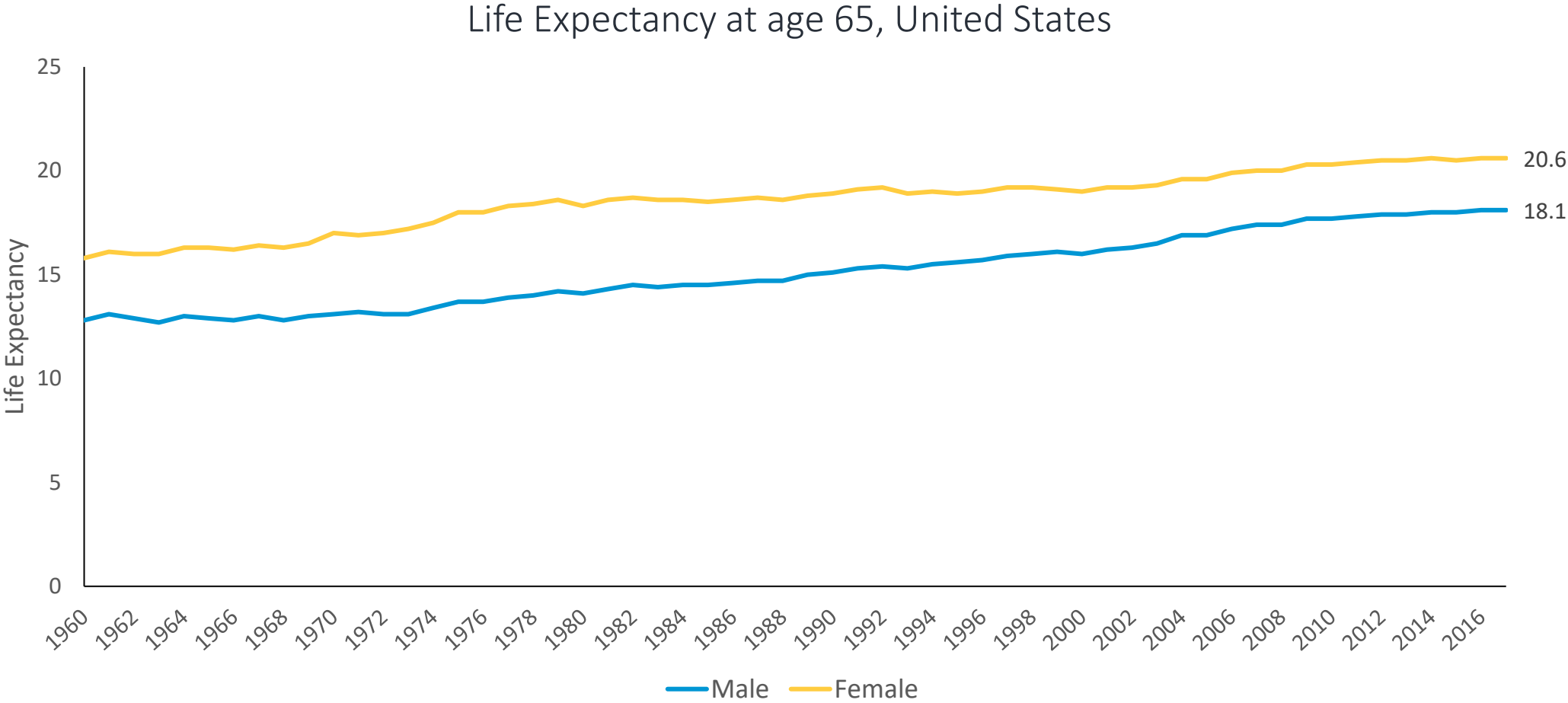


Source: The Future of Wealth in the United States, Deloitte Center for Financial Services

Some Characteristics of the Older Population



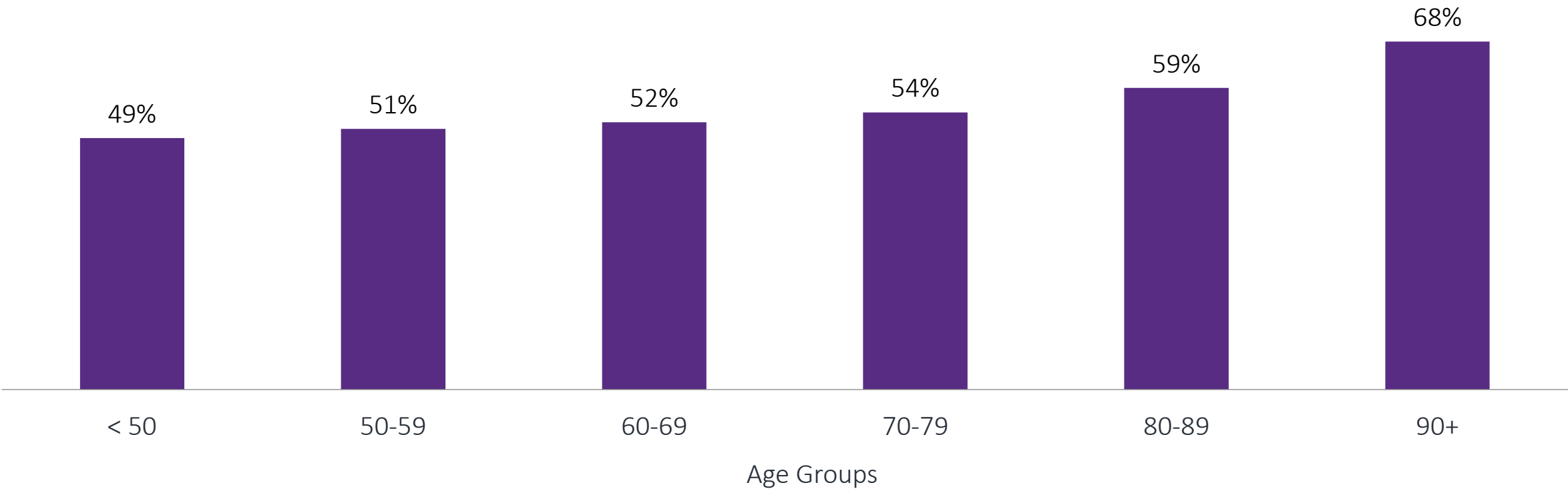
Gradual increases in life expectancy at age 65



Source: OECD Life Expectancy Table

Women are increasing majority at older ages

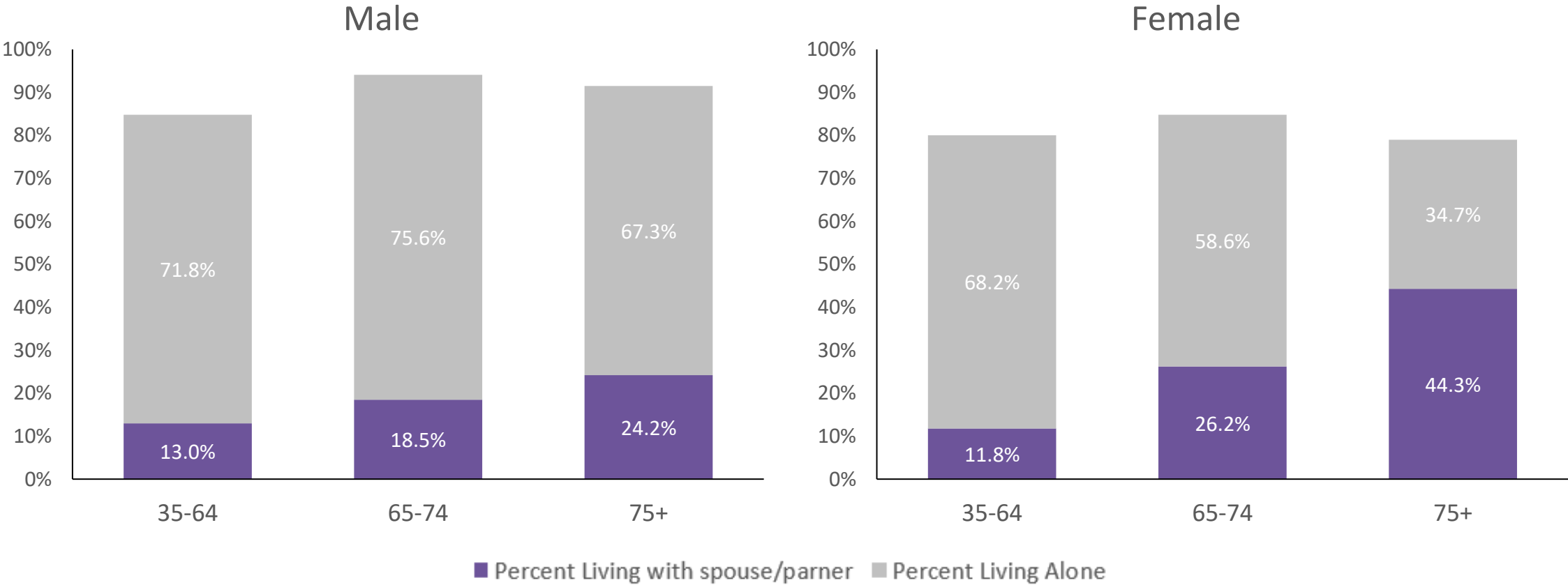
Women as Percent of Total Population, 2019



Source: U.S. Census Bureau, Main Projections Series for the United States, 2017-2060

Women more likely to live alone at older ages

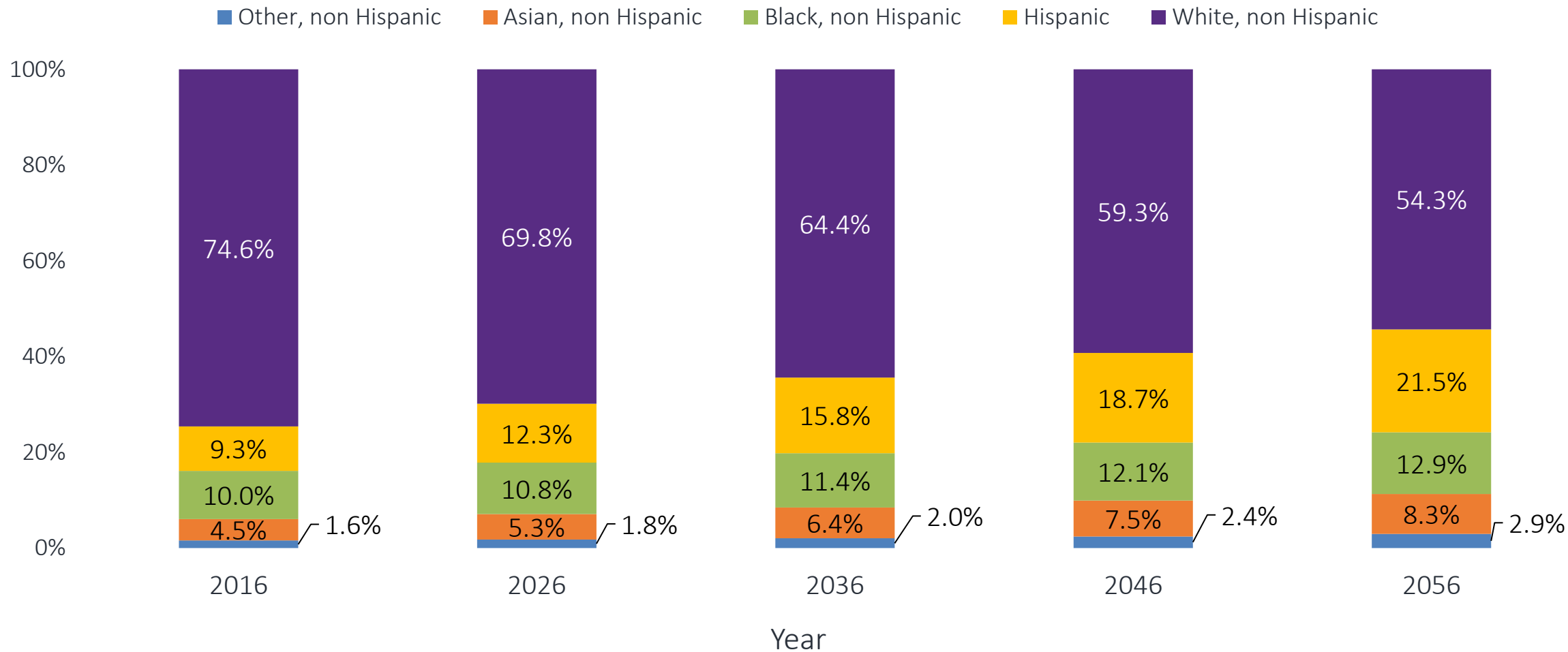
Living arrangements, persons aged 35 and over, United States, 2018



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement

The older population will become increasingly diverse

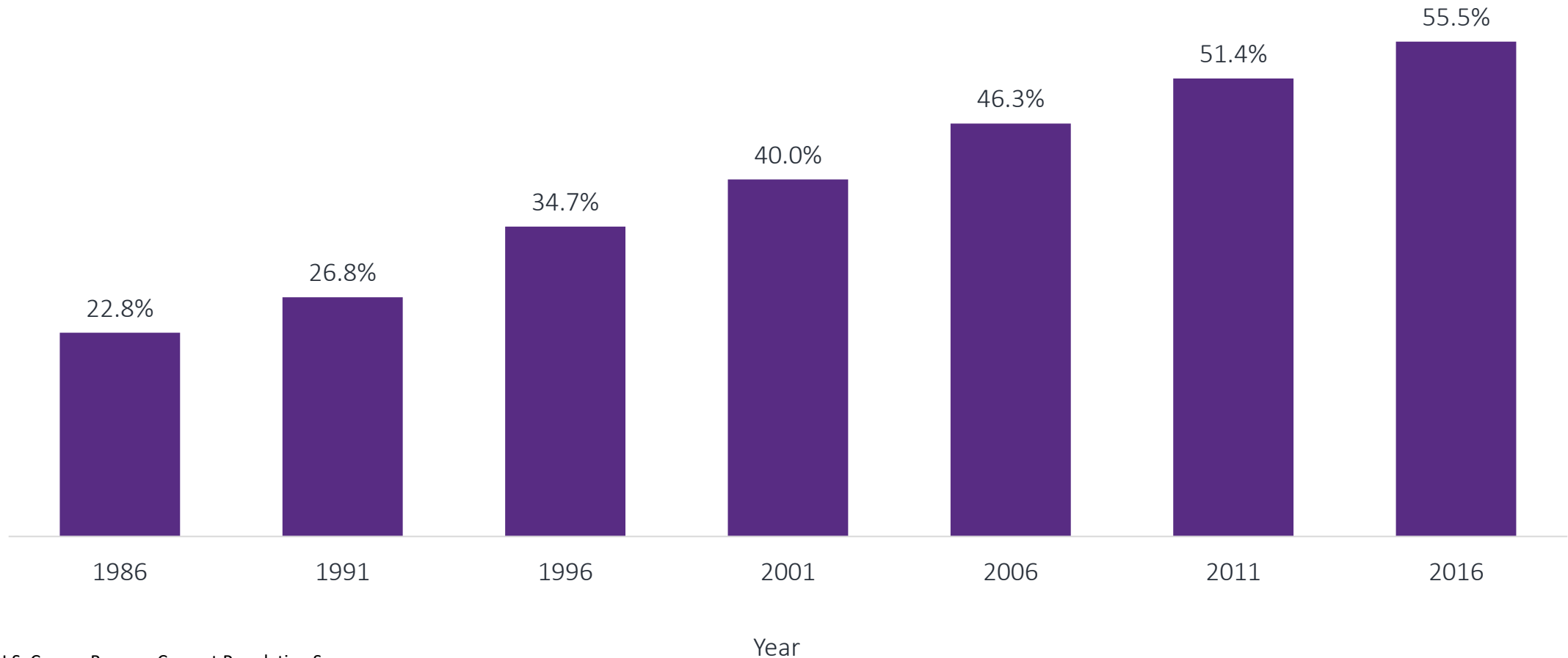
Projected Origin and Racial Composition of Population aged 55+



Source: U.S. Census Bureau, Main Projections Series for the United States, 2017-2060

The older population is more educated

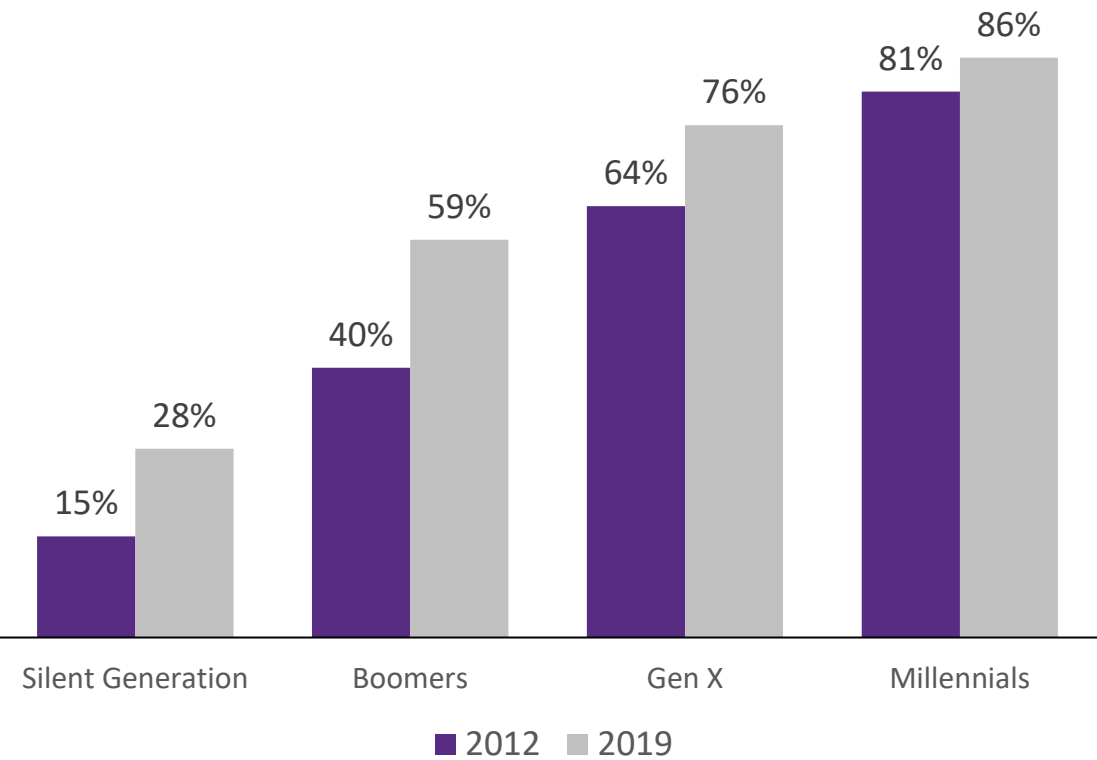
Percent of population aged 55+ with one or more years of college



Source: U.S. Census Bureau, Current Population Survey

Increasing use of social media but generations differ in what they use

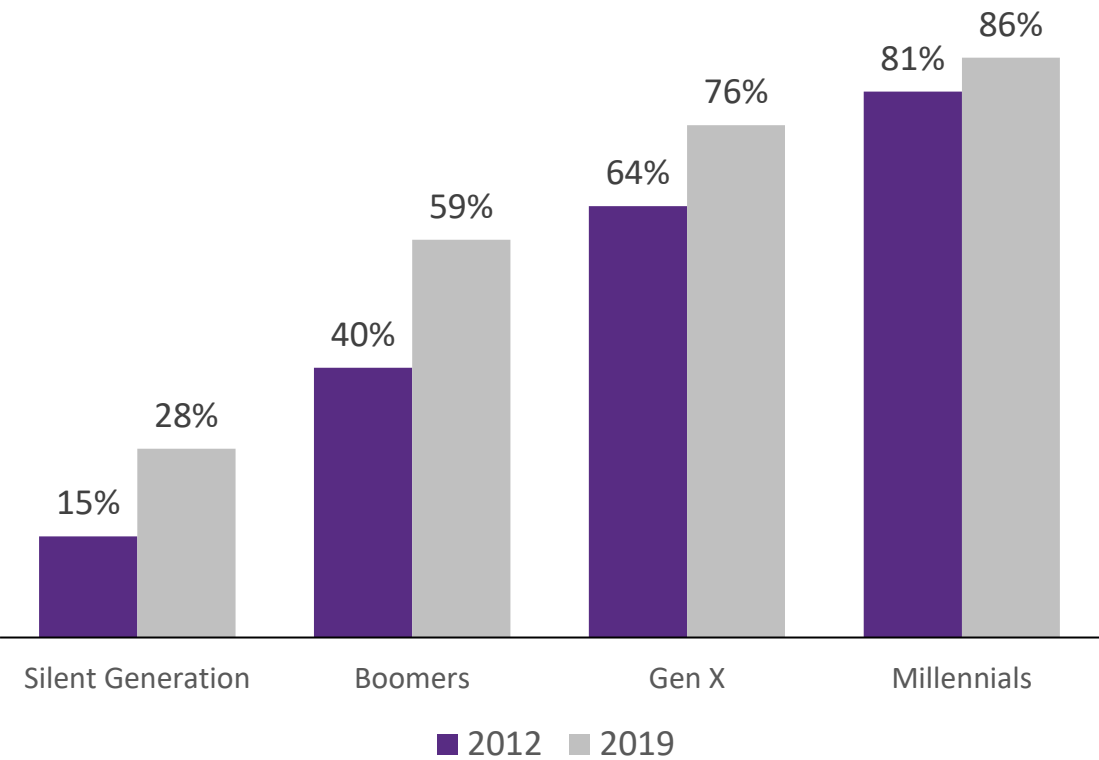
Use of Social Media, United States



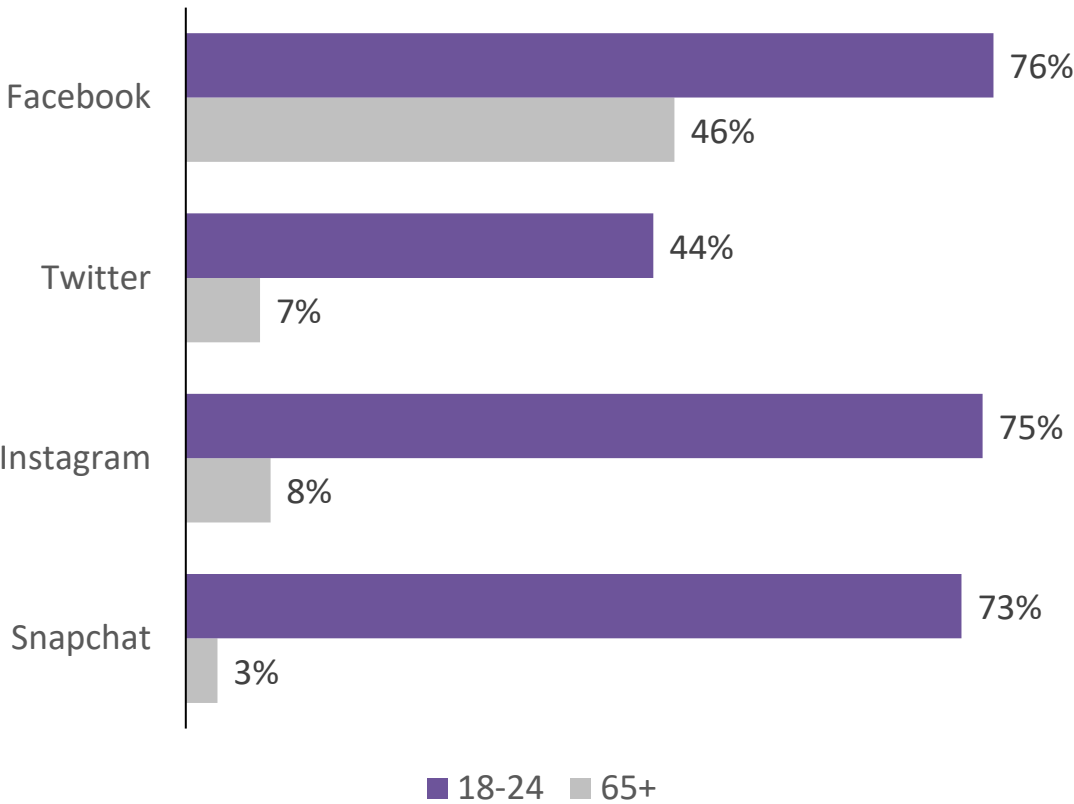
Source: Pew Research Center, 2019 Survey

Increasing use of social media but generations differ in what they use

Use of Social Media, United States

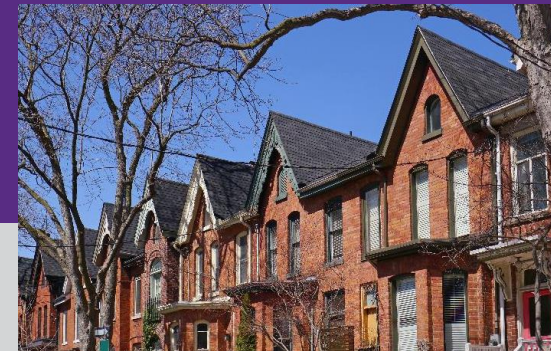


Use of Social Media, United States



Source: Pew Research Center, 2019 Survey

A Diverse Older Population

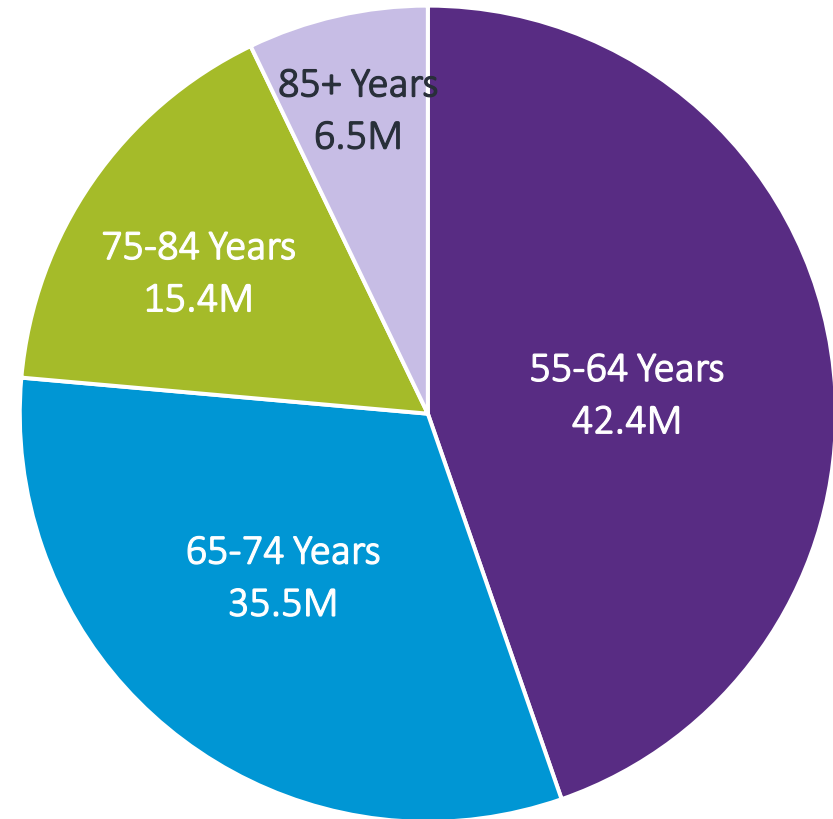


Four segments of the older population

- 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+: 109.8 Million

Population (in '000s), 2019



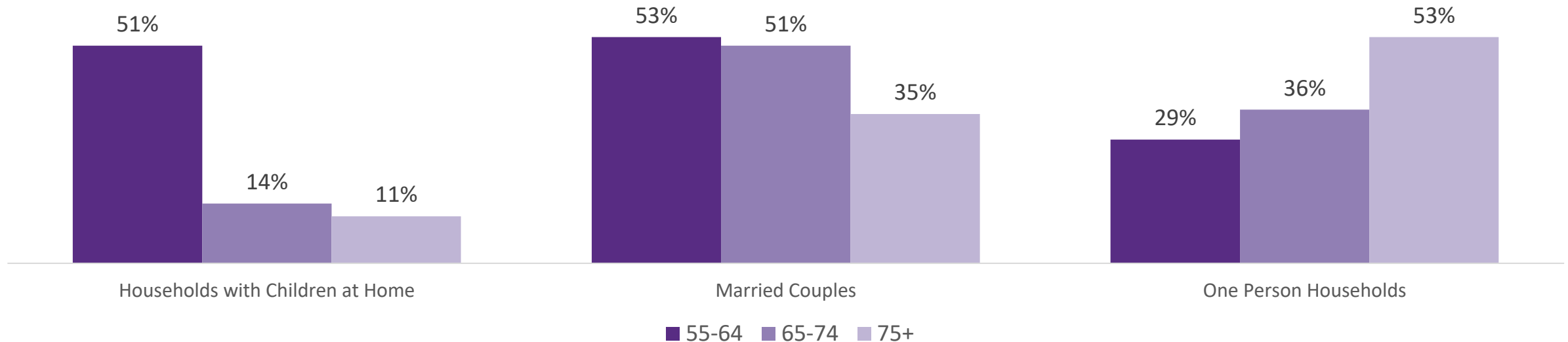
Source: U.S. Census Bureau Population Estimates

Life events that can lead to changes

- Children leaving home
- Retirement
- Deteriorating health
- Death of a spouse/partner

A shift to smaller households after children leave home and mortality sets in

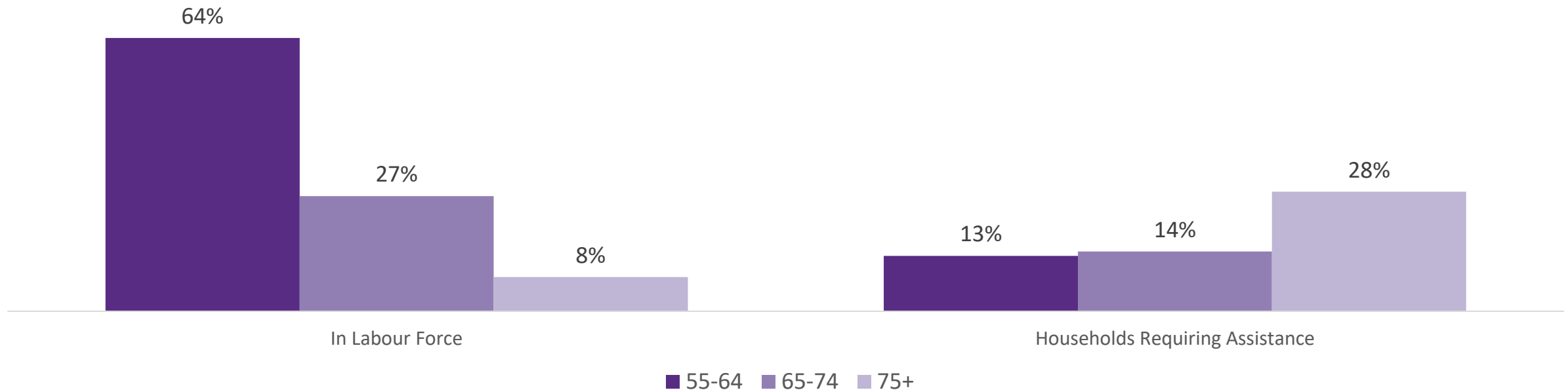
Percent of households by Age of Householder



Source: U.S. Census Bureau

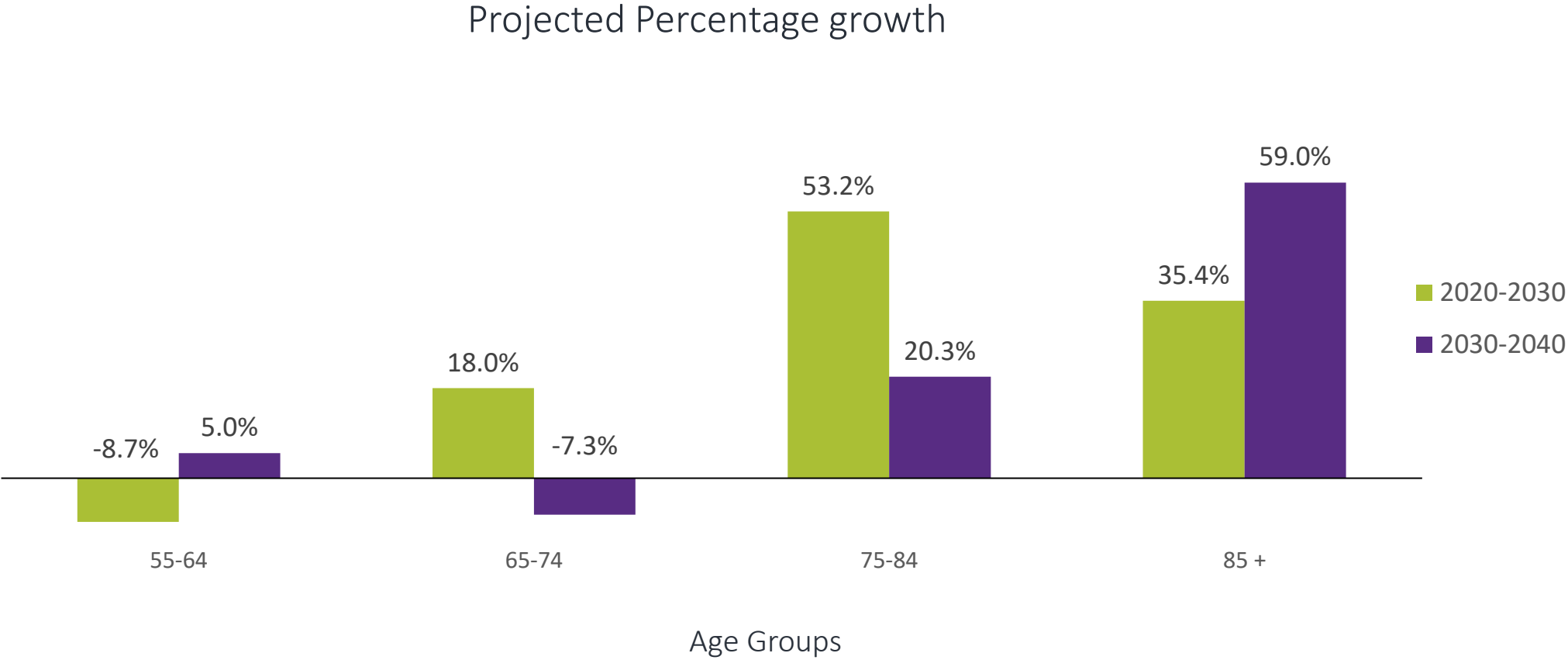
A shift to retirement and deteriorating health at oldest ages

Percent of households by Age of Householder



Source: U.S. Census Bureau

Older population groups will grow at different rates



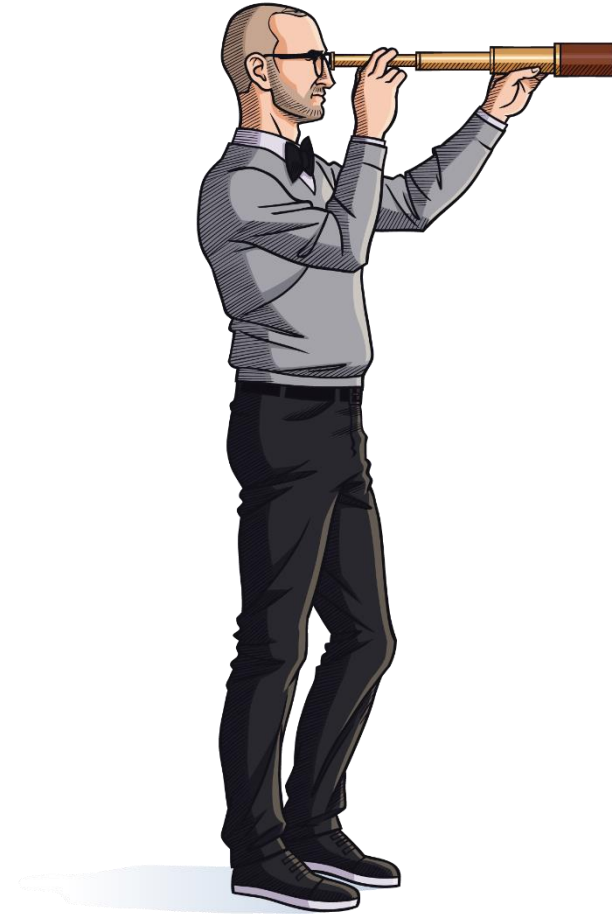
Source: U.S. Census Bureau Population Projections 2017

Locating the Older Population



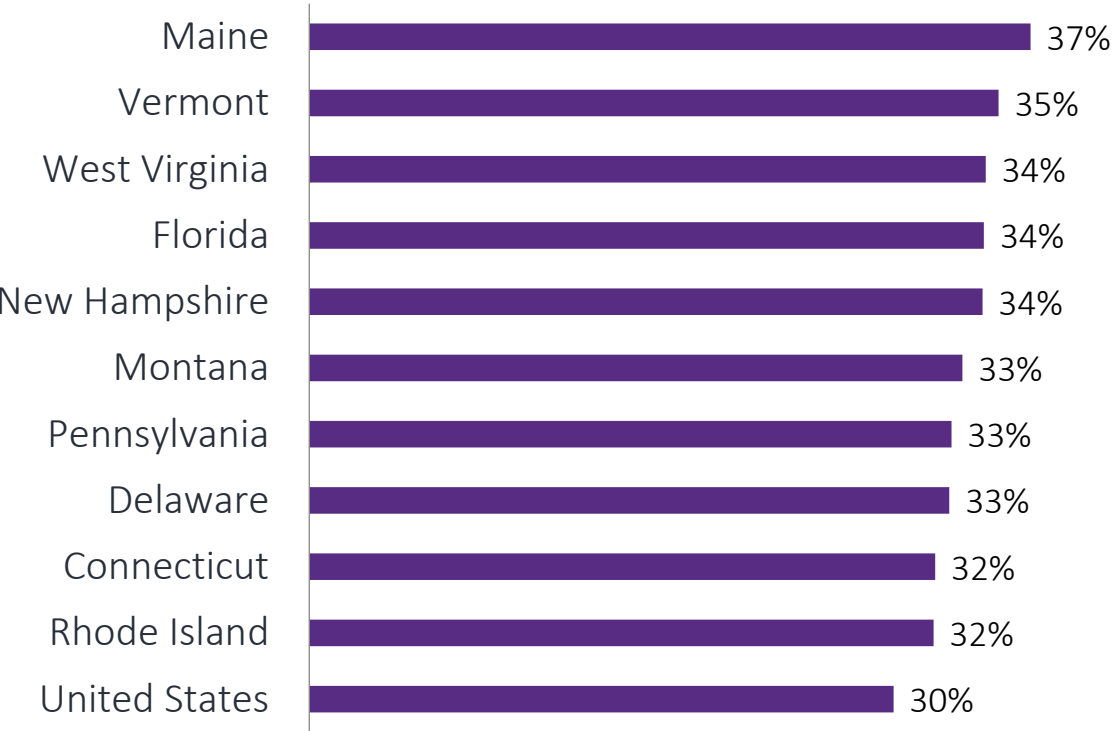
Approaches to locating older population

- Direct use of demographic estimates
- Segmentation of population

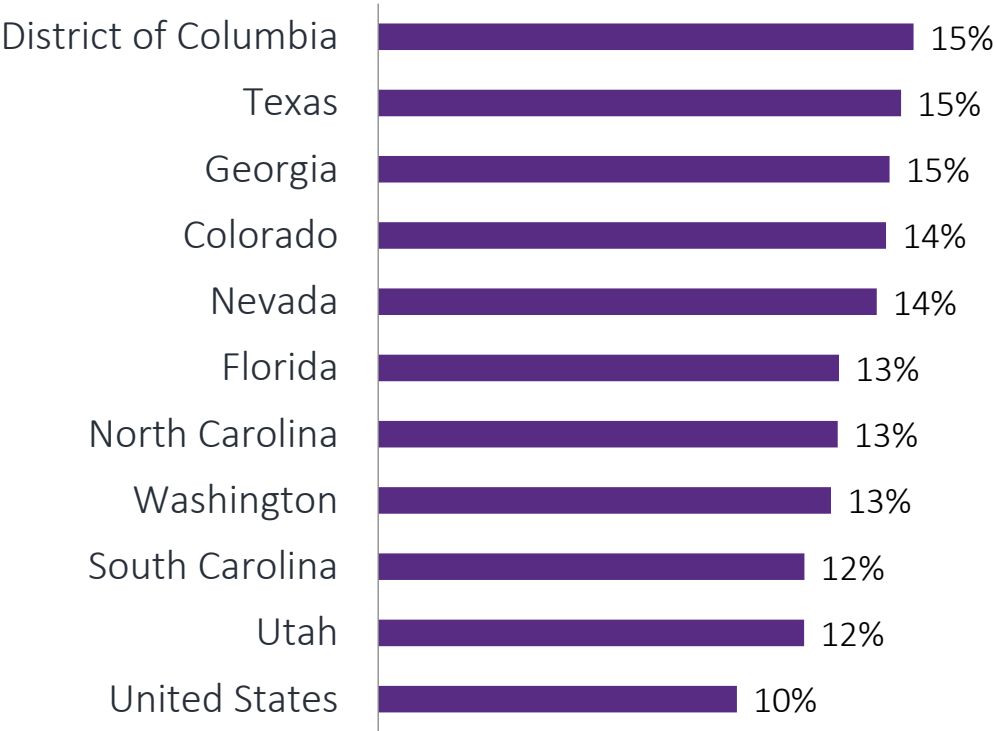


Oldest and fastest aging states

States with the highest percent of population aged 55+

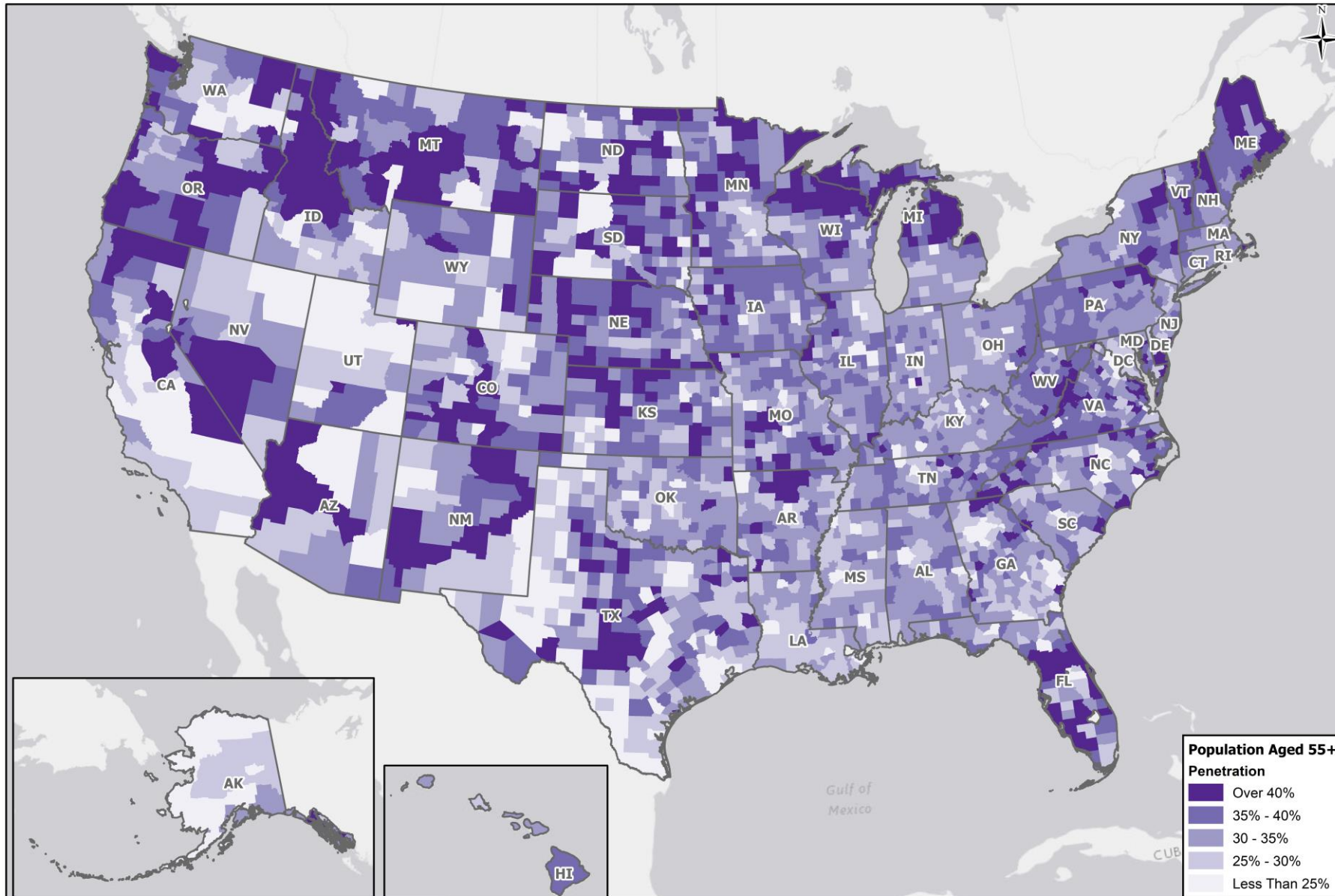


States with the highest five-year growth of population aged 55+



Source: U.S. Census Bureau, Current Population Survey

Concentration of Population Over 55 by County



Segmenting the Older Population



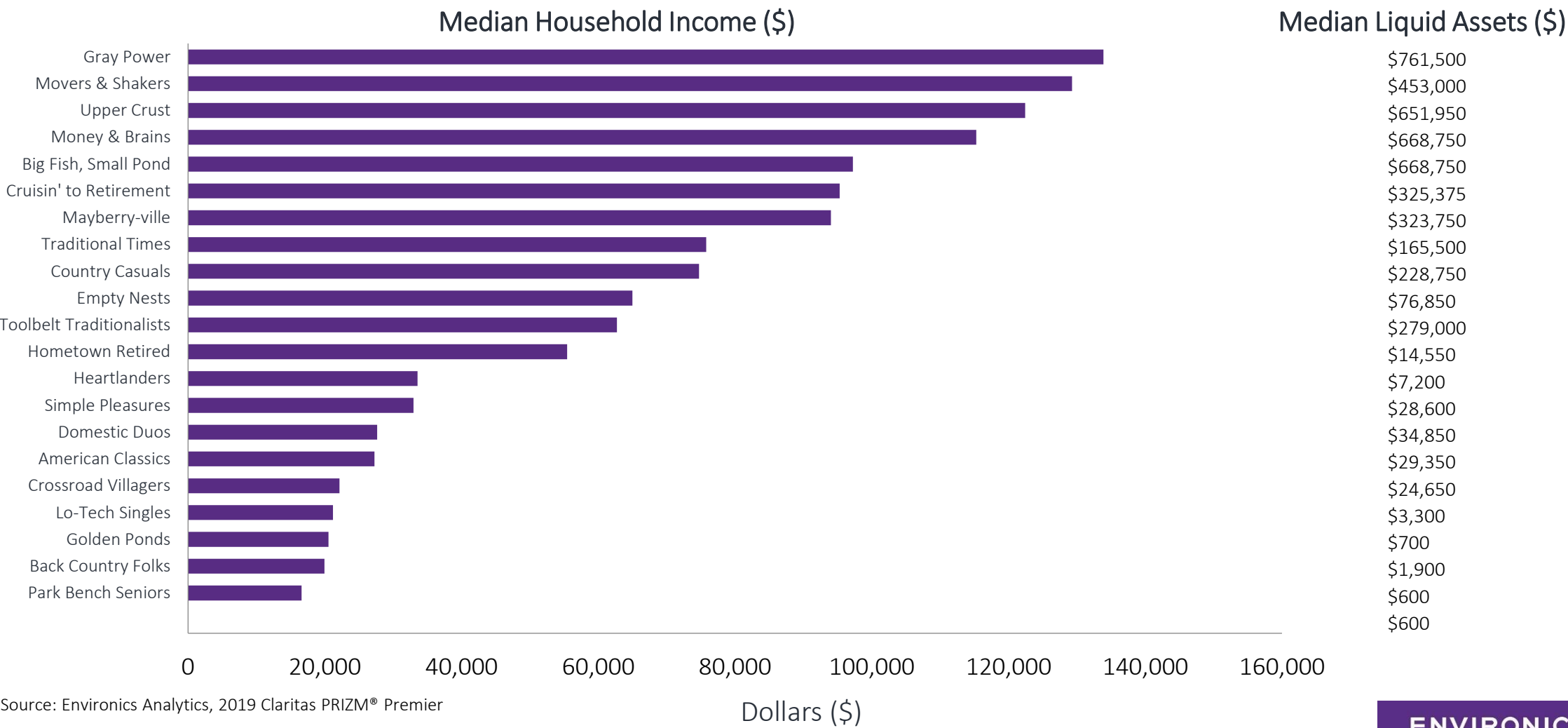
PRIZM Premier Segments (68)



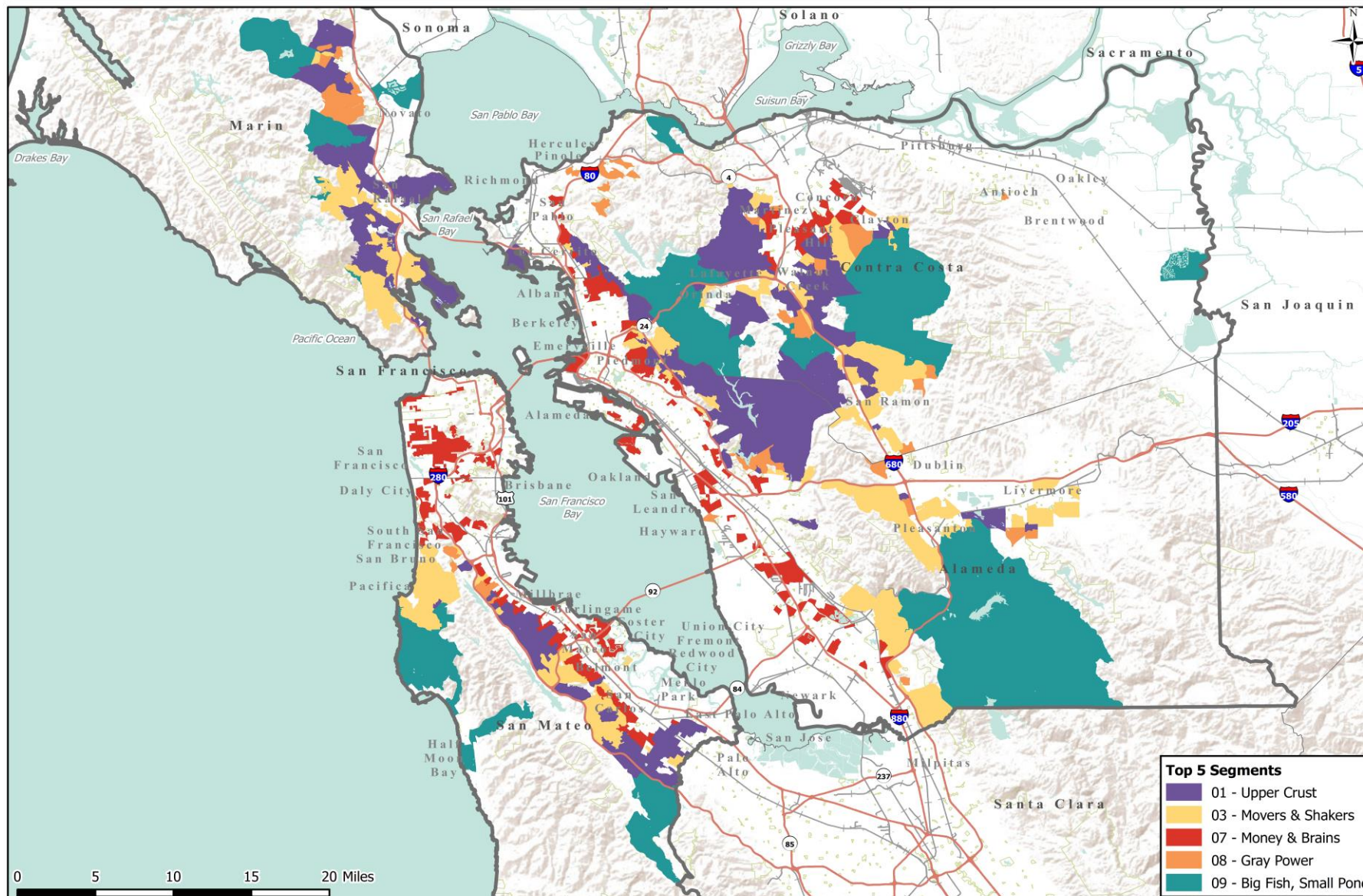
PRIZM® Premier

ENVIRONICS
ANALYTICS

22 PRIZM Premier segments are predominantly households aged 55+



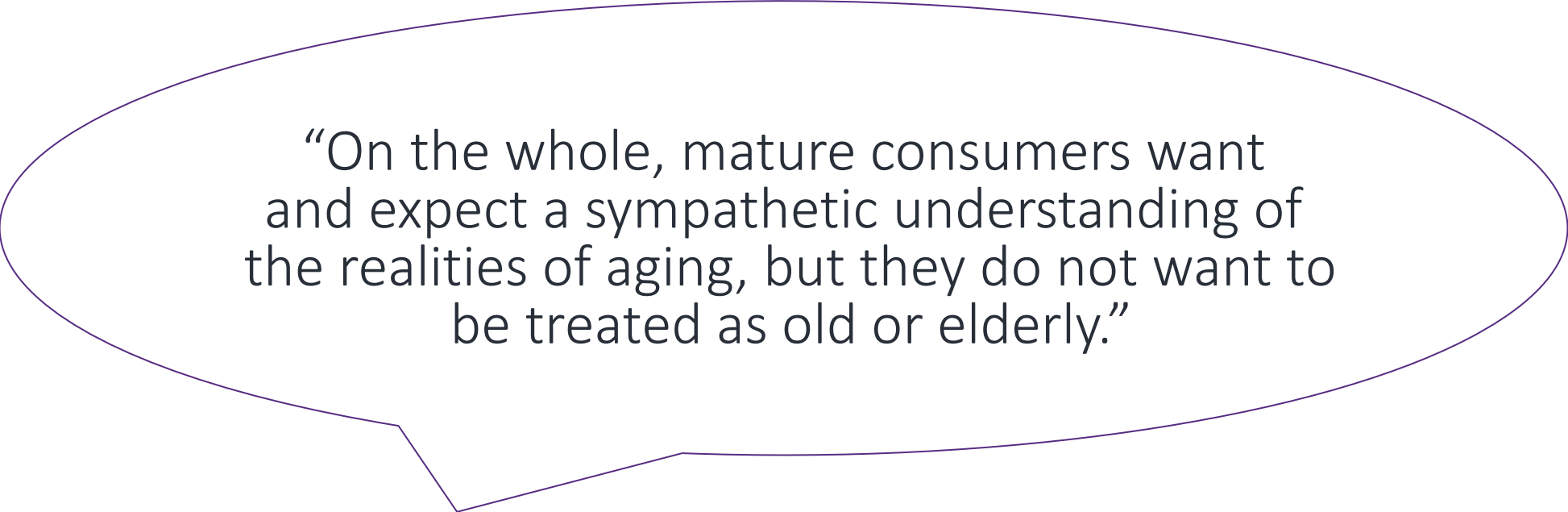
Top 5 PRIZM Premier Segments Highest Concentration of Population Over 55 San-Francisco Oakland-Hayward CBSA by Block Group



Many Opportunities but Businesses Need to Recognize that Boomers are Different



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

Boomers are different from yesterday's seniors



Women in
labor market



Smaller & more
diverse families



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

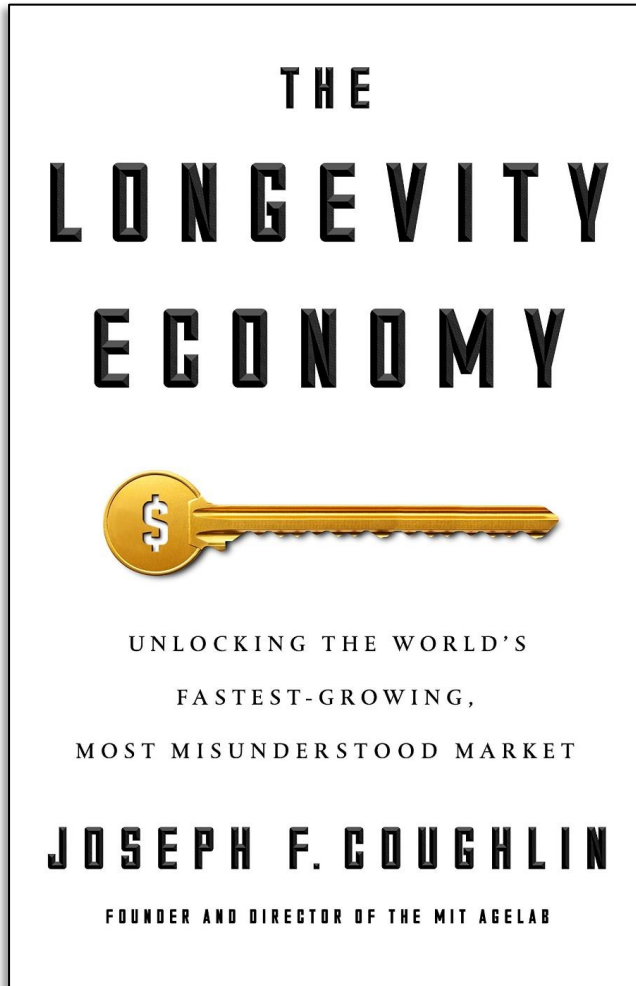


Will live longer with
more years in good
health



Higher income
and wealth





“The baby boomers will act as a sorting mechanism in the longevity economy, ruthlessly separating the companies that solve their real demands from those acting on a tired, false idea of oldness”

“Speaking generally, female consumers will define the future of old age through their personal experiences, insights and economic demand”

Opportunities for businesses

- Recognize the potential
- Reject the stereotypes
- Potential for new or modified products and services
 - Gillette developed the new TREO, the first device engineered for caregivers to shave men who can't shave themselves.
 - Joseph Coughlin discusses AGNES, an age simulation suit, developed by AgeLab to simulate experience of older persons (Users include Mercedes, CVS, and many others)
- 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

Opportunities for seniors' spending for all businesses



Finance



Retail



Healthcare



Travel



Food



Housing



Luxury Goods

Implications for the Financial Industry



- Products and services to address needs that result from
 - Managing pension/social security assets
 - Helping children and parents; inheritances
 - Health care costs
- Drawing down of assets including housing

Implications for Healthcare Industry



- Aging means increased demand for eyewear, hearing devices, prescription drugs
- Products that promote healthy living/looking younger
- Homecare/caregiving services
- Monitoring devices and services

Implications for Food Industry



- Store layout
- Placement of products in store and on shelves
- Packaging-sizes, labelling
- Prepared products
- On-line purchasing and home delivery

Implications for Retail Industry



- Reject the stereotypes
 - Represent Boomers as active, engaged and educated in creative and copy
- Store experience matters: recognize mobility limitations
 - Update signage
 - Store layouts
 - Rest areas
 - Customer service
- Recognize changing use of on-line and social media

Implications for Travel Industry



- Increased leisure time means more travel
- Packaged tours/cruises
- Demands for more experiential travel
- Recognize need to accommodate differences in mobility
- More frequent travel to visit children/grandchildren

Implications for Housing Industry



- Housing for singles/empty nest couples
- Moves to adult communities
- Shift from owner to rental housing
- Renovations to update and make home more accessible
- Retirement residences
- Nursing homes

Luxury Goods



- Considerable wealth
- More discretionary income spending after children leave home
 - Luxury cars
 - Household goods

The older population also spends for others

- Nearly three quarters of seniors have grandchildren and businesses can do things that make it easier to shop for grandchildren
- 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

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 advertising
- Implications for store design and product design
- Implications for shopping patterns with more leisure time

Questions?



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