

The silver dollar: what older generations' spending habits mean for investors

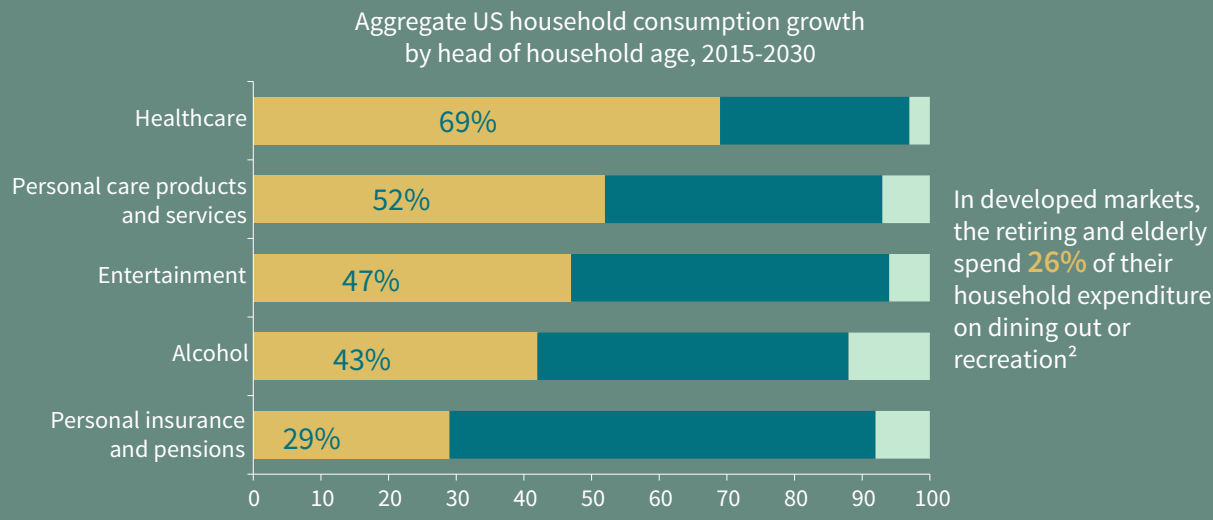


Having accumulated significant wealth over their working lives, retiring and elderly generations are estimated to be a **US\$15tn+** spending power globally by 2020, up from \$8tn in 2010¹.

Discover how this rapidly expanding older generation is spending this silver dollar.

1 Older generations are spending to live well for longer

Older generations are increasingly enjoying their retirement, spending across multiple industries dedicated to living well, from beauty products to travel and entertainment:



Note: The household consumption data in this chart only include direct household expenditure and not public expenditure on health care and education. Numbers may not sum due to rounding. Source: BLS Consumer Expenditure Survey, 2013; McKinsey Global Institute analysis

What's on their shopping list?



Travel
The 60+ cohort is expected to account for 29% of tourists in EU by 2030³. Meanwhile cruises, which are dominated by the 50+ cohort, are the fastest-growing segment within leisure travel⁴



Beauty
Looking good is important at any life stage, but 60+ European women spend twice as much on beauty products as those under 25⁵. The global beauty market is expected to grow 5.1% a year until 2020¹



Home improvement
With 87% of people wishing to 'age in place' within their existing homes², older generations are likely to support the 'home improvement' market



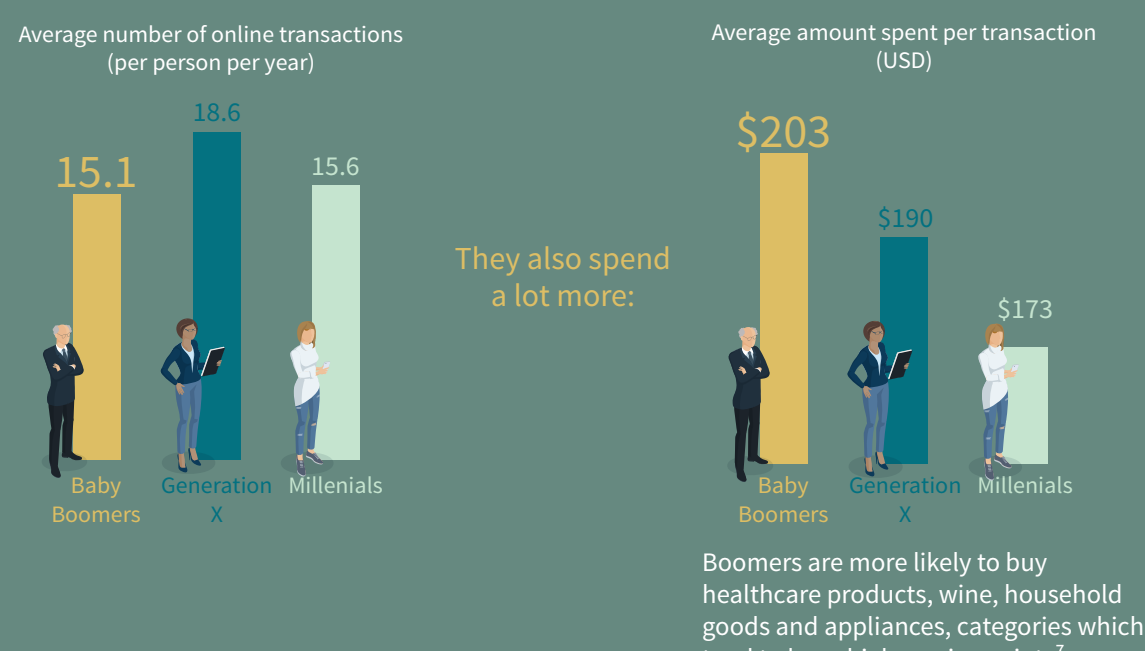
Pet food
People tend to spend more on their pets the closer they get to 65, and the premium pet food market has surged 33% over the last five years, accounting for more than half the overall market⁶

Older people are also increasingly purchasing things online...

2 The silver surfer is an overlooked driver of the digital economy



People often assume that millennials are the key driving force behind the ecommerce boom; but older generations are buying almost as many items a year as other generations:



Source: Global Online Consumer Report, KPMG International 2017

3 Retailers need to adapt to the silver dollar

Despite this tremendous spending power (in developed markets like US and UK older people account for as much as 50% of overall wealth¹), many companies overlook older generations in their marketing:

The 50+ cohort is the target of only around **10%** of marketing dollars in the US⁸

Advertisers spend **4-6x** as much targeting millennials than all other age groups combined⁹

51% of people globally say that advertising does not reflect older consumers¹⁰

Less than half of companies have actively factored ageing populations in to their long-term strategy:



Note: % of business managers who had factored increased longevity into their business areas. Source: Economist Intelligence Unit, A Silver Opportunity? Rising Longevity and Its Implications for Business, 2011

"Ageing populations are an irrevocable trend that will ultimately influence every facet of modern life. Companies are rapidly acknowledging that older consumers are more active, adventurous, and tech-savvy than they are typically given credit for. The challenge for investors now, is to identify those companies whose products and services are well placed to create meaningful connection with their ageing customers"

Dani Saurymper, research lead for Ageing & Lifestyle

- Sources
1. BAML. The Silver Economy – Global Ageing Primer, May 2016
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 3. European Commission, forecast as at May 2016.
 4. Euromonitor, correct as at May 2016 (latest figures available)
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 9. AdWeek. Marketers are spending 500% more on millennials than all others combined, November 2015.
 10. Nielsen. The Age Gap – Global Ageing Report, February 2014.

Discover more here

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