



IPSOS VIEWS

GOLDEN YEARS, GOLDEN OPPORTUNITIES

Preparing your business for an aging world

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We have experienced many disruptive events in the past few years. To name a few: a pandemic, high inflation, severe weather, political upheavals, and most recently, the explosion of Generative AI. Many of these changes were dramatic, widespread, and salient. In response, companies pivoted and adapted.

But change also comes in slower, less dramatic flavors, with the full impact not realized until years later. The aging of the world¹ is one such change. While many of us are aware of this trend, it fails to capture our attention in the same way as the more recent global emergencies. In a world of quarterly earnings and daily

natural disasters, we are more inclined to deal with the urgent and less inclined to deal with tectonic shifts that seem so far off in the distance. The causes of this change - increased longevity and lower fertility rates - also seem rather dull and uninteresting in comparison.

It would be a serious mistake, however, to ignore this aging trend. An aging world may not hurt us now but will significantly impact businesses over time. **In this paper, we describe how the world is aging, explain how it will impact businesses and, most importantly, share how businesses can prepare for this change.**

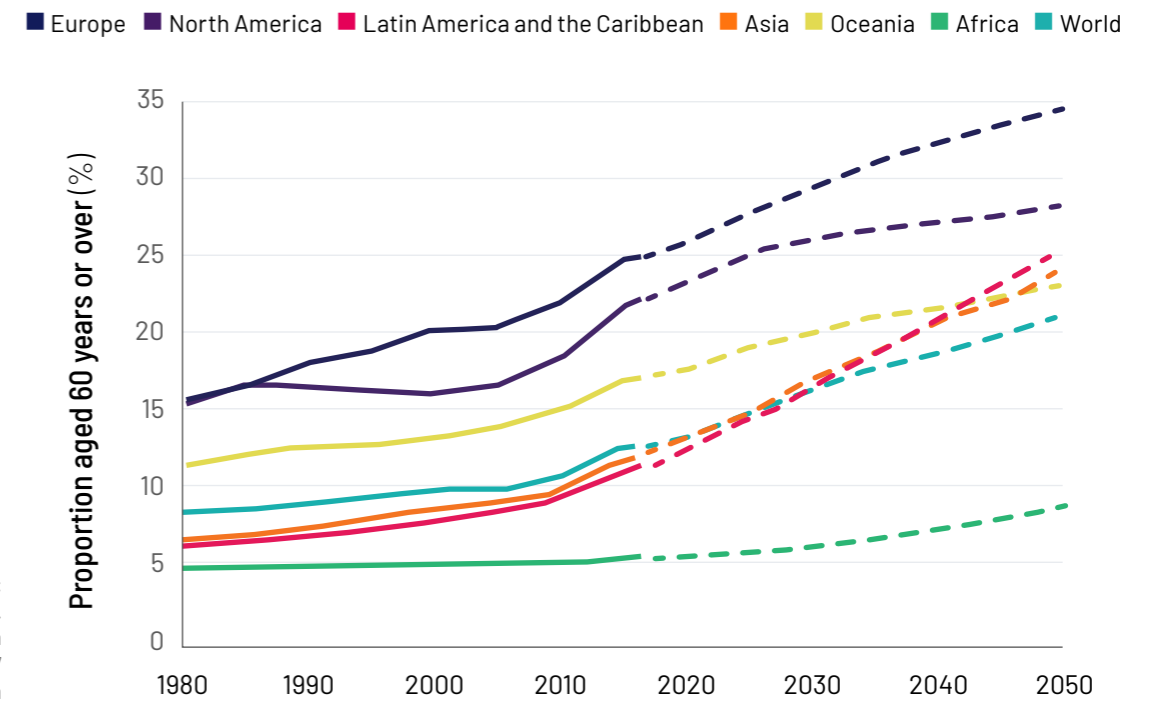
An Aging World

Across the world, as people live longer and birth rates decline, the global population is slowly but surely getting older (see Figure 1). By 2050, one out of every five people in the world is projected to be 60 or over. This ratio is projected to be one in three for Europe and North America. At that point, it will be impossible to ignore this older age group.

The story remains the same when we look at the aging trend in terms of the absolute number of people (see Figure 2). With absolute numbers, however, the impact of the aging trend on the size of the total number of potential buyers for a product or service becomes clear. For example, from 2017 to 2050, the global population for children aged 0-9 stays relatively stable (1.3 billion to 1.4 billion) but the global population for adults aged 60 and over doubles from 1 billion to 2.1 billion.

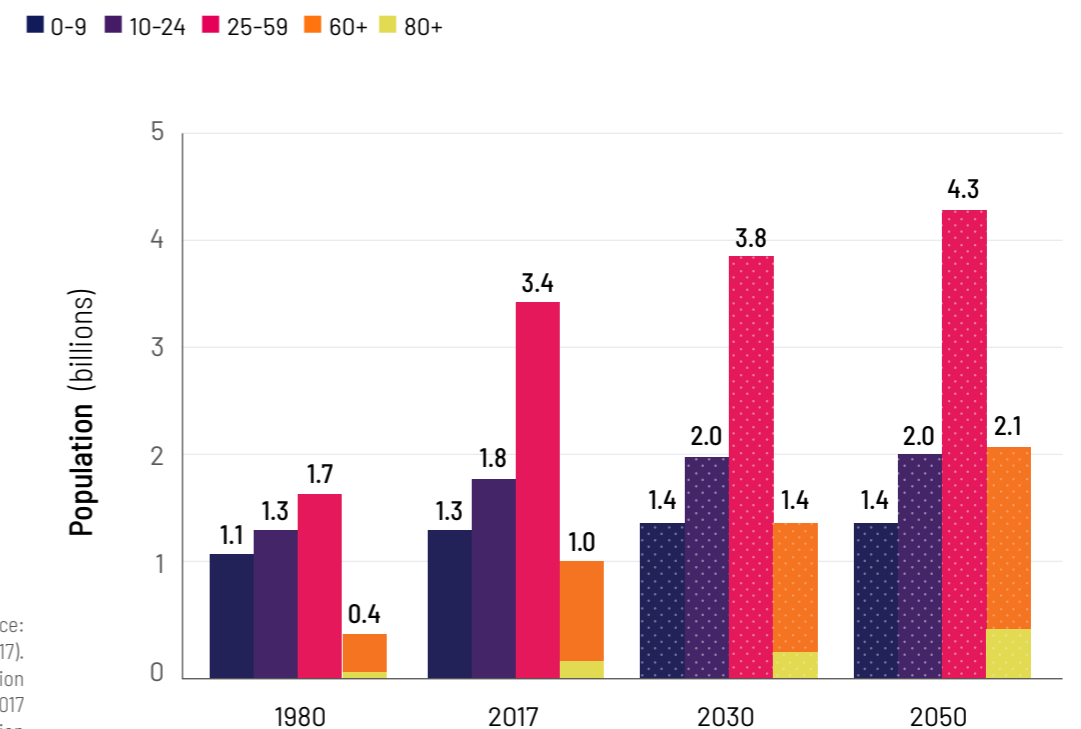


Figure 1: Percentage of population aged 60 years or over by region, from 1980 to 2050



Source: United Nations (2017). World Population Prospects: the 2017 Revision

Figure 2: Global population by broad age group, in 1980, 2017, 2030 and 2050



Source: United Nations (2017). World Population Prospects: the 2017 Revision

Challenges and Opportunities

A simple way to think about how an aging world may impact your business is to first think of your current business and whether it has an age skew (i.e., is your business coming disproportionately from younger or older people?). If your business has an age skew, the aging trend will directly impact your business.

If your product or service is consumed mostly by younger individuals (e.g., diapers, video games for children, digital apps for youths), then your business may not grow much if you simply maintain market share, as younger consumers are not projected to grow much in the future. If, however, your business is used mostly by older individuals (e.g., annuities, investment banking, medical devices for the elderly), your business could grow even if you just maintain market share.

Even if your current business has no age skews, you should still think of the opportunities an aging world presents. Companies should evaluate their strengths and capabilities and determine if there are potential opportunities. As an example, in 2015 Procter and Gamble created P&G Ventures to partner with startups, entrepreneurs and investors to build new brands in product categories where the company doesn't currently play². One area of focus was active aging for seniors. Active aging, as defined by P&G, is about being able to age where and how you

want. With this focus, P&G stepped into the world of adult incontinence. Given P&G's strength in diapers and other paper products, this seemed like a perfect opportunity to harness the tide of an aging population.

It's not just their growing size as a proportion of the population that makes older consumers attractive. While numbers are hard to come by, older consumers in developed countries are likely to hold a disproportionate amount of wealth compared to younger individuals. In America, for example, older adults hold \$59.96 trillion, which represents more than half of the country's wealth³. The implication: if companies can meet older consumers' unmet needs, they have the means to pay.



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But Will Older Adults Spend?

On the surface, older adults appear less likely to spend even if they have money. Our own data suggests this⁴. Older adults (defined as age 59 and older in our research) are more likely to focus their purchases on necessities. For example, older adults are 30% more likely than younger adults (defined as age 28-43) to say they "usually buy only the things they need" and 20% more likely to "try to keep their life simple as far as possessions are concerned". Further, only 38% of older adults express pleasure in buying things ("buying things gives me a lot of pleasure") compared to 59% of younger adults. These same younger adults aspire to have expensive homes, cars and clothes (46%), while most older adults don't have the same aspirations; possibly because older adults already have these things or because they no longer have these desires.

But in terms of actual consumption, it appears older consumers do spend. Boston Consulting Group (BCG) found that in twelve of the major world economies, people between 50 to 70 years old are responsible for 27% of spending, or about \$7 trillion each year! In some markets, the proportion of spending from older adults is even larger. In the UK, for example, over half of consumer spending comes from people over 50, even though they make up only a third of the British population⁵.

The two pieces of research seem contradictory. Or are they? We believe the discrepancy arises because we are looking at older people in the aggregate, as a single monolithic group. We need to look at older consumers in a more refined way. Clearly, older adults are spending (as suggested by the BCG study) but they may not be spending on everything (as suggested by Ipsos' own research). The question then is: who among older adults is spending, and on what?



Looking Beyond Stereotypes: Understanding How Older Consumers Differ

One tried and true strategy in marketing is segmentation. Segmentation, by definition, requires us not to think of a population as a homogeneous group. For this reason, we should not think of older people in terms of age-related labels like Gen X or Boomers. While these labels are convenient for analysis (e.g., comparing Gen Z vs Boomers) and communication, these labels lead to over-generalization. The key to successfully targeting older consumers starts with a better understanding of how older adults differ on dimensions that impact marketing and innovation.

To that effect, we share some findings from a pilot that illustrates how segmentation can lead to a more precise understanding of older consumers. For this pilot, 1,500 older consumers aged 60 and over from four countries – United States, United Kingdom, Italy and Japan – were surveyed as part of our global Essentials syndicated tracker. We segmented these consumers based on how they felt about their financial situation, and their attitudes towards consumption, aging, food and beauty.

We uncovered four segments that were present in all the countries, although the relative sizes of the segments differed by country.



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01

The first segment **Simple Contentment** consists of older adults who report being content with life. They feel calm, financially secure, and want to keep life simple when it comes to possessions. Adults in this segment believe people should age gracefully without resorting to drastic measures like cosmetic surgeries. Simple Contentment adults report wanting to connect with family and friends, and would exercise if they had more time.

02

The second segment **Strivers** consists of older adults who are more driven, consumeristic, and feel a need to look good in public. Similar to Simple Contentment, Strivers feel financially secure. In contrast to Simple Contentment, however, Strivers enjoy buying things, believe that what they own defines who they are, and admire people who own expensive cars, clothes or homes. Strivers report wanting to exercise more if they had more time – likely because of their desire to look good in public.

03

The third segment **Strugglers** consists of older adults who feel stressed and are interested in having more access to mental health and well-being services. These individuals do not feel financially secure and worry that they do not have enough for retirement. Their stress is partly due to a mismatch between their finances and their consumeristic attitudes. Despite not feeling financially secure, these adults report that buying things gives them pleasure and they admire people who own expensive items.

04

Finally, the fourth segment **Chill Indulgence** can be simply described as happy-go-lucky. Adults in this segment report buying only the things they need. Chill Indulgence adults are not concerned about how they appear in public and are NOT impressed by people who own expensive things. Adults in this segment enjoy the simple things in life: good food without consideration to whether the food is healthy or not. They report they would watch more TV if they had more time.

Achieving Brand Success with Older Adults

With a more refined understanding of older consumers, we can now think of how a business can market to older consumers. We use our Ipsos Brand Success framework to illustrate how this can be done⁶. The framework consists of three pillars – empathy, context, and expectations. Empathy is a key pillar of the framework as a total understanding of people – understanding what truly matters to them, their challenges, their needs, their dreams in the context of the world around them – is how a brand can achieve success. Empathy is not just a touchy-feely abstract concept. Based on a meta-analysis of almost 2,000 ads, Ipsos has found that the most effective advertisements are those with a high level of empathy and creativity (see Figure 3).

Let’s say a business selects two segments of the older population to market to: Simple Contentment and Strivers. Using the three pillars of the framework for guidance, the business could then determine the communication and products/services that would be most successful with the two segments (see Figure 4). Let’s not just sell them what we have or try to convince them to be something they don’t want to be – but find out what they want, and make that.

While we have emphasized the need to tailor products/services and messaging to older adults, the truth is that older adults are largely ignored today. As an example, older adults are largely airbrushed out of popular media and brands rarely target them. Only 1.5% of TV characters are aged 65+ and most have minor roles⁷. Our advertising database tells us that only 8% of ads globally in the past three years featured a mature adult in a primary role⁸. While they may or may not care, older adults have noticed. Marketing efforts with cast members full of Gen Zs and Millennials leave most older adults feeling as if they are not represented in the ads they see. 51% of older adults think advertisers value people under 50 more than people over 50. There is clearly room for improvement!

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Figure 3: Creativity and empathy are key for advertising effectiveness

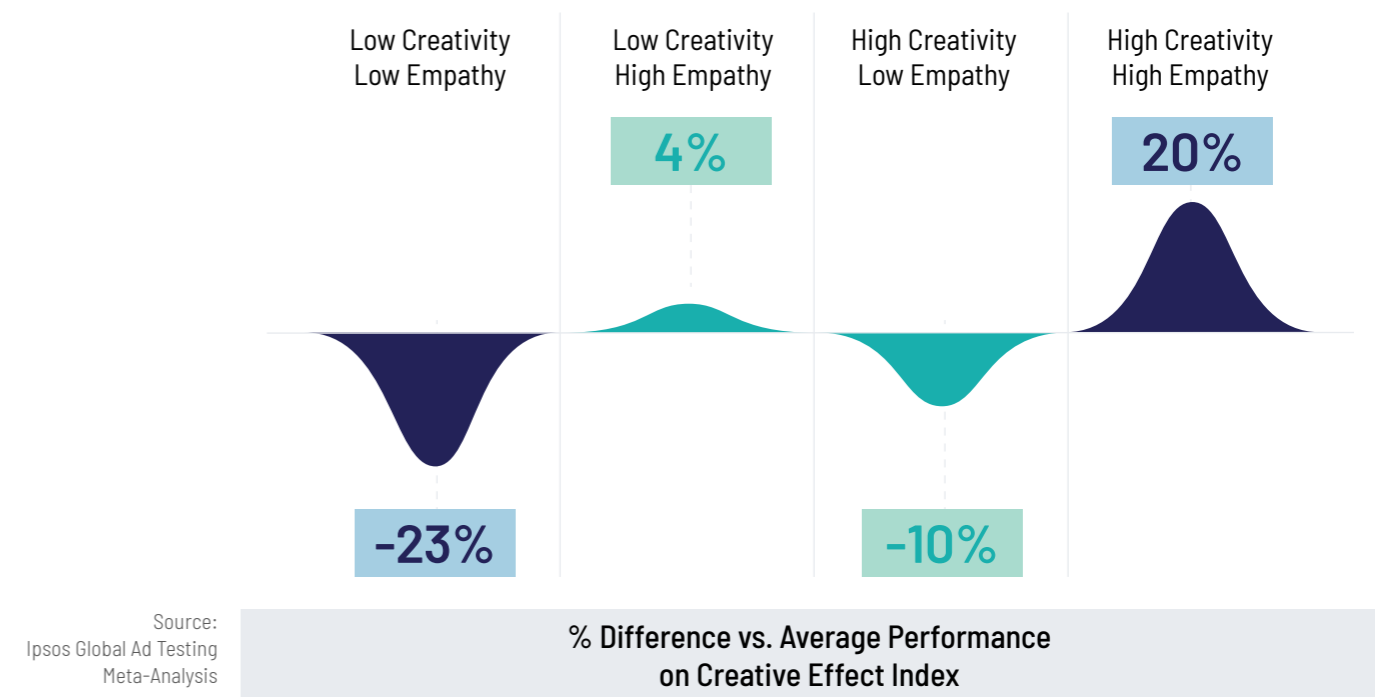


Figure 4: Applying the Brand Success Framework to two of the segments

| | Simple Contentment | Strivers |
|--|--|---|
| Empathize: Key needs | Establish meaningful relationships | Make them feel accomplished and elite |
| Context: Depict the moment-of-needs or occasions-of-choice | Family gatherings, celebrations, vacations | Social events such as hanging out with friends |
| Expectations: The desired product experience | Products/services that aid in connecting more frequently, deeper and with ease | Products/services that improve their looks such as cosmetics, clothing, accessories |

Source: Ipsos



Preparing for an Aging World

The world is aging. Unless we see a significant increase in the global birth rate, this change seems all but inevitable. When compared with the more recent changes such as the pandemic and the emergence of Gen AI, this demographic change is more evolutionary than revolutionary. The evolutionary nature means businesses have a wider window of time to implement actions to cushion any potential adverse impacts, or more opportunistically, to leverage this demographic trend.

Marketers often look for new opportunities that offer growth in today's challenging environment. While shorter-term opportunities are often favored over long-term opportunities, companies that manage with a long-term view tend to outperform their industry counterparts on key financial measures like higher revenues and earnings⁹. Preparing your business to operate in a future world where one out of every three individuals is 60 and over may be key to determining whether your business survives or thrives.

We have sought to show that there is no such thing as a typical older person. Older people, like younger people, vary

significantly in their sense of financial security and consumeristic attitudes. To market successfully to older adults, businesses need to avoid generalizations and use targeted approaches like market segmentation.

As a final appeal for a call to action, besides the financial opportunities, the aging world presents an opportunity for every business to have an impact on society. Businesses today strive to do some environmental, societal or governmental good but many struggle. If a business, however, can develop products and services that help one out of three persons age well or better, a business may well be able to legitimately claim to be doing some good for society!

One thing is for certain: we all age. 25 years from now, in 2050, most of us reading this article will be considered older or mature consumers! When we are older, we still want products and services that cater to our needs. So, why not grab the opportunity to make a positive contribution to society by offering products and services your *future self* and others can benefit from?

Endnotes

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- 8 Ipsos advertising database
- 9 Barton, D., Manyika, J., Williamson, S.K. (2017). Finally, evidence that managing for the long terms pays off. Harvard Business Review. <https://hbr.org/2017/02/finally-proof-that-managing-for-the-long-term-pays-off>

Further Reading



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