Spending power of ‘Seniors’ to hit US$10tn by 2020: how the food and drink industry can attract the over 60s
INTRODUCTION

They are the fastest-growing consumer age-group around the world. They have an increasing share of income compared with other demographics, and an increasingly high spending power. They demand greater quality in whatever they consume, and many are more loyal when it comes to sticking with the brands they trust.

They are the ‘Seniors’, those aged 60 and over. They are a group of people who have a very different perspective on life than younger generations. They have more time on their hands, and more money to spend on products they love.

However, they have different needs and priorities from younger, less affluent groups. So who, precisely, are the Seniors, and what makes them so different? Tetra Pak looks at how big the opportunity is for those businesses that recognize their needs and requirements, and how companies can develop or optimize their packaging products to meet them.
WHO ARE THE SENIORS?

There is no universally agreed definition of who, exactly, is a ‘Senior’. For example, according to the World Health Organization, people in Turkey are considered to be ‘old’ once they reach 55, while in Spain, the age is said to be 73. Yet looking at population trends as a whole, it is clear that there is a group of similar-minded people who have reached the prime of their life, and who have different requirements from their food and beverage products compared with those of a younger generation.

For the purpose of this whitepaper, Tetra Pak looks at those aged 60 and over. By examining this group in this way, we can discern important trends that food and beverage companies can analyse to ensure that their processes, products and packages better meet Seniors’ needs. After all, as we’ll find out, there is no group quite like them.
A HUGELY-INFLUENTIAL, BUT UNDERSERVED DEMOGRAPHIC GROUP

According to the United Nations, by 2050 more than 22% of the world’s population will be aged 60 and over, compared with just 8% today\(^2\). This makes them the fastest growing consumer age-group in the world, and therefore a key target for global food and beverage manufacturers.

They also have an increasing level of total income. For example, analysis from Euromonitor/AT Kearney\(^3\) suggests that their share of income in, for example,

- Japanese will reach **31% in 2020**, compared with 26% in 2005.
- Over the same period, the US share is expected to rise **from 16% to 24%**.
- While in Brazil, Russia, India and China – the so-called BRIC countries - the increase is expected to be **from 11% to 16%**.

Indeed the spending power of consumers aged 60 and over will reach at least US$10tn globally by 2020, according to Euromonitor.

Yet switch on your televisions, read a newspaper or go online, and you’d never realise this group was so important. With a focus on products aimed at younger generations, advertisers appear to be giving less attention than may be warranted to the Seniors. That is in spite of the fact that the Euromonitor/AT Kearney survey found, for example, that **in the US, the disposable income of those aged 55-64 is twice that of the under 25s.**
Seniors’ habits are different to others, so manufacturers, both in packaging and the wider food and beverage industry, need to tailor their product offerings to meet them. For example:

- They shop more often, and buy different product categories.
- They tend to shop closer to home, and in smaller stores.
- They are more loyal and demand greater quality.

Seniors also have a higher spending on food and beverages compared to the rest of the adult population. **They spend 20% of their income on food and beverages, where the average for those under 60 is 18%.**

...AS ARE THEIR ATTITUDES TO LIFE.
TETRA PAK BELIEVES SENIORS FOCUS ON FIVE KEY NEEDS

Living longer, living better
More and more people are putting an increasing emphasis on healthy living. This is particularly true for Seniors. They place more focus on their health, are better than younger generations at ensuring they have routine medical examinations, and put a greater emphasis on maintaining a healthy weight. Just under a third say they actively look for products and services that help them live a healthy lifestyle. That means they have a focus on vitamins, dietary supplements and functional food such as value added milk with Omega 3, or with calcium or fiber content.

Respect for tradition, love of family
As people age and children move away, family relationships take on a greater importance. A total of 97% of Seniors point to ‘family’ as a factor in a happy life. And while ‘honesty’ comes top as the personal value Seniors most believe in, ‘protecting the family’ is second, while ‘stable personal relationships’ comes third. They are loyal too. Research from Mintel found that more than half of older US Seniors will only shop at their favourite stores - because they know what service to expect. In addition, more than two-thirds of them try to buy local food whenever they can. They prefer traditional tastes to ‘experimental’ ones. And they want their packages to look and feel traditional as well, rather than appear overly radical or to be ‘different for different’s sake.’
TETRA PAK BELIEVES SENIORS FOCUS ON FIVE KEY NEEDS

The outdoor life
Sports and hobbies continue to be important, in spite of increased age. That isn’t just about staying fit: it’s also about meeting people and being sociable. Seniors are also keen to maintain or increase their spending on travel.

With more leisure time at their disposal, Seniors have more opportunity to do the things they want to do. More than half still exercise to keep fit, while more than 40% say they do gardening or yard work at least once a week.

A demanding generation
Compared to others, Seniors put greater emphasis on quality. Price is less of an issue than with other groups. A total of 88% equate ‘value’ with ‘high quality’\(^\text{10}\). When thinking about food and beverages, 59% say the most important factor in deciding what to buying terms of a food or beverage is how a product’s quality compares to other brands\(^\text{11}\).

For manufacturers, that means making sure those messages come over clearly on a product’s packaging. More than a third prefer to own fewer, but higher quality, products. And they are willing to pay extra for that quality too: only 39% say they are price sensitive when it comes to purchasing decisions.

‘Don’t patronise me’
Of course getting older brings its own challenges, and that means Seniors look for products and ways of shopping that are more focused on their particular needs. For example, they can find bigger stores less easy to get around than smaller ones, and they believe packaging needs to be clearer and easier to use. However Seniors generally hate thinking, or being told, they are old. They prefer products and packaging that are subtle: ones that are ageless but appeal indirectly to their demographic, rather than those that appear directly targeted at them because of their age.
RETAILERS ARE ALREADY FINDING WAYS TO MEET SENIOR NEEDS

In April 2012, Aeon, Japan’s largest supermarket group, opened its Chiba mall just outside Tokyo, which is specially designed to address the shopping needs of Seniors. As well as tailoring the stores’ brand portfolio to meet the needs of a more mature customer, Aeon has also created services, 5% discounts on pension day, slower escalator speeds, and approximately 140 leisure activities (from calligraphy to hula dancing) as part of its proposition.
MEETING THOSE NEEDS

So Seniors have more money to spend, are increasingly influential because of their spending power, but have different needs to others and put their emphasis on different products. What are the implications for food and beverage companies?

**Offer products with healthy ingredients**
Seniors value a healthy, active lifestyle, and 54% of those aged 65 and over use food and/or drinks to improve their health[14]. So there is a premium on focusing on products that meet those needs. However according to Datamonitor, 41% of those aged 65 and over are concerned about E-numbers on products. They are also the generation that avoids fast food the most. There is therefore a need for products that focus more on a natural, healthy lifestyle. For example:

- Vegetables are at the centre of a healthy lifestyle. So, in Japan, concentrated vegetable juice has been developed. This is a product that meets the requirements of a healthy and enjoyable diet, targeted at Seniors.
- The first fortified white milk has been produced for senior adults in China. This involves high-quality raw milk from selected farms with a rich, creamy, feel. It comes in two variants: for bone health with Vitamin D and for heart protection with fish oil and lecithin.

**Fortify food and drinks with additional minerals and vitamins**
Seniors are heavy consumers of vitamins and supplements. Food and drinks that are fortified with additional minerals and vitamins in order to promote stronger bones, or better digestive or cardiovascular health, are of significant interest. There is a particular opportunity for foods and products which meet these needs in developed markets, where there are higher incomes and greater awareness of health issues.

**Deliver products with less salt, sugar, calories and fat**
Seniors are more focused on low-salt, low-sugar, low-calorie and low-fat diets than other adults. Offering products that offer less of the ‘bad’ is just as big an opportunity as those that offer more of the ‘good.’
WHAT DOES IT MEAN FOR MILK?

Nowhere is the opportunity for food and beverage firms more effectively to target Seniors greater than with milk. Milk answers all their key needs: it is healthy, natural and can often be produced locally.

Most older consumers find the concept of food and drinks that are naturally high in nutrients appealing. While the consumption by Seniors of beverages is lower in general compared to younger adults, that of milk is higher.

For manufacturers to target Seniors more effectively, they should better-highlight the natural health benefits of milk, promoting for example the use of calcium to strengthen bones as well as vitamin B2 to maintain good nerve function. They should also highlight where possible the local provenance of the product.

In addition, many producers are seeing growing success in ‘value-added milk’, with healthy supplements included or otherwise tailored to specific needs. For example producers have seen growing sales of milk products that have anti-oxidants. At the same time, products which remove certain ingredients such as fat or lactose are also growing in popularity.

Milk naturally meets Seniors’ needs and is effective at supporting a healthy lifestyle. There is therefore an opportunity for manufacturers to put greater emphasis on developing products that even more closely match the desires of this important demographic group.
SENIORS REQUIRE PACKAGING THAT SPECIFICALLY MATCHES THEIR NEEDS

The packaging industry plays a vital role in meeting Seniors’ requirements. The best products that meet Seniors’ particular needs are no good unless they are packaged in a way that is friendly to their lifestyles. So what do Seniors want from a package?

Half of those aged over 65 report difficulty opening products. Meanwhile as they grow older, vision becomes more impaired. Packages therefore have to be easy to handle, easy to open and easy to read. Crucially, they also need to meet the specific Seniors’ needs, be of a high quality, and clearly demonstrate how the product they contain promote a healthy lifestyle.

The five “ingredients” for ideal packaging for Seniors

- **Packages need to be easy to open**, so as to overcome any issues of reduced wrist strength. Caps should be at a proper height to avoid slipping from Seniors’ hands.

- **Packages need to be lightweight** to enable better holding. Round cross-sections are also easier for Seniors to hold than those with a square cross-section. Packaging material needs to be firm so it is easier to grip and prevents spillage.

- **Packaging needs to be better able to preserve a longer shelf life**, to require fewer shopping trips.

- **Print should be larger, images more striking and labelling clearer.** That means bigger words and brighter colours.

- **Nutritional information and the product’s expiration date should be displayed prominently.**
PROMOTING A BETTER SENIOR LIFESTYLE

The number of people aged over 60 is growing, as is their spending power. For the food and beverage industry, there is an opportunity to tap more effectively into this demographic group and better meet their particular needs.

That can only come however if there is a deeper understanding of what drives Seniors’ lifestyles. The challenge for the food and drink packaging industry is to develop products and services that better meet their needs while keeping those products relevant for other age groups.

The opportunities however are enormous. Producers that develop packages that meet the needs of people who have money to spend and time to spend it will be able to tap into a growing demographic that is only set to become more influential in the decades ahead.
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