

A Fresh Take

Staying ahead of evolving dynamics in the marketplace and our culture

Part 1

A Silver Lining

Understanding the Consumer Value of Adults 65+

September 2023





The new age of adults 65+ - active lifestyles with increased purchasing power

Older adults are evolving into a vibrant demographic. As many postpone traditional retirement milestones and engage in a more fun and active lifestyle, they are also spending more in discretionary categories and have a much higher household net worth than younger consumers.

However, they are often an overlooked opportunity by marketers.

This piece explores how adults 65+ today defy preconceptions, how the recent pandemic and on-going economic uncertainty has affected their mindset and why they are an important segment for brands to engage with.

The mindset and lifestyle of adults 65+



Adults 65+ today defy expectations from the past

They're...

- ▶ Influencers
- ▶ Actors
- ▶ Entertainers
- ▶ Musicians
- ▶ Thinkers
- ▶ Artists
- ▶ Athletes



They're also...

- ▶ **Carpenters**
- ▶ **Teachers**
- ▶ **Accountants**
- ▶ **Chefs**
- ▶ **Lawyers**
- ▶ **Doctors**
- ▶ **Architects**
- ▶ **And, of course,
Active Retirees**



There's no doubt the pandemic took a toll on all age segments, however adults 65+ were more likely to fare better emotionally than younger people

- ▶ Older adults tend to have much more stability in their personality, social support networks and day-to-day activities and were thus disrupted much less by the pandemic than younger people...this also shows just how important the perspective of age can be

The impact of the pandemic on older adults



Well-being

- ▶ They were the **least likely to report psychological stress / poor physical and mental health** (much less likely than people 16-24)
- ▶ Almost **66%** of adults 80+ say they are living their **'best life possible'** or close to it (vs. 20% of younger adults)



Relationships

- ▶ 90% of adults 55+ were **extremely or very satisfied with their relationships** during and after the pandemic
- ▶ Three-quarters said their **happiness levels stayed the same** during Covid



Travel

- ▶ **Multigenerational travel** is up 50%
- ▶ Nearly 40% of adults 65+ are **prioritizing traveling out of state** with more than half **visiting family or friends**



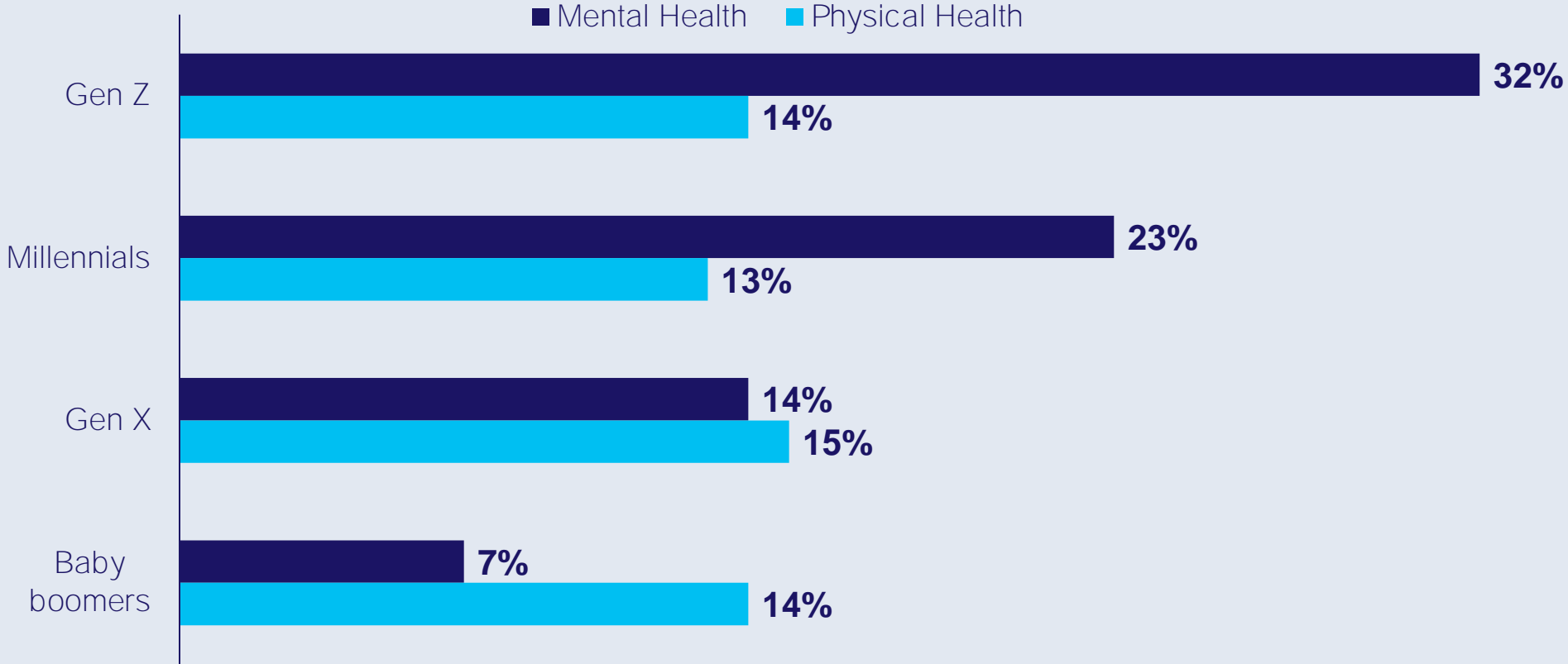
Work

- ▶ Covid has prompted about one-third of adults to **change the age they anticipate retiring**
- ▶ Nearly 40% of older adults are planning to work **another 3-5 years before retiring**

Source: AARP, *Three Years In, How the Pandemic Has Changed Our Lives (and How It Hasn't)*, March 7, 2023.

With greater stability, older adults are more likely to report better mental, and sometimes even physical, health compared to younger generations

% of respondents who report their mental vs. physical health as poor or very poor by generation



Source: eMarketer Insider Intelligence, U.S. Adults Who Report Their Mental vs. Physical Health as Poor or Very Poor, by Generation, November 2022.



Older adults are embracing more active lifestyles while postponing ‘later’ life milestones like downsizing & retirement

THE WALL STREET JOURNAL.

Marathon Runners Stop Aging Out of the Race

More People Over 50 Are Finishing the 26.2-Mile Races; Health Benefits, But Training, Injury Concerns, Too

Forbes

Why Some Older Adults Are Rethinking Whether To Downsize

The New York Times

Easing Into Leisure, One Step at a Time

As people live longer — and are healthier and more productive as they age — the opportunity to retire and downsize multiple times increases, said Rodney Harrell, the director of livable communities for the AARP institute.

FASTCOMPANY

Today’s older people really are ‘younger’ than in previous generations

“Our understanding of older age is old-fashioned.”

FINANCIAL POST

The retirement downsizing myth: No, seniors aren't moving in droves — and that will affect the housing market

Retirement community developers and aspiring young homebuyers may be in for disappointment


They are spending more time staying active, participating in physical activities like hiking, bicycling and yoga for enjoyment and their health



A65+ spend **61%** more time than A25-34 doing leisure activities & sports

73% of adults 65+ say they 'exercise regularly'

Top 10 Sports Adults 65+ Personally Participated in the Last 12 months

-  Walking for Exercise
-  Swimming
-  Hiking
-  Weightlifting
-  Bicycling
-  Fishing
-  Golf
-  Yoga
-  Aerobics
-  Cornhole

59% of adults 65+ have participated in at least one of these sports in the last 12 months

Source: VAB analysis of U.S. Bureau of Labor Statistics data, *American Time Use Survey*, 2021; % Share based on Average Hours Per Day Spent in Primary Activities; Younger millennials = A25-34. VAB analysis of MRI-Simmons Winter 2023 USA Study.

Those who are retired are often financially stable and able to seek out colorful lives filled with travel and connectivity

Attitudes of Retirees 65+ % of respondents who agree



82%

Feel financially secure



68%

Agree that life should be as fun as possible



65%

Would feel disconnected without internet



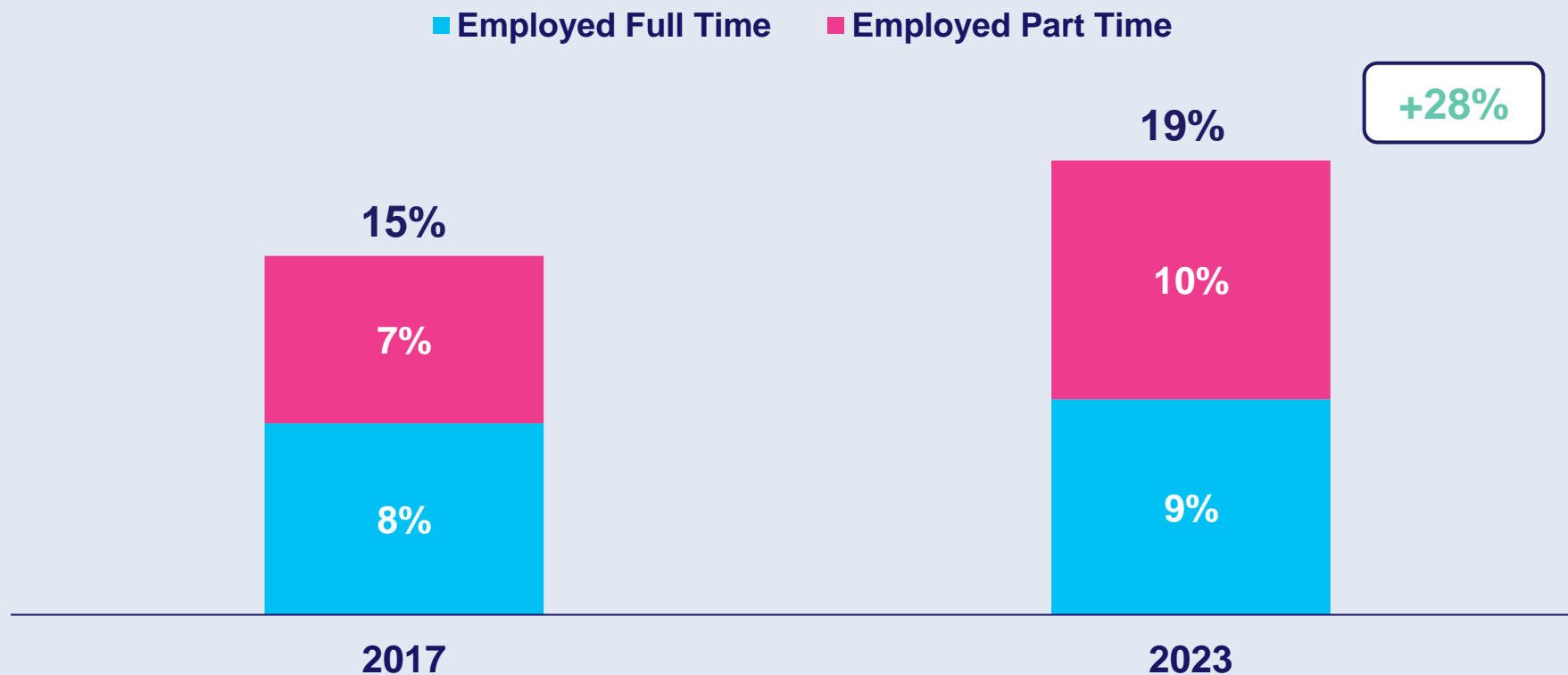
46%

Agree that travel is their passion

Source: VAB analysis of MRI-Simmons Spring 2023 USA Study. Base = Employment Status – Retired.

However, adults 65+ are also more likely to be active in the workforce today because they are choosing to work longer

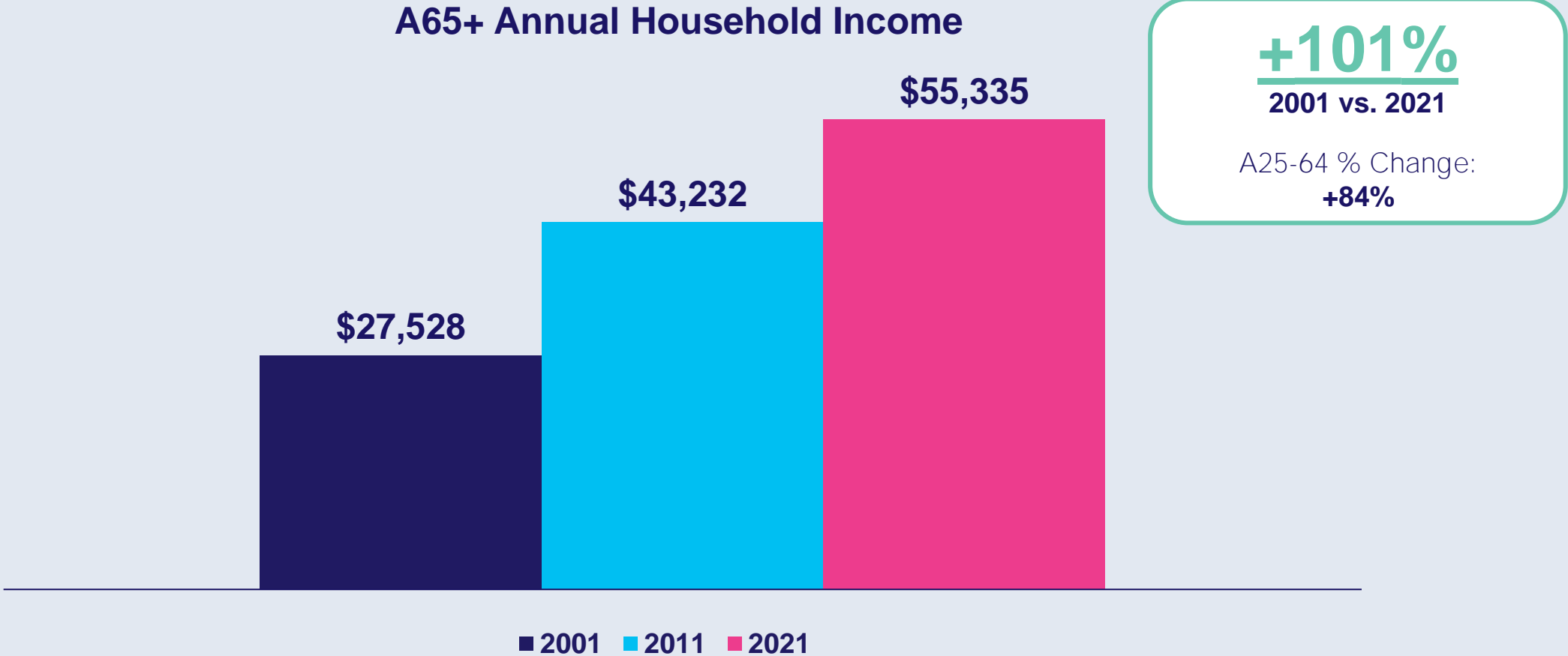
% of U.S. A65+ who are employed



Source: VAB analysis of MRI-Simmons USA Study, Spring 2017 & Spring 2023. 'Other' includes individuals not in the workforce or not explicitly defined as 'retired'.

With many working later into life, the growth in their average household income has outpaced younger demographics

▶ Their household income has outpaced the national average increase over the past 20 years



Source: VAB analysis of Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, 2001, 2011 & 2021; Reflects income before taxes.

With greater disposable income, adults 65+ are more likely to spend in discretionary categories like pets, entertainment, home and dining out

▶ Older adults are living more active and social lives than previous generations, and as a result they are spending more on 'fun' categories, outpacing growth in spend among the average consumer

A65+ % Increase in Average Annual Expenditures by Category: 2011 vs. 2021



Household Furnishings & Equipment

+146%

vs. 2011

A25-64 % Increase: **+84%**



Pets & Toys

+145%

vs. 2011

A25-64 % Increase: **+53%**



Vehicle Purchases

+143%

vs. 2011

A25-64 % Increase: **+95%**



Alcoholic Beverages

+84%

vs. 2011

A25-64 % Increase: **+27%**



Dining Out

+53%

vs. 2011

A25-64 % Increase: **+23%**



Entertainment Fees & Admissions

+27%

vs. 2011

A25-64 % Increase: **+19%**

Source VAB analysis of *Consumer Expenditure Survey* data, U.S. Bureau of Labor Statistics, 2011 & 2021.

Although we've been in a period of economic uncertainty and inflation, most adults 65+ are not cutting back on their favorite activities because of it

% of adults 65+ who are not cutting back on the following in response to inflation



Exercise / gym memberships

95%



Buying fresh produce

91%



Making personal investments

(trading stocks, bonds, crypto, ETFs)

90%



Their # of TV streaming services

82%



Attending events

(concerts, sports games, etc.)

64%



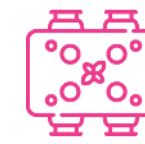
Travel

55%



Buying name brand products

50%



Eating out at restaurants

36%

Source: VAB analysis of MRI-Simmons Trending Topics, 2Q 2023 USA Study.

With half of adults 65+ open to switching brands due to inflation, there's opportunities for advertisers to create new loyalists among this segment

% of adults 65+ who agree with the following statements



“When I find a brand I like,
I **stick to it**”

90%

vs. 46% of A18-34



“If a product is made by a **company I trust**,
I'll buy it even if it is slightly **more expensive**”

80%

vs. 71% of A18-34

Source: VAB analysis of MRI-Simmons Spring 2023 USA Study.

Brands can also create loyalists by being more inclusive with this lucrative segment through their product development, innovation and marketing

▶ 76% of adults 55+ are likely to decide against purchasing from a company whose advertising either ignores them or they find objectionable*, marketers should pay more mind to this valuable segment

% of A55+ Who Agree With the Following Statements



“Most new products are being created **with my needs in mind**”

19%

vs. 41% of A18-34



“Most new products **excite me**”

27%

vs. 52% of A18-34

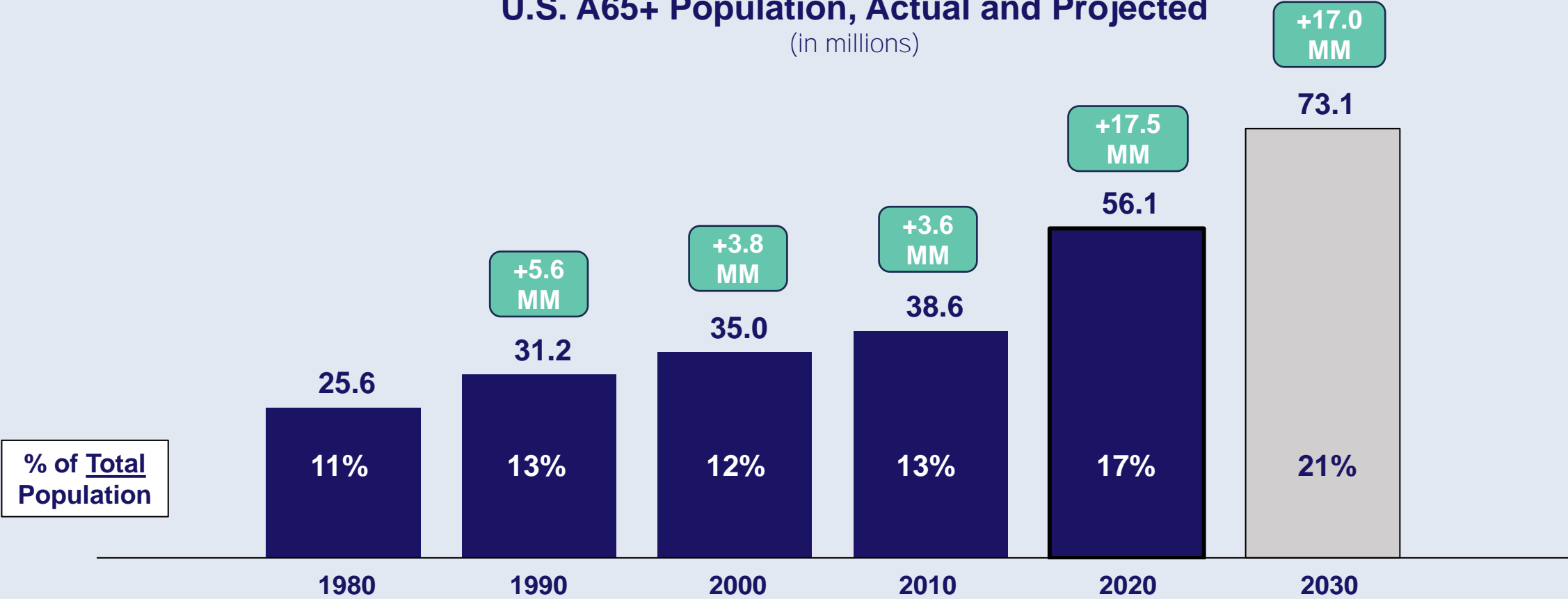
Source: Ipsos, *Why Brands Need to Innovate for Older Americans*, May 2023. *CivicScience data via Marketing Charts, *6 in 10 Adults Ages 55+ Feel They're Not Accurately Represented in Marketing and Advertising*, August 2023. Based on respondents who answered, 'very likely' (50%) and 'somewhat likely' (26%).

Sizing the adult 65+ consumer marketplace



There are nearly 60 million adults 65+ in the U.S., a population that has more than doubled in size over the last 40 years

U.S. A65+ Population, Actual and Projected (in millions)



Source: VAB analysis of U.S. Census Bureau data, Population Estimates for 1980, 1990, 2000, 2010; U.S. Census Bureau, Population Division: Washington, DC., *Projected Age Groups and Sex Composition of the Population: Main Projections Series for the United States, 2017-2060*.

In the last 10 years, over 16 million adults have aged into the adults 65+ demo, while younger populations are experiencing less growth

U.S. Population by Demo

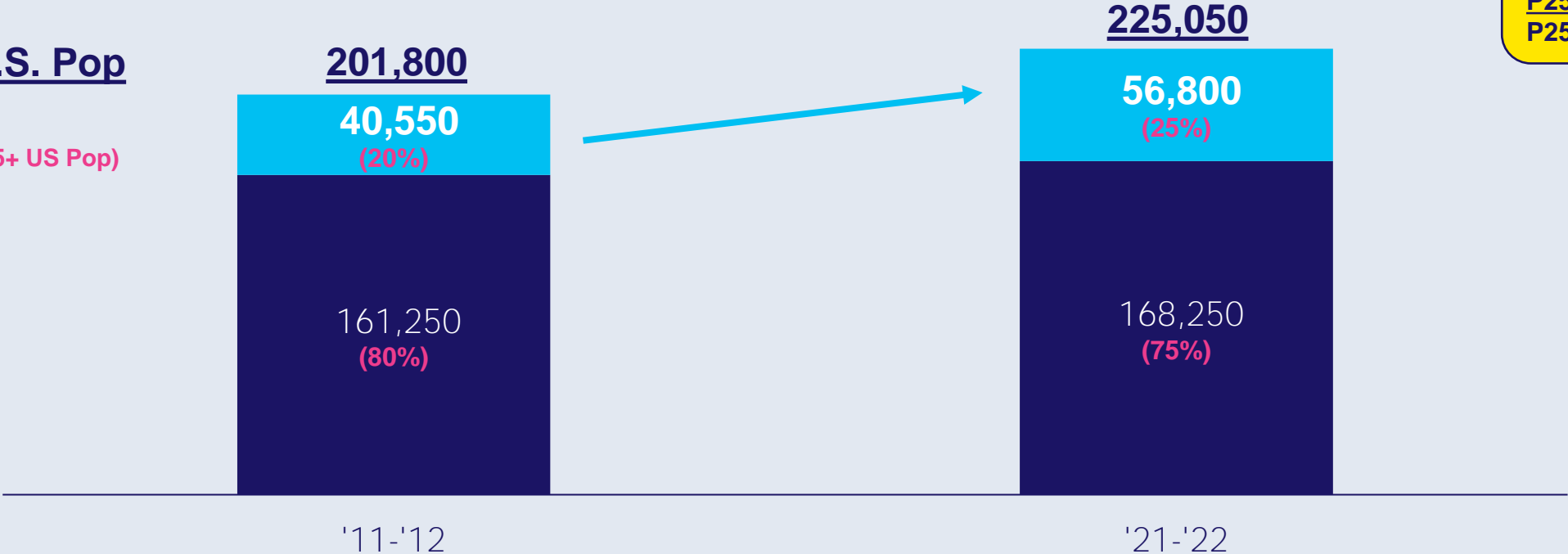
Broadcast Years

■ P25-64 ■ P65+

'11 vs '21
P65+: +16.3MM
P25-64: +7.0MM
P25+: +23.3MM

Total P25+ U.S. Pop

(% of P25+ US Pop)



Source: VAB analysis of Nielsen Universe Estimates data, Total U.S., Base: P25+, years reflect that following: 8/29/11-8/26/12 & 8/30/21-8/28/22.

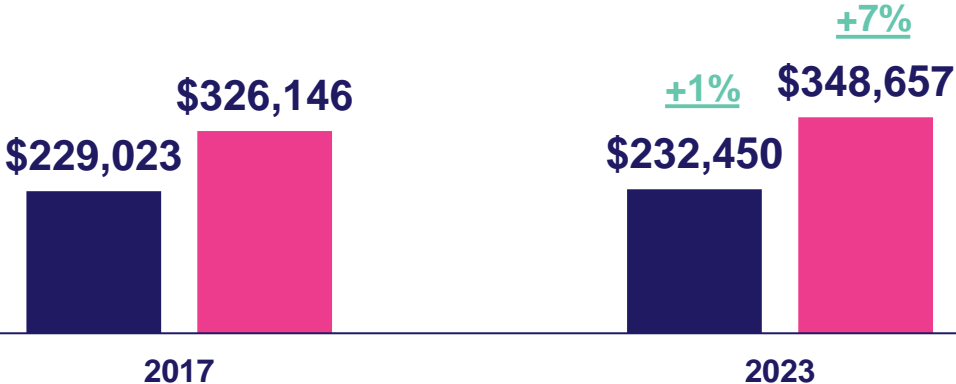
A good measure for financial stability and wealth, household net worth growth for adults 65+ has outpaced younger demographics

▶ This is especially apparent when looking at the average home's net worth

Household Net Worth by Demo 2017 vs. 2023

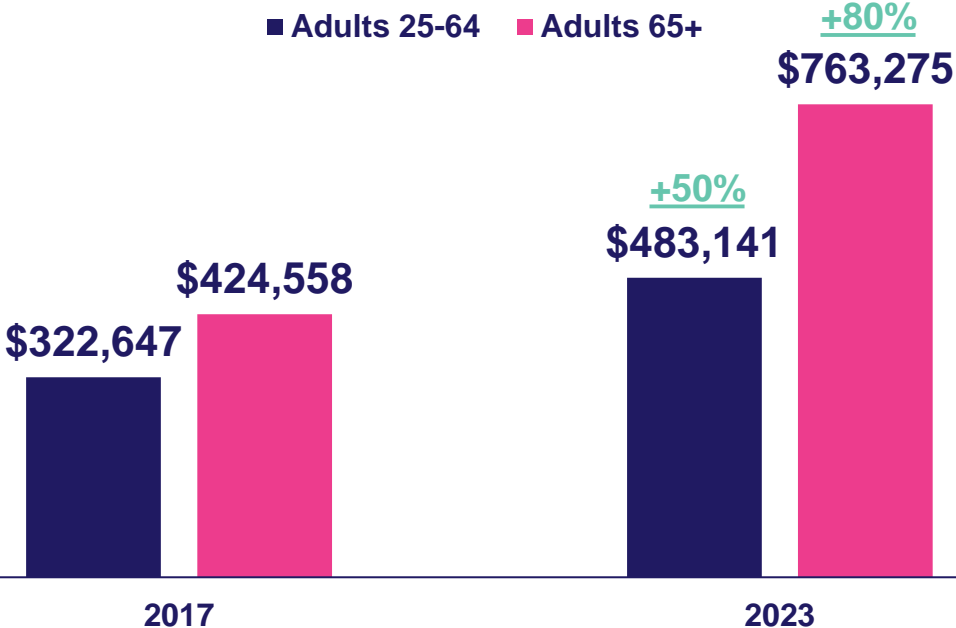
Median HH Net Worth

■ Adults 25-64 ■ Adults 65+



Average HH Net Worth

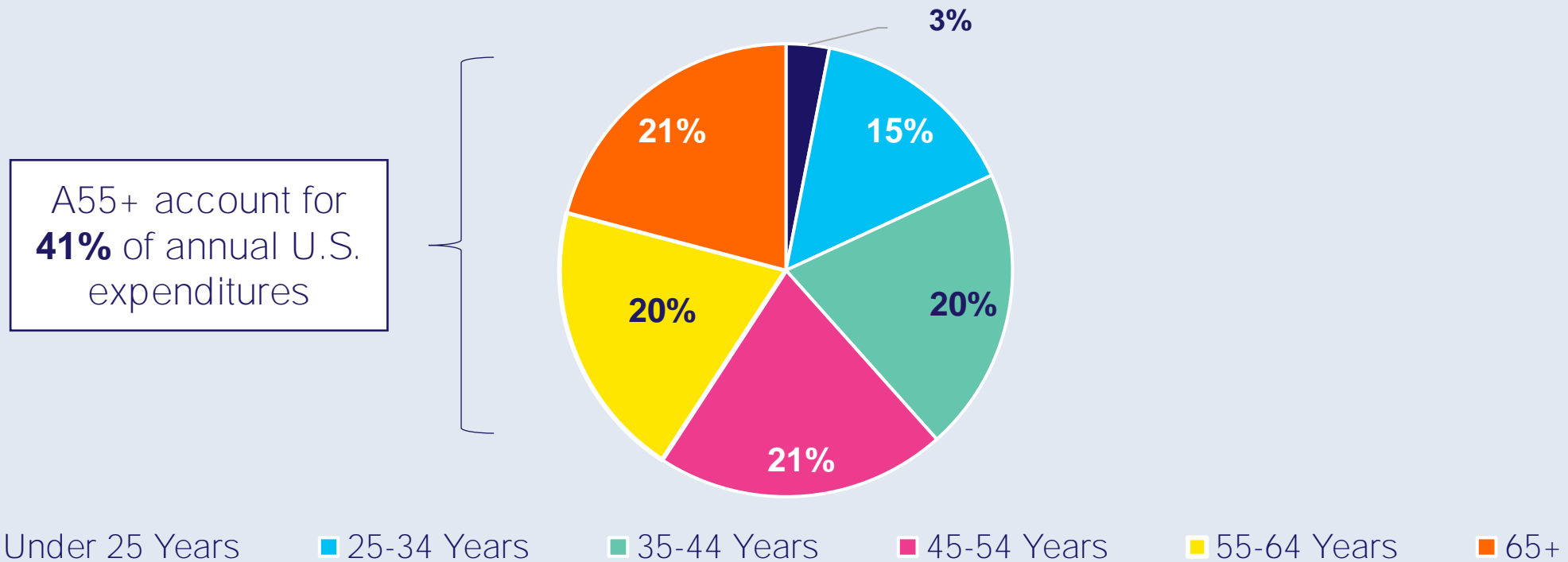
■ Adults 25-64 ■ Adults 65+



Source: VAB analysis of MRI-Simmons USA Study, Spring 2017 & Spring 2023. According to the U.S. Census Bureau, 'net worth' is the value of assets owned (cash in bank accounts, investments, retirement accounts, etc. as well as the value of any owned property) minus any liabilities owed (debt, including student loans, credit cards, mortgage, etc.).

With increased net worth, adults 65+ are active spenders, accounting for 21% of annual total U.S. expenditures, which translates to \$1.9 trillion

% Share of Annual Aggregate Expenditures By Demo

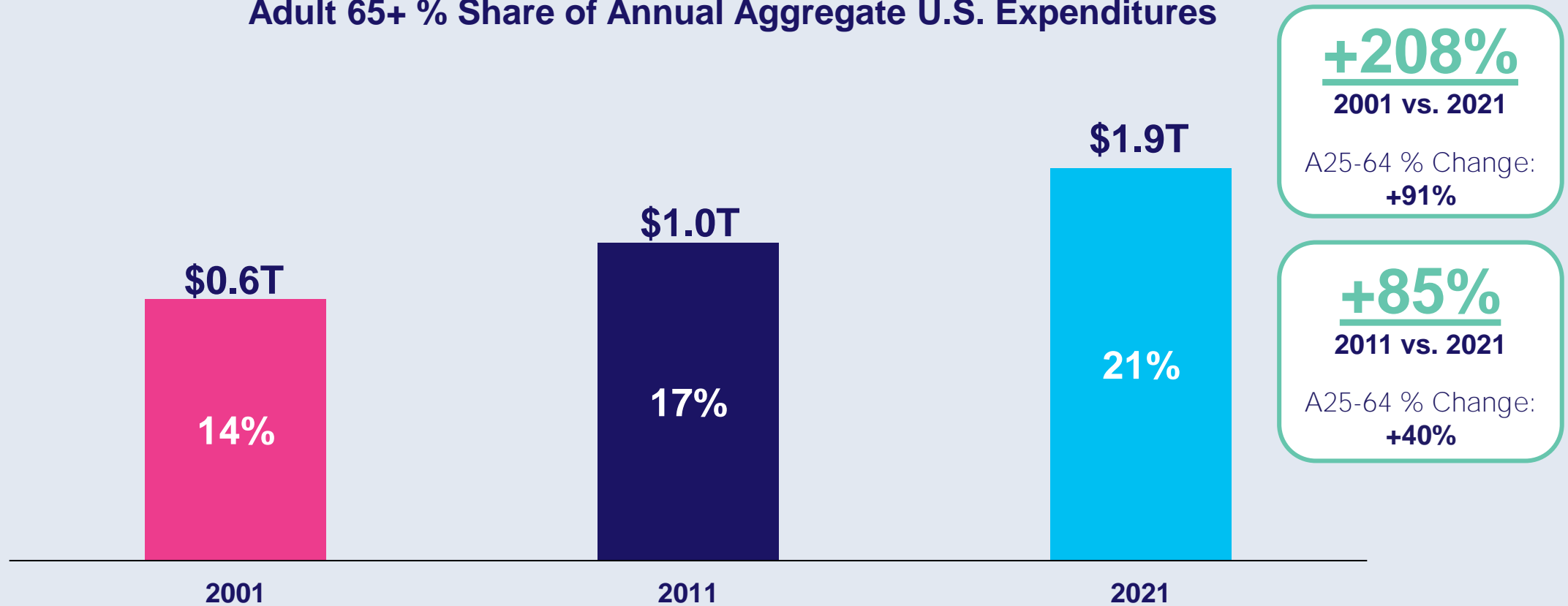


Source: VAB analysis of *Consumer Expenditure Survey 2021* data, U.S. Bureau of Labor Statistics, reported as of September 2022, Data represents adults 65+ due to data age group breakouts.

They have become a powerful buying segment as their annual spending has increased by over \$1 trillion in the last two decades

▶ Growth in adult 65+ expenditures is outpacing younger demographics

Adult 65+ % Share of Annual Aggregate U.S. Expenditures



Source: VAB analysis of *Consumer Expenditure Survey* data, U.S. Bureau of Labor Statistics, 2001, 2011 & 2021, Data represents adults 65+ due to data age group breakouts.

Key Marketer Takeaways

- ▶ Adults 65+ are embracing active lifestyles and leveraging their increased disposable income to fund their interests, which translates to inclusive brand opportunities that are often overlooked by marketers today
- ▶ The adult 65+ population has more than doubled in size and their spending has more than tripled, increasing by over \$1 trillion annually, in the last 20 years which firmly establishes them as a very lucrative segment for brands to directly engage with

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A Silver Lining

Exploring the Video Consumption Habits of Adults 65+



The Secret of My Success

Examining The Winning Marketing Strategy That's Fueling High-Growth DTC Brands



Audience Migration in Context

Leveraging Population Shifts To Unlock \$4 Trillion In Buying Power



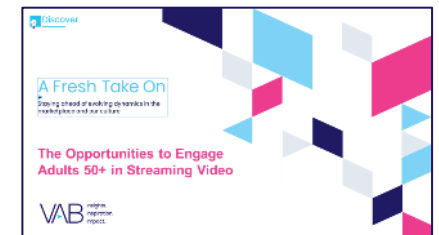
Delayed Adulthood

How Younger & Older Generations Are Achieving 'Life Milestones' at Their Own Pace



The FAST and the Curious

What is Free Ad-Supported Streaming TV (FAST)?



The Opportunities to Engage Adults 50+ in Streaming Video

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