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Aging: Gulliver's time travels

How older societies will change our economies

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DEMOGRAPHICS

0 COMMENTS

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For a long time, many business people expecting the youth market to expand perceived those over 50 as staid, crusty and tight with what little money they had. But aging populations in the US and elsewhere are pulling the marketplace in new directions.

The 111 million Americans over 50, many of them part of the famed baby boomer generation, transformed large parts of our lives, ranging from food to fashion and workplace to leisure time. And they won't just grow old – they will transform aging and the marketplace that serves it.

Representing 35% of the total US population, Americans over 50 now have a combined annual personal income of \$4.8 trillion and control 76% of the total net worth of US households – nearly \$49 trillion of wealth.

This group owns 76% of certificates of deposits, 72% of bonds, 74% of stocks, 78% of retirement accounts and 76% of all financial assets, according to a Federal Reserve survey. This is a vast and largely misunderstood market.

Marketers often lump everyone over 50 into one large, but vaguely defined group. That's a mistake. I segment them into three separate age groups, understanding that there may be differences between members of any one segment.

MEET THE 50-PLUS CONSUMER

People in middle adulthood (50-64), with their children usually grown and their mortgage mostly paid, have the highest disposable income of any demographic group. They are better educated and more affluent than their parents were at the same age.

Their major issues are health, self-fulfillment, social activities, comfort and how to spend their increasing free time. They are an excellent market for financial services, luxury travel tours, personal-care products, adult education, second homes and recreational products and services.

In late adulthood (65-79), most people live active and independent lifestyles. They are not yet “old” and they share many of the activities of those aged 50 to 64. But they have a greater concern for health and a growing fear of serious illness. Their use of medical and long-term healthcare services rises dramatically as does their reliance on family and friends for assistance with daily living. They are a strong market for finance and estate services, health and fitness products, education, travel, personal-care products and second homes.

No longer working, many in this group are sensitive about being excluded from society. They often have active social networks and remain involved in the community. The number of female-headed households begins to climb.

The over-80 group is smaller than other 50-plus groups. Only 5% of 80-plus-year-olds are working, compared with 23% in the 65 to 79 age range and 64% of those 55 to 64. They also have the highest poverty levels of any age group in the US. Although some 80-plus men and women remain active in the community, most retreat to a life of daily self-care and contact with a small group of family and friends. Approximately two-thirds of this population segment is female.

Historically we have lived according to the linear life plan: first you learn, then you work intensely for three or four decades and then, if you're fortunate enough to live a bit at the end, you have a few years to rest and relax before you die.

But higher life expectancy is not about tacking something on at the end. Too often, our twentieth-century version of maturity left out the crucial element of purpose. Older

people increasingly want to remain engaged in something meaningful, and maturing men and women pursue goals of personal well-being and self-fulfillment.

WHY IS A BEEHIVE A BEHIVE?

Large-scale aging, as we are experiencing it for the first time in human history, raises many questions. How did we decide on the number of seconds needed for pedestrians to cross the street? How is the font size for newspaper typeface determined?

We have woven a physical world that is as suited to our needs and activities as a beehive is for bees. But it revolves around an ideal of youth. The physical changes of aging cause thousands of mismatches with the world around us. Older people can expect the mismatches to diminish as the huge aging demographic continues to make itself known.

Aging slowly sets in during our mid-forties. Our eyes let in less light. Color perception changes and shades may become difficult to differentiate. What may appear striking to a young designer might miss the mark with an older person.

Another challenge comes from stiffness and loss of finger dexterity. More than half of those over 65 have some arthritis in their finger joints. That means medicine bottles, food packaging, cutlery, computer keyboards, appliance controls and purse clasps need to be redesigned for older hands. Similarly, clothing manufacturers will use more Velcro tabs and larger buttons, eliminating the small fasteners that are difficult for older hands to manipulate.

Many of us envision the future as a world created by and for the young. Yet like Gulliver, we risk becoming physiological outcasts in our homes and communities as well as in our own bodies unless we adapt our societies to large-scale aging. The good news is that, as demographic change bends the marketplace in its direction, it is likely to create an economic bonanza from products designed to a new generation of older citizens.

This article is an abridged version of Ken Dychtwald's contribution in *The Upside of Aging*

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