

# Untapped markets: Retailers must adjust to suit older generations

<https://marketpublishers.com/r/U47503F17E4EN.html>

Date: January 2018

Pages: 13

Price: US\$ 495.00 (Single User License)

ID: U47503F17E4EN

## Abstracts

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### SUMMARY

As retailers come to terms with the new normal of ever more aggressive discounting, one group of consumers that has historically been left largely untapped could relieve pressure. Older age groups - mainly those over 65 years old - now command a substantial chunk of overall spending potential. Not only must retailers adapt stores and the overall shopping experience to attract these consumers, but online stores too.

Many older people have experience of online shopping - something that has for too long been presumed to be the preserve of younger customers. Dubbed the 'grey pound', succeeding in the challenge of attracting older consumers without losing high-spending young consumer groups will come to dominate retail strategy in the coming years.

### KEY HIGHLIGHTS

Commonly referred to as the 'grey pound', the spending power of older consumers has ramped up considerably over recent years. The Office for National Statistics (ONS) states around 1.4 million people in the United Kingdom now work beyond the age of 65, many in higher status jobs.

Resultantly, the over 65 group accounts for one in five of every pound spent; within two decades that number is expected to rise to one in four pounds. For retailers the group represents one of the few lucrative growth opportunities, suggesting significant change is afoot in the industry. Younger consumers are

suffering under debt, squeezed wages and rising costs of housing, resulting in a trend developing towards seeking out the best possible deals.

Consequently over 50-year-olds now account for 47% of consumer spending as of 2015, up from 41% in 2003. Such has been the expansion in spending by older consumers relative to other consumer groups the UK economy is now dependent upon the 'grey pound' for future growth. Furthermore, the view that consumers aged between 21 and 34 years as being the most important group is now no longer true.

A developing trend regarding online retail is the closing gap between the percentages of over-65-year-olds who have made online purchases compared to the working age and teenage populations. For many of those entering retirement age the internet is something that has been commonplace for roughly two decades.

This contrasts with those people aged over 85-years, many of whom were already retired before internet coverage became ubiquitous. Consequently, the knowledge of technology held by so called 'silver surfers' is considerably better now than it was even a few years ago. To that end retailers are beginning to design online shopping platforms with older consumers in mind, but there is reason to believe the amount of development has been insufficient compared to the scale of the potential market.

Older consumers have reported they still like physical stores and prefer not to have to travel far to reach them. Given the population of the over-65-year-old group is expanding at a reasonably fast pace, retailers will increasingly pay attention to adapting store design to cater for the needs of older shoppers.

Furthermore, consumers who shop at a physical store are more likely to use the online version of the same company instead of switching to a rival. Wider aisles, larger and easier to read signage as well as brighter lighting (seniors can require light up to five times brighter to read than their younger counterparts, so bright, direct illumination is used) are relatively minor changes to store design which can attract a loyal following among the older age groups.

## **SCOPE**

Learn about the new key players in the retail market and the direction it is headed

See how new consumer behaviour is effecting the retail market

Examine the new trends in online retail and delivery services

See the direction of travel in bricks and mortar stores

Examine the new technology that is being introduced to retail

## **REASONS TO BUY**

Why are so many bricks and mortar stores going bankrupt, yet online companies are moving into the highstreet?

What new technology is coming to retail to enhance the shopping experience?

Why is delivery so expensive and why are major players building their own fleets?

What new opportunities are there in retail and what consumers could be better catered for?

What are the demands of millennials and generation z doing to companies?

## Contents

Executive Summary

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Summary

Untapped markets: Retailers must adjust to suit older generations

Older shoppers have extensive spending power, offering retailers lucrative sales opportunities

Retailers have so far failed to take sufficient notice of older consumers - this will change

Retailers are beginning to cater store design towards needs of older generations

Bricks-and-mortar stores begin to adapt to spending power of over-65-year-old shoppers

Conclusion

Appendix

Further Reading

Ask the analyst

About MarketLine

Disclaimer

## List Of Figures

### LIST OF FIGURES

Figure 1: UK Household debt (£bn) 2000-2016

Figure 2: UK over-65-year-old population (millions)

Figure 3: Recent internet use in 2011 and 2017 by age group, UK

Figure 4: Lack of seating deters older shoppers

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