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Age demographics to force radical shift in U.S. marketing

Many companies fear that if they admit they are appealing to older customers they won't seem "cool or hip any more," Lori Bitter of the San Francisco office of the J. Walter Thompson Worldwide advertising agency recently told *The New York Times*. But marketers had better adjust to a new reality.

By 2010, the Census Bureau says, about 50% of the U.S. people will be older than 40 – up sharply from the 43.4% reported in the most recent national nose-count. More than 40 million Americans today are at least 65 years old. And about four million a year are turning 50.

Already, people 46 years old and older enjoy more than half of the country's discretionary income. And they control more than 75% of the nation's wealth. According to Carol N. Morgan and Doran J. Levy, authors of "Marketing to the Mindset of Boomers and their Elders," published in 2002 by Attitudebase, they own 91% of U.S. net worth.

Scarborough Consumer Behavior Research says in a 2003 study published by AARP that (no surprise) almost two-thirds of elders' planned expenditures hinge on housing, transportation and food. But other research indicates shifts in spending patterns that will change U.S. marketing strategies fundamentally. Oregon's CNW Marketing Research notes:

- **Investments** were the top spending choices reported by persons aged 45 to 54.
- **Long vacations in the U.S.** topped the spending plans of people 55 and more years old.

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Only 7.3% of people older than 65 intended to take lengthy foreign vacations. Younger people surveyed did not mention plans to travel abroad at all.

- **Buying new cars** was one of the leading five purchasing intentions among both older and younger consumers.

Ford automobiles – which have been facing recent sales problems – were the most popular brands among people older than 45.

- **Electronic products** like personal computers – in a sales decline since about 2000 – and home theaters also scored high in the spending plans of both older and younger people.

Retailers should note that Americans aged 50 and older plan to use the Internet more and more for shopping. Yet the e-marketer.com research firm recently reported that only 42% of people older than 55 years – compared with 55% of younger people – now make consumer purchases online.

- **Retirement** is not in the plans of almost 70% of the participants in a 2003 AARP study. They reported that they planned to work past the usual age of retirement, or never retire.

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