

A photograph of an elderly couple walking outdoors on a sunny day. The woman, on the left, has short white hair and is wearing a bright blue cardigan over a light-colored top. The man, on the right, has grey hair and is wearing a light-colored button-down shirt. They are both smiling and looking towards the camera. The man is carrying a large white shopping bag and a blue one, while the woman is carrying a purple one. They are walking on a paved area, possibly a sidewalk, with trees and outdoor seating visible in the background.

The Global Impact of an Aging World

February 2011

nielsen
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Population aging is not a short-term trend or even a medium-term one...it is a permanent trend

At 12:01 AM on January 1, 2011 the Baby Boom generation, those aged 47–65 in 2011, started turning 65 around the world. Between then and December 31st, 2029, about 10,000 people will reach age 65 every day in the United States alone. But aging is not the sole province of the U.S., or even the more developed world. Of all the countries in the world, only Niger in Saharan Africa will not see an increase in its median age over the next ten years - it will start to rise after 2020, according to the UN Population Division World Population Prospects. Population aging is not a short-term trend or even a medium-term one. As most countries will continue to age well into the second half of the 21st century, population aging is a permanent trend and marketers will need new models to reach aging consumers.

Why Age Matters

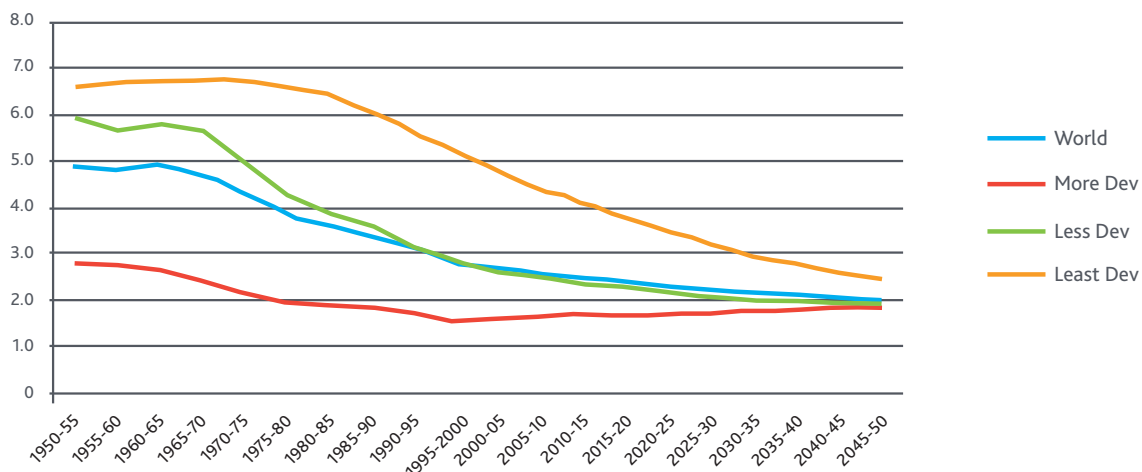
As populations age, the significance of consumers over the age of 50 will grow in importance. Already in the U.S., the Baby Boom generation accounts for the largest share of sales of any generation across most product categories. Understanding this new marketplace will be essential for brands that will grow in the 21st century. A 2010 Nielsen global online survey conducted in 53 countries about retirement and other sentiments around aging brings much to light. The one thing marketers must accept for certain about Baby Boomers is that they will redefine what it means to be old in exactly the same manner as they redefined what it meant to be young and middle aged. And they will not allow themselves to be ignored.

Why Are We Getting Older?

According to the UN Population Division, fertility rates have been declining for as long as demographers have been measuring them. The global fertility rate fell by nearly 48% from the early 1950s to now and is expected to continue to drop by another 18% over the next four decades as seen in the chart below. The causes for drops in fertility are many—the transition from agrarian to industrial societies, urbanization, affluence, and rising levels of education (particularly the education of women). Simply put, modern life is not conducive to large families.

Modern life has also led to increases in life expectancy. Smaller family sizes and longer life expectancies combined with the large Baby Boom generation (in the more developed world) means that the share of the global population in the older age ranges is growing much more rapidly than in the younger ranges.

Declining world fertility rates



Source: UN Population Division - World Population Prospects 2008 Revision

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How Old is Old?

How old must one be to be considered old? The answers in Nielsen's survey reflect the strong variation across countries and regions in the age of populations. In the 14 oldest countries surveyed (median age of 42), 70% think old is over the age of 70, with nearly one in three thinking old is over age 80. In the 14 youngest countries surveyed (median age of 27), 27% say being in your 60s is old and an equal percentage believe that 70s is old. Less than 1% in the youngest countries surveyed say you're not old until your 80s.

A person's own age is also a strong predictor of what age is considered old. Globally, nearly half of those over the age of 60 think that being old means over the age of 80. Of those under the age of 60, there is an interesting three-way divide.

Fully one-third think old is being in your 70s, 26% believe old is in your 60s and 27% consider old as over 80. As age rises, so too does the perception of how old is old.

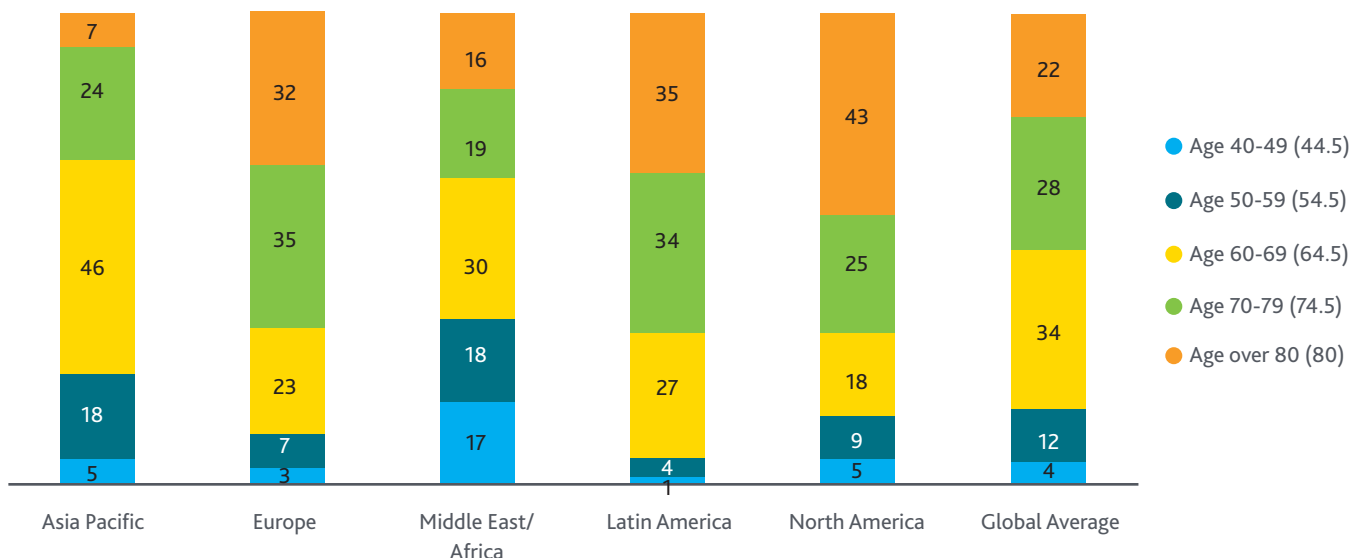
When Can I Retire?

Perhaps, Rich Morin from the Pew Research Center said it best when he quipped, "Nothing like hard times in late middle age to focus the mind...". For Baby Boomers sitting on the cusp of retirement, the Great Recession and the U.S. housing market collapse came at the worst possible time. Having the largest investment portfolios and large shares of net worth tied up in real estate, many Baby Boomers planning to retire in their late 50s and 60s are forced to reconsider. And while the stock market has rebounded to a large extent, the current U.S. real estate market hasn't.

The impact of the recession in the U.S. can be clearly seen in a study of middle aged adults conducted by the Pew Research Center in mid 2009. Across income strata, 52% of adults aged 50–64 are thinking they may have to delay retirement, 68% of those aged 57–64. Sixteen percent of those surveyed think they may never be able to retire. Nielsen's 2010 survey reports that only one in four U.S. adults aged 60+ agree that they are financially set for retirement, while nearly one-third say they were not financially ready, and 43% are unsure. While the stock market rebound of 2010 is necessary to speed the Baby Boom into retirement, it may not be sufficient without the return of real estate market.

How old is old?

What's your definition of old...



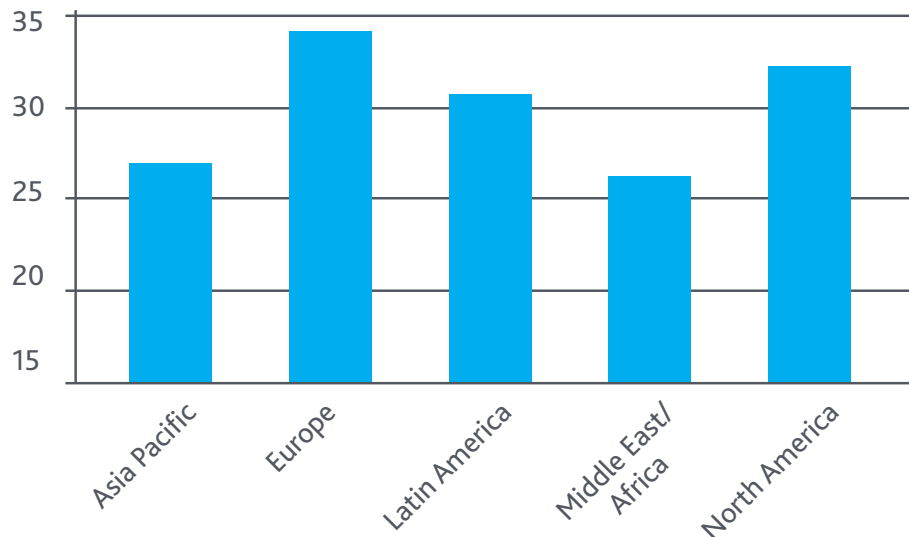
Source: The Nielsen Company, Global Online Survey, Q3 2010

Despite the recession, across broad global regions, those aged 60+ facing retirement in the more developed regions are more positive about their prospects as shown in the chart to the right. Despite the European debt crisis and the continuing rework of pension plans, over one-third of persons aged 60+ feel financially ready for retirement. North America, led by bullish Canadians (38% ready financially to retire) is a close second, while countries surveyed in the Middle East and Africa anchor the distribution. Those in the Middle East and Africa substantially led the ranking for persons over the age of 60 who say they were definitely not ready to retire (42%).

Despite growing uncertainty about whether there are sufficient financial resources to retire, the traditional age range for retirement is still widely accepted. Across Asia and the Pacific, Europe, and the Americas, the majority of persons aged 60+ expect to retire between the ages of 60 and 69. Only 38% of those aged 60+ in the Middle East and Africa were targeting the 60s as their retirement age, with 32%, expecting to work into their 70s.

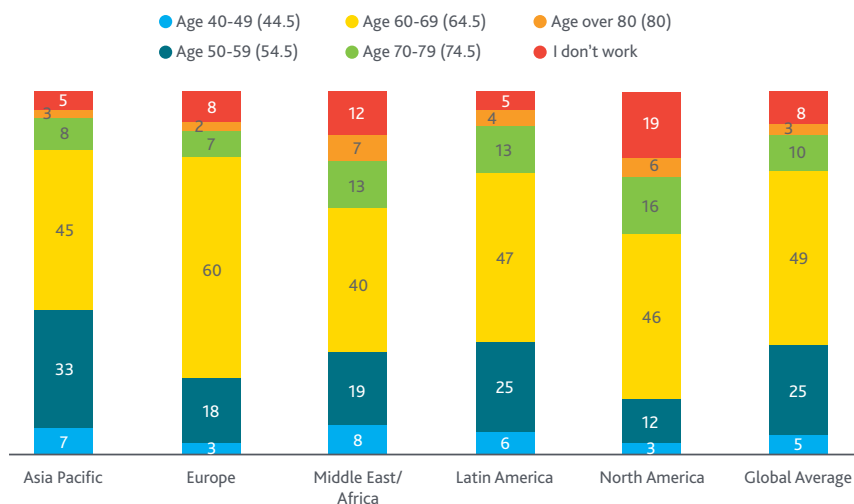
Across most countries, those under the age of 60 were less sanguine about their chances to retire in their 60s. In fact, across global respondents of all age ranges, 41% of North Americans say they plan to retire when they are aged 70+, and one-fifth say they plan to retire at 80+, which is the oldest by far compared to the other world regions.

Percent of 60+ who are financially ready for retirement



Source: The Nielsen Company

When do you plan to retire or when did you retire?



Source: The Nielsen Company, Global Online Survey, Q3 2010

How Will I Fund Retirement?

When to retire, is closely tied with having the financial resources to retire. Company sponsored pensions, government plans, and private savings are the most commonly tapped sources of retirement funding. Government-run plans and corporate pensions are more often listed as source of retirement funding in the more developed regions, while personal savings hold sway in other areas.

Across all areas, there are sharp differences in planning for retirement between those over the age of 60 and everyone else. The table to the right shows the percent of persons describing which funding sources will be primary. Across all regions, reliance on government programs like Social Security in the U.S. is much lower for younger persons than older ones, while those under age 60 are much more likely to say they will fund their retirements primarily through personal savings.

		Primary Source of Retirement Income		
Regions / Ages		Government	Savings	Employer/Other
Asia Pacific	< 60	20.4	52.2	27.4
	60+	42.2	30.9	26.9
	Gap	21.7	-21.3	
Europe	< 60	41.7	29.7	28.6
	60+	53.1	13.7	33.1
	Gap	11.5	-16.0	
Latin America	< 60	23.5	40.3	36.1
	60+	38.9	28.2	32.9
	Gap	15.4	-12.1	
Middle East/Africa	< 60	13.9	53.7	32.4
	60+	17.4	34.8	47.8
	Gap	3.5	-18.9	
North America	< 60	24.6	34.2	41.2
	60+	45.6	17.8	36.5
	Gap	21.0	-16.3	

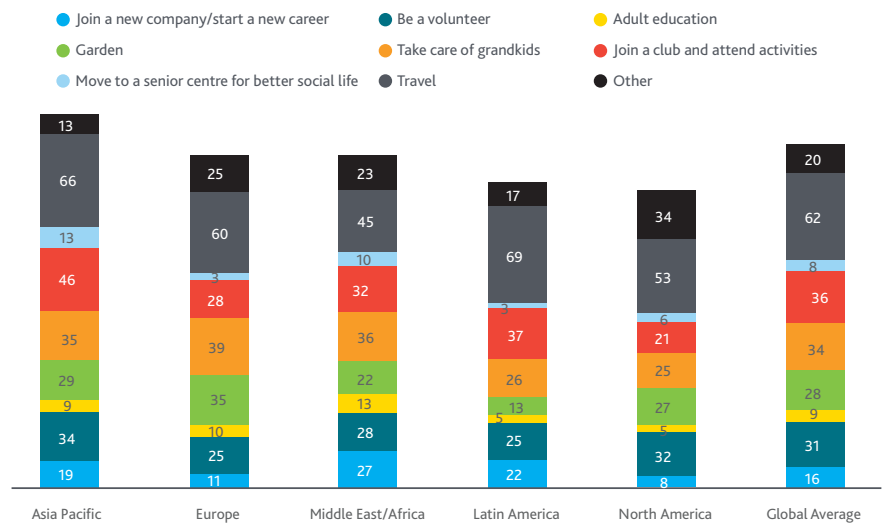
Source: The Nielsen Company, Global Online Survey, Q3 2010

How Will I Spend My Time?

Once people have worked out when to retire and how to fund it, the question for many becomes: What will I do with the time? For the majority of global respondents (62%), travel is the favored option. Other preferences include caring for grandchildren, taking part in clubs and activities, gardening and volunteering, which round out the top five leisure-time activities. Results were reasonably consistent across regions, with a few exceptions:

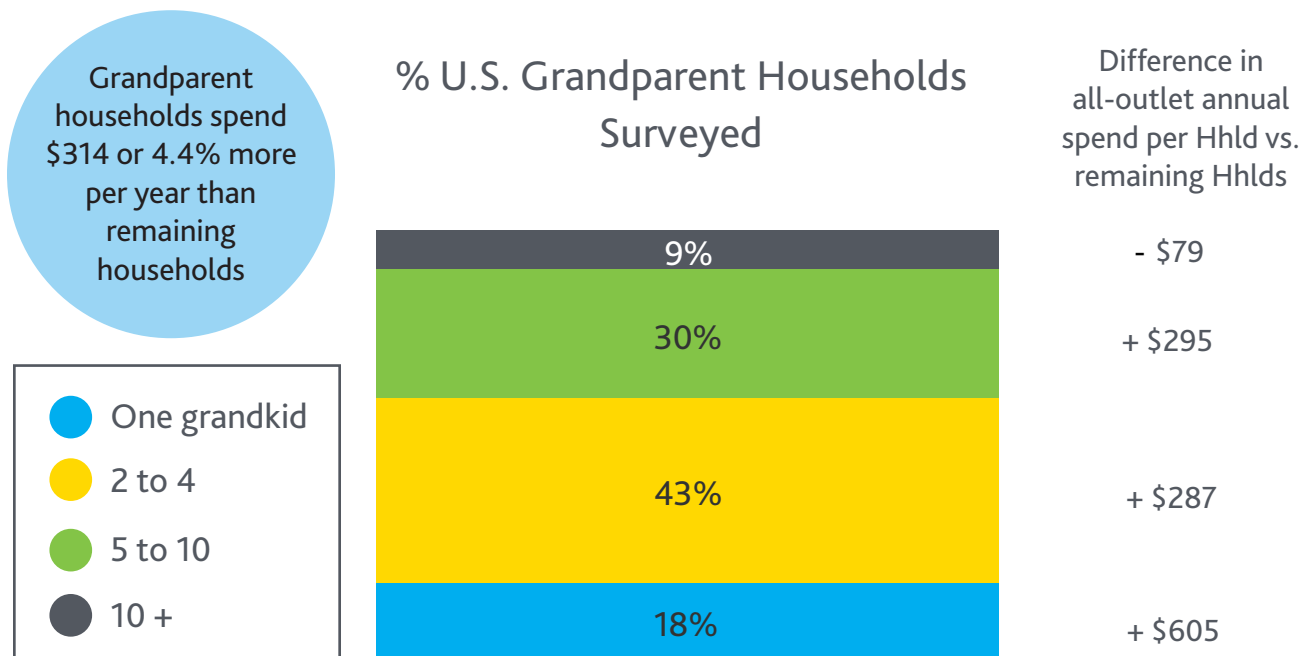
- Those in Latin America and the Middle East/Africa were nearly three times as likely to be interested in a second career as those in North America and Europe
- Those in Asia/Pacific and the Middle East/Africa were much more likely to think about moving to a senior center for a better social life

What do you plan to do after retirement?



Source: The Nielsen Company, Global Online Survey, Q3 2010

Multiple grandchildren alone is not a predictor of value



Source: The Nielsen Company, Homescan, 52 weeks ending 11/27/2010 – total basket expenditures; Homescan 12/2010 online survey

By age, across all countries, there were some differences in leisure-time retirement plans. The financial realities facing today's generation of those aged 60+ are not quite as salient to those who are a little further from retirement.

- Persons under age 60 were 47% less likely to think they might start a second career. A new job may be a financial necessity for some of today's 60+.
- Those under age 60 were 21% more likely to imagine spending time with grandchildren.
- Those under age 60 were 20% more likely to think that travel will be a large part of their post-retirement years. Again, the financial reality of living in retirement may have to be experienced rather than imagined.

How Will I Spend My Money

A U.S. study on the spending habits of grandparents reveals that this lucrative group of households should not be ignored. Grandparents in the U.S. spend 4.4% more annually compared to all other households, amounting to an extra spend of \$314 a year. Interestingly, having multiple grandchildren does not translate to more spending. In fact, grandparents in the survey with only one grandchild actually spend two times more than grandparents with 2–10 grandkids. The exception is grandparents with more than 10 grandkids – they actually spend \$79 less per year than non-grandparent households. Grandparents with one grandchild are likely younger and still working. Similarly, grandparents with a lot of grandchildren likely have more kids of their own and those bigger families tend to be more downscale to being with.

In Latin America, Nielsen analyzed the demographics of Brazil, Chile, Colombia, Mexico and Puerto Rico, and estimates that people age 50+ currently make up 19% of the population. And that number will rise to 26% by 2025 and 38% by 2050. These households – while being 13% smaller – have higher levels of per capita spending than other age groups:

- Chile: 17% higher
- Brazil: 15%
- Mexico: 15%
- Colombia: 13%
- Puerto Rico: 12%

Categories that currently attract a greater preference among more mature Latin Americans include hot and cold beverages, sweeteners/sugar, pet food and hair dyes/coloring, and retailers and manufacturers can expect increased popularity in years to come. But other categories that could

benefit – if manufacturers innovate and appeal specifically to this demographic – include a number of health & beauty segments such as shampoo, conditioners and deodorants.

Connected Consumers

If you think that older consumers aged 50+ are not digitally savvy, you are mistaken. In fact, in six of the nine countries measured by Nielsen in December 2010, consumers aged 50+ comprised roughly one-third of the active Internet audience on average taking into account usage at both home and work locations. The U.S. leads the way with older consumers representing 32% of the active Internet audience, the U.K. (31%) and Germany (30%) round out the top three. However, by time spent online,

older Australians and French are the most active users spending just over 69 hours and 66 hours per month respectively. Older consumers in the U.S. spent almost 62 hours in December.

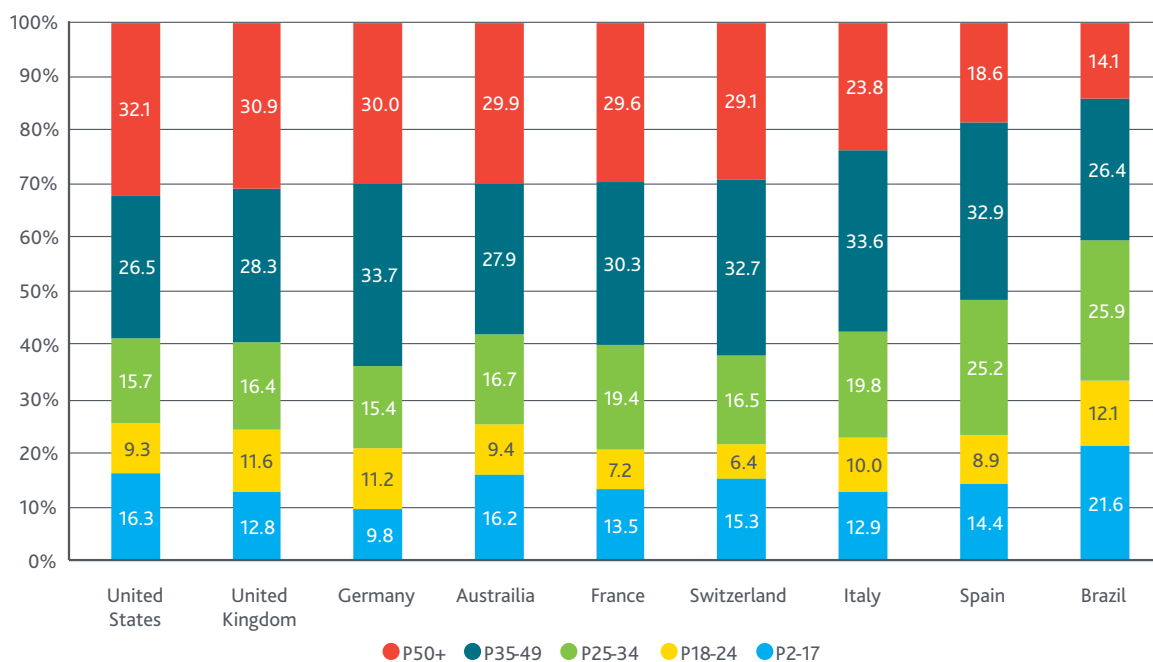
The New/Old Face of Opportunity

Whether you are a manufacturer who makes the products consumers use, a retailer who sells the products to the consumers, or the media who provide the means for both manufacturers and retailers to talk to consumers, you are impacted by the aging profile of consumers. The senior market is affluent and a force for decades to come. And while this segment represents a disproportionate share of marketplace consumption (in the more developed world), they are often overlooked in marketing plans.

The degree and extent of aging taking place across the globe today is unprecedented. Demographers, sociologists, and marketers will need to develop new models and new ways of thinking to understand the shifts we see today and will continue to see for decades to come. Aging is here to stay.



Active internet audience composition percent, December 2010 (home/work locations)



Source: The Nielsen Company

About the Nielsen Global Online Survey

The Nielsen Global Online Survey was conducted between September 3 and September 21, 2010 and polled over 26,000 consumers in 53 countries throughout Asia Pacific, Europe, Latin America, the Middle East and North America. The sample has quotas based on age and sex for each country based on their Internet users, and is weighted to be representative of Internet consumers and has a maximum margin of error of ±0.6%.

About The Nielsen Company

The Nielsen Company (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related assets. The company has a presence in approximately 100 countries, with headquarters in New York, USA. For more information on The Nielsen Company, visit www.nielsen.com.

Country Abbreviations

Argentina	AR	New Zealand	NZ
Australia	AU	Norway	NO
Austria	AT	Pakistan	PK
Belgium	BE	Philippines	PH
Brazil	BR	Poland	PL
Canada	CA	Portugal	PT
China	CN	Romania	RO
Colombia	CO	Russia	RU
Croatia	HR	Saudi Arabia	SA
Czech Republic	CZ	Singapore	SG
Denmark	DK	South Africa	ZA
Egypt	EG	South Korea	KO
Estonia	EE	Spain	ES
Finland	FI	Sweden	SE
France	FR	Switzerland	CH
Germany	DE	Taiwan	TW
Greece	GR	Thailand	TH
Hong Kong	HK	Turkey	TR
Hungary	HU	United Arab Emirates	AE
India	IN	United Kingdom	GB
Indonesia	ID	Ukraine	UA
Ireland	IE	United States	US
Israel	IL	Vietnam	VN
Italy	IT		
Japan	JP		
Latvia	LV		
Lithuania	LT		
Malaysia	MY		
Mexico	MX		
Netherlands	NL		

Region Abbreviations

AP	Asia Pacific
EU	Europe
LA	Latin America
MEA	Middle East, Africa
NA	North America

