Agriculture and Agri-Food Canada

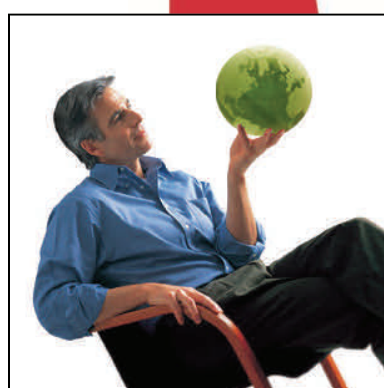
Agriculture et Agroalimentaire Canada

International Markets Bureau

MARKET ANALYSIS REPORT | AUGUST 2012

Global Consumer Trends

Age Demographics



Growing Forward

Canada

EXECUTIVE SUMMARY

As individuals age and gain life experience, their needs and interests evolve. In addition, each generation experiences unique regional and global events which simultaneously shape them in ways different from previous generations. This means that what defines an age group changes with each generation.

This report explores current ideas about age and their relationship with consumer behaviour. Individuals are re-defining the way they think about their own ages and the idea of age in general. For some, age has little bearing on how they choose to define themselves, leading to what analysts call 'down-aging,' 'age blurring,' and 'agelessness.' Age is a point of pride for some consumers, while for others it is a source of fear, and they will go to great lengths to mitigate its effects. As the global population ages, national governments and businesses around the world will be forced to identify and address age-related issues.

In addition to addressing these emerging age phenomena and their impact upon global markets, this report also identifies consumer trends, with respect to food and drink, in the following specific age groups: babies and toddlers, children, youth and young adults, adults, and seniors. Different concerns regarding health and wellness, food safety, environmental sustainability, and financial security, influence consumer behaviour in these age groups.

Age groups are not homogenous, especially when examined in a global context. Age-specific marketing is best employed by targeting niche groups within broad age segments. Recognizing this, the report explores global consumer trends for specific age groups, while identifying the regional and national trends that provide context for consumer behaviour in particular countries.

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KEY DEFINITIONS

The following definitions are based on those of the two key resources used in preparing this report: Euromonitor and Datamonitor.

Babies and Toddlers: 0-4 years
Children: 5-12 years
Teens: 13-18
Youth: 13-24 years
Young Adults: 25-34 years
Adults: 35-64 years
Seniors: 64+ years
Younger Seniors: 64-80 years
Older Seniors: 80+ years

Consumer fragmentation has a number of implications, but perhaps most importantly it means that brands have to pay attention to their core target consumers. Brands are forced to anticipate who their potential consumers could be — across all demographics. Blurring is the norm.

-Mintel Group, 2012b.

RE-DEFINING AGE

Characteristics of particular age groups are always shifting and evolving. What it means to be a child or a senior, and the behaviours associated with it, are different today than in previous years. At the consumer group level, characteristics typically associated with children, adults, and seniors are being contested and new behaviours identified.

Yet, even the concept of age itself has new meaning for consumers today. At a broader level, diversity within an age group and overlap between age groups has caused some to believe that age is no longer a useful way to describe consumer behaviour. This section examines how the concept of age in today's society is being redefined on many levels.

Down-aging

Down-aging addresses how and why consumers in a particular age group often act in ways that would be expected of their younger counterparts. Many believe that this is a result of a fear of aging, nostalgia, and a longer growing-up process for young adults. Young adults are taking longer to adopt a typical adult lifestyle, as increased levels of post-secondary education, debt, and job market competition postpone typical adult behaviours, such as moving out of their parents' homes and marriage. Mid-life adults and seniors are seeking a return to their youth and engaging in social behaviour that is typically associated with younger generations. For instance, the average age of those who play video games in the United States (U.S.) is 35 (Datamonitor, September 2009). In addition, many seniors are returning to the workforce after retirement (Mintel Group, March 2012c). Advances in health and wellness technologies in recent years are increasing life expectancy and allowing older generations to feel younger and remain active for longer (Datamonitor, September 2009). This phenomenon reflects how consumers see themselves and the types of products they are interested in.

Pepsi targets nostalgic consumers by launching Pepsi Throwback: the original Pepsi formula with a vintage logo.
Source: *Mintel Group, 2010.*

Age Blurring

In this phenomenon, not only are some age groups acting younger, other age groups are acting older, leading to greater overlap between the desires, experiences, and interests of different age groups. Children are socialized as consumers at a younger age. Their increased exposure to advertisements has led many of them to become brand conscious and concerned with their appearance at a very young age. They are often confronted with experiences and worries previously linked with adults. According to a 2011 survey by Parenting Group in the U.S., 25% of toddlers have used a smartphone (Mintel Group, August 2011b). Many children and teens are also acting older, presenting themselves as young adults through appearance and attitude. Age blurring means that products geared to a specific age group may actually appeal to a wider range of consumers (Datamonitor, September 2009).

Agelessness

Similar to age blurring, agelessness goes beyond simply describing a phenomenon of converging interests to suggest that people are no longer limited by their age and, as a result, consumer behaviour is not defined by it (Mintel Group, February 2012).

AGE AND ANXIETY

Many consumers have a fear of aging and actively seek to prolong youth or prevent the symptoms of aging. This anxiety is most significantly associated with physical appearance, but can also be associated with other mental and physiological effects of aging. Many recent health and wellness consumer trends reflect this, permeating industries such as food and beverages, beauty, and consumer health. Anxiety about aging is starting to affect consumers at a younger age; young adults and children also feel pressure to look a certain way. Many consumers believe that the media and society in general portray aging negatively (Datamonitor, September 2009).

Even older consumers suffering from health issues specific to their age do not wish to be reminded of it. This can make marketing difficult, as consumers may seek products that address their age-related conditions, yet they are easily offended when confronted by products for “old” consumers. Interestingly, this is more pronounced in Western countries. By contrast, in Asia, there are a wide variety of products that specifically target those in the middle-age or senior demographics. The focus of the marketing is on aging and the messaging is quite explicit. According to Mintel, more implicit and subtle messaging works better in Western markets, where products that clearly address the specific needs and desires of older consumers are not marketed specifically for these consumers (Mintel Group, 2010).

Lotte’s Non-Sticky Gum from Japan targets older consumers by claiming to be appropriate for dentures.
Source: *Mintel Group, 2010.*

AGE AND IDENTITY

Age is largely defined by social and cultural factors but has unique meaning and value for each person. Yet, despite diverse and changing definitions, many individuals are proud of their age and use it to define themselves and identify with others (Datamonitor, September 2009).

This trend runs counter to the phenomenon of age and anxiety. The tendency to define oneself by one’s age is mostly associated with younger consumers, but it is also found in older demographics, where some consumers are confident and take pride in their wisdom and life experience. While some mid-life consumers are concerned about their aging appearance, a 2009 online survey by Willow Water in the United Kingdom (U.K.) found that 38% of women felt that 32 was the age where they felt the most attractive and for 20% that age was 40 (Datamonitor, September 2009).

Although it varies slightly by country, overall the majority of European consumers from each age group (except in the U.K.) indicated in a 2008 Datamonitor global survey that they were content with their age. Consumers of all age groups in the U.S. indicated the least happiness with their age. Around a third of consumers in the U.S. liked their current age, well below global averages. Satisfaction with age was much more varied at the consumer group level in Asian-Pacific countries, although the region overall was generally content. Greater age satisfaction in certain Asian countries is attributed to a more general positive attitude towards older individuals in their culture (Datamonitor, September 2009).

While consumers may take pride and identify strongly with a particular age group, they may not necessarily define their age the same way the media does and therefore may not identify with advertisements geared toward their age group. Consumers of all age groups who take pride in their age value self-expression and individuality. This highlights the difficulty in determining age-related consumer trends and successfully targeting segments of the population (Datamonitor, September 2009).

AGING POPULATIONS

The aging of the population is not new; indeed, many Western countries have been anticipating this process or are already experiencing its effects. However, what *is* new is that this phenomenon has become global. Even the populations of countries such as Mexico, Brazil, Saudi Arabia, Egypt, and Malaysia are aging. Worldwide, the population aged 65 and over is increasing and many countries have decreasing fertility rates, meaning that incoming generations are smaller (Euromonitor International, April 2010).

As the number of older consumers in many countries increases, there will be a higher demand for products that respond to the needs of this demographic. Consumer health products will need to be tailored for aging bodies. Bone health and nutritional deficiencies, for instance, will become areas of opportunity (Euromonitor International, April 2010). Food and beverages that appeal to adults, particularly those with functional and other health benefits, will also see growth, as the growing adult population pays increasing attention to their health (Euromonitor International, December 2009).

Another characteristic of the aging population is that the number of workers per pensioner, or number of younger people per person over 65, is decreasing. This will burden existing national pension systems, force retirees to rely more on personal savings, and reduce disposable income for all affected parties (Datamonitor, February 2009).

According to Euromonitor, foods and beverages that appeal to young consumers will find short- to medium-term growth in African, Latin American, Middle Eastern, and Asian-Pacific markets where there is still a large youth population (Euromonitor International, December 2009). Over the long term, this is expected to change in some regions, as incoming generations become unable to replace their predecessors. For instance, the Asia-Pacific region currently has a traditional demographic proportion, where younger consumers outnumber older consumers. However, the child population in this region is decreasing as less children are being born in countries such as China, South Korea, Thailand, New Zealand, and Australia, among others. Notably, this is somewhat deliberate in China's case, as its national one-child policy aims to curb overall population growth (Datamonitor, April 2009). As the proportion of adults to children in these countries increases over the long term, consumer demand will change to reflect this.

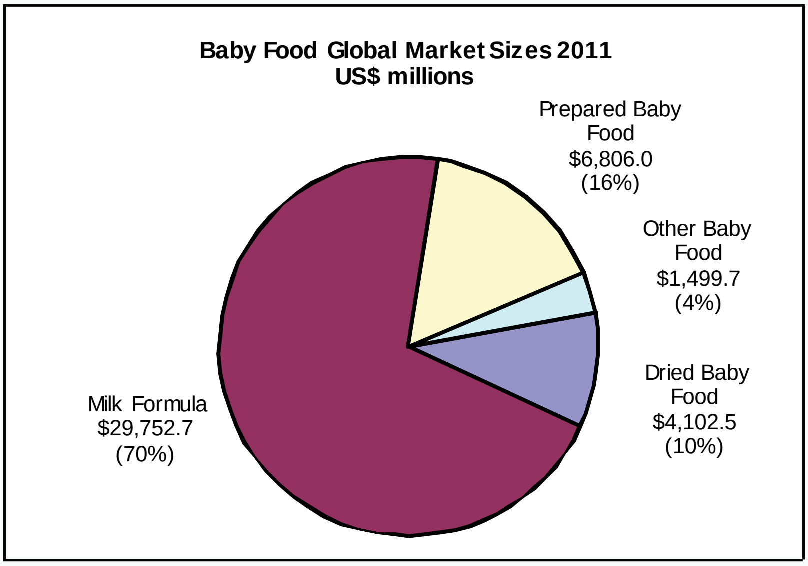
Some believe that, although there are declining child populations, children have a more influential role over their parents and an increasing share of purchasing power (Datamonitor, April 2009). The aging global population has consequences for all age demographics in all food and beverage sectors, as its effects greatly influence consumer behaviour and preferences.

▶ CONSUMER PROFILES

BABIES AND TODDLERS 0-4

While babies and toddlers themselves have no purchasing power, there is a lucrative global market for baby food and beverage products driven by parents on their behalf. In 2010 and 2011, global baby food sales totalled US$38.7 billion[1] and US$42.2 billion[1] (Euromonitor International, July 2011). Most of the growth in baby food sales comes from emerging markets, including China, Russia, Saudi Arabia, and Brazil, among others (Euromonitor International, February 2011). By 2016, global baby food sales are expected to total over US$56.9 billion[1] (Euromonitor International, July 2011).

As baby food is its own commodity group, it is easier to identify the consumer behaviour driving market sales for this age group compared to others.



Source: *Euromonitor International, July 2011.*

Overall, recent growth in baby food sales has been sustained by product innovation (particularly regarding health and safety), added value, and packaging focused on convenience, which address parental needs and concerns (Euromonitor International, February 2011).

Nestle Growing Up formula, launched in Saudi Arabia, December 2011.
Source: *Mintel Group, 2012a.*

The baby food products that saw the most growth from 2010 to 2011 are dried baby food and milk formula, which saw 9% and 10% growth respectively (Euromonitor International, February 2011). Much of the growth in the dried baby food category in recent years has come from increased demand in China, as well as the addition of functional ingredients, such as Omega-3, to some product lines (Euromonitor International, February 2011).

While milk formula has seen consistent growth worldwide since 2006, milk formula sales in North America and Western Europe saw positive growth in 2011 for the first time since 2008 (Euromonitor International, July 2011). Declining birth rates in Western countries have been exacerbated by the recent economic downturn, as many parents felt they could not afford to have a child during this time (Euromonitor International, February 2011).

Much of the global sale growth in milk formula between 2008 and 2010 came from toddler milk formula, which saw increased product innovation and greater shelf space in large retail channels. Declining birth rates in many markets have negatively affected demand for standard and special baby milk formulas, as have country initiatives to promote breastfeeding for babies 0-6 months. However, a decreased baby population has encouraged families to increase expenditure on products designed for their toddlers (Euromonitor International, February 2011).

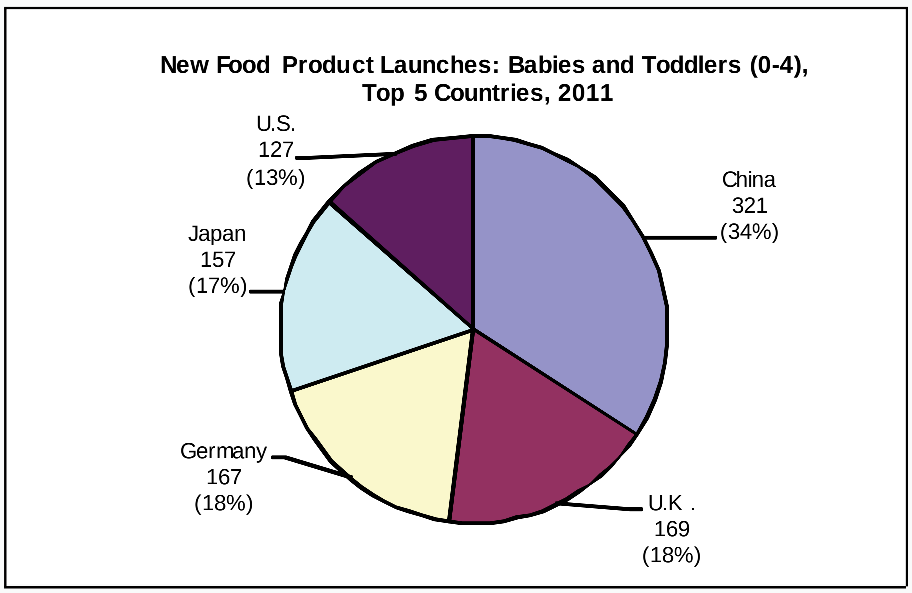
[1]current prices, fixed 2011 exchange rates

BABIES AND TODDLERS 0-4 (continued)

Consumers purchasing baby food are particularly concerned about the quality and safety of the products they are buying, especially after traces of melamine were found in some baby food products in China in 2008. Some consumers have turned to organic baby food products to satisfy their concerns. Most of the demand for organic baby food products, like organic milk formula, is in Western markets, especially the U.S., the U.K., and Italy. In recent years, organic milk formula has had better sales growth than standard milk formula, although its share of total milk formula sales in 2010 was only 2% (Euromonitor International, February 2011).

In 2010, most baby food was purchased in supermarkets and hypermarkets, especially in Western countries. Health and beauty retailers also accounted for a significant portion of sales (18%), benefitting from their reputation as specialists, which appeals to consumers. However, increased and diversified product selection in supermarkets and hypermarkets is boosting their share of sales at the expense of health and beauty retailers. Small grocery outlets account for 13% of sales, although they too are being challenged by supermarkets and hypermarkets. The sale of baby food in small grocery retailers is especially notable in the Asia-Pacific region and Latin America (Euromonitor International, February 2011).

From January 2011 to December 2011 there were 2,084 new food products and 27 new beverage products launched worldwide under the Babies and Toddlers 0-4 claim. The top five sub-categories for these new food product launches were baby savoury meals and dishes; baby cereals; baby fruit products, desserts, and yogurts; growing-up milk for toddlers 1-4 years; and milk formula for babies 0-6 months (Mintel Group, 2012a).



Source: *Mintel Group, 2012a.*

▶ CONSUMER PROFILES (continued)

CHILDREN 5-12

Globally, children are especially interested in snack foods, particularly confectionery products. In all regions except for the Middle East and Africa, children consume more confectionery products than the population average, in part because most of the marketing is targeted to them. Compared to average population consumption, children are not as interested in savoury snacks. Other popular food categories for children include bakery and cereal products, and dairy products. While bakery and cereal products are not very popular in Asia-Pacific, they are especially popular in Europe and the Middle East (Datamonitor, May 2010).

According to Mintel, 4,058 new food products and 547 beverage products were launched worldwide between January 2011 and December 2011 that claimed to be specific to children aged 5-12. The top five sub-categories for new product launches with children 5-12 as a claim were sweet biscuits/cookies; cold cereals; pastilles, gums, jellies, and chews; seasonal chocolate; and lollipops (Mintel Group, 2012a).

Jelly candies with fruit juice and added vitamins. Launched in Poland, December 2011. ***Source:*** *Mintel Group 2012a.*

More children are eating outside the home as a result of urbanization and the increased number of mothers in the workforce (Euromonitor International, November 2011). However, children consume less ready-made food than the population average, suggesting that adults are more likely to cook a meal for their children than they are for themselves. Ready-meals are also less popular in countries with emerging economies (Datamonitor, May 2010). Future opportunities may exist for child-oriented ready-made and packaged food, provided that these meet standards of quality and nutrition demanded by parents.

In terms of beverages, soft drinks are very popular for children, with children consuming more than the population average in all regions except Asia-Pacific. Juice is another significant category, yet there is less juice consumption in countries with emerging economies. Bottled water is not a popular drink for children (Datamonitor, May 2010). Asia-Pacific and Latin America have been identified as markets with opportunity for beverages targeted toward children, including soft drinks, fruit juices, and liquid dairy (Euromonitor International, December 2009). Despite the popularity of soft drinks, the sale of these beverages has been banned in many schools in some countries, leaving opportunities in these markets for healthier child-oriented beverages (Datamonitor, May 2010).

These food and beverage preferences are having an impact upon children's health and wellness. Even children in affluent families can lack basic nutrients as a result of poor diet. Childhood obesity is a growing problem in countries all over the world, but especially in Europe and the Americas, where over a third of children are obese or overweight. It is also becoming more of a problem for other countries. In China and India, for instance, between 2009 and 2014, obesity levels for children are expected to have a compound annual growth rate (CAGR) of 8.8% and 6.7% respectively (Datamonitor, May 2010).

CHILDREN 5-12 (continued)

While some parents are aware and concerned, many parents are not engaged in this issue. According to Euromonitor, parents in countries with emerging economies exhibit less concern than parents in other countries about the sugar or nutritional content of the beverages they buy for their children (Euromonitor International, December 2009). Even in spite of parental interest and effort, it can still be difficult for parents in all countries to improve their children's diets, due to time and money constraints, and parenting style. In addition, it can be difficult to change a child's food preferences or get them to try something outside their comfort zone (Datamonitor, May 2010). In addition to favouring products they know they like from experience, children's preferences are also influenced by exposure to branding through the media and peer pressure (Datamonitor, April 2009).

Children have significant influence over purchases made by their families. Smaller families, modern parenting styles, higher disposable incomes, and busy lifestyles can lead parents to give into 'pester power,' especially if their lifestyles cause them to feel that they are neglecting their children (Datamonitor, May 2010). A survey by the Center for a New American Dream in 2002 indicated a high level of successful pester power in the U.S, especially for 12–13-year-olds. Pester power is even more successful in China (Datamonitor, April 2009). However, parents still make the final purchasing decisions and their interests and concerns for their children must also be taken into account.

While unhealthy food and beverage products are extremely popular with children, consumer opinion indicates that there is growing concern about childhood obesity and interest in providing healthier food and beverage options. A survey in the U.S. indicates that children too may be choosing healthier products than in the past (Datamonitor, May 2010). There is also evidence in the U.S. that some children are using their pester power to ask their parents for healthier or home-cooked meals (Datamonitor, April 2009).

There are opportunities in this market for child-oriented products that appeal to both children and parents, such as snacks, confectionery, or bakery products with reduced sugar or fat and added vitamins and minerals (Euromonitor International, November 2011). Many food and beverage products are already marketed specifically for child health or to tackle childhood obesity. However, companies will need to address issues with parental trust in these new food and beverage products. In a 2008 Datamonitor survey, only a third of participants around the world indicated that they trusted these brands and 42% indicated that they were undecided. In general, countries with emerging economies were more trusting when it came to brands targeting children (Datamonitor, May 2010).

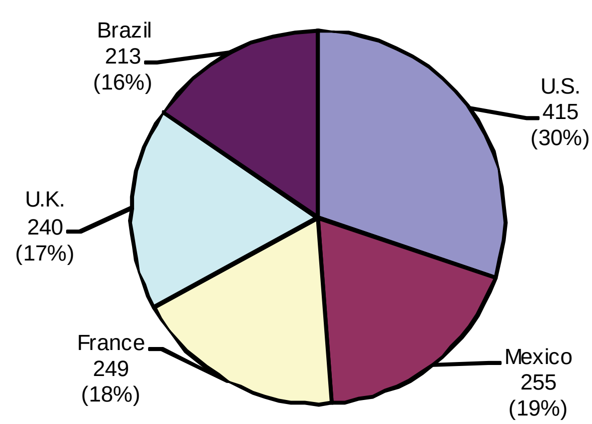
> Parents are concerned about the nutritional value of kids' meals at fast food restaurants and the tactics used by these restaurants to fuel the 'pester power' that will get parents to buy them, such as free toys and promotional tie-ins. Foodservice operators should find a middle ground with items that appeal to kids without stepping on parents toes— or better yet, by actually making healthy foods fun and kid-friendly so there's less need for parents to play gatekeeper, as McDonalds has done with its re-launched Happy Meals.
>
> *-Mintel Group, March 2012b.*

CHILDREN 5-12 (continued)

For the 4,058 new products launched worldwide under the Children 5-12 claim in 2011, the other top-five claims were: No Additives/Preservatives (20%), Ethical-Environmentally Friendly Package (16%), Vitamin/Mineral Fortified (12%), Low/No/Reduced Allergen (10%), and Seasonal (10%) (Mintel Group, 2012a). Many companies are already launching functional food products that are child specific, particularly in energy foods, probiotics, and brain performance enhancement. Organic, natural, better-for-you, and portion-controlled foods and beverages are also increasingly popular (Datamonitor, May 2010).

The countries with the expected largest future market for products targeted to children include Pakistan, Bolivia, the Philippines, Egypt, and Saudi Arabia. These countries have the largest population of children aged 0-14 (Euromonitor International, November 2011).

New Food Product Launches: Children (5-12), Top 5 Countries, 2011



Source: *Mintel Group, 2012a.*

YOUTH 13-24 AND YOUNG ADULTS 25-34

Consumers in this age group are experiencing significant life changes. With some country variation, the youngest members of this consumer group are in school, learning to drive, and beginning to make their own income. Other members are moving out of their parents' homes and starting families. As these changes occur, these consumers start to switch their brand preferences from the ones they were accustomed to when living with their parents. According to a report by Hartman Group, in the U.S., one in five consumers in these age groups will switch to completely different brands (Progressive Grocer 2011, September 19).

However, recent economic conditions have made it difficult for young adults to find steady jobs. Young adults in Western countries are also getting married and having children later in life, if at all. This is true in some countries with emerging economies as well, although to a lesser extent. In India, for instance, marriage has traditionally occurred at a young age, yet the average age at which girls first get married has been rising, increasing from 18.3 years in 2001 to 20.6 years in 2008 (Datamonitor, November 2011). There is a trend in Western countries known as extended adolescence, where many young adults in their 20s and 30s are still living with their parents, paying off student loans, and looking for a job, leaving traditional adult life stages, including marriage and mortgages, for when they become more financially secure (Mintel Group, March 2012a).

The spending patterns of these consumers reflect this. Living with their families or renting a home means that they are less likely to buy fixed subscriptions (for landline telephones and cable television for instance). A limited amount of disposable income means that they will spend less (Mintel Group, March 2012a).

In terms of food and beverages, young adult consumers have an interest in cooking and are receptive to new foods and recipes, including cuisines from other parts of the world. A recent study on demographics and consumer behaviour in eight countries indicated that younger consumers in Greece, Hungary, and India have greater exposure to "global foodstuffs" compared to older consumers (Cleveland et al., 2011, pp.255-256).

Consumers in this age group have particular criteria in mind when making food and beverage purchases. U.S. consumers believe that their purchases are healthier and more organic than those of their parents. They are also willing to spend more to satisfy these criteria. A survey in London and Northern Ireland indicates that consumers in their 20s and 30s are more inclined to pay more for food and beverage products that are eco-friendly and have a low carbon footprint. For consumers between 18-24 years of age and 25-34 years of age, 58% and 49% respectively are willing to pay more for such products (Progressive Grocer 2011, November 17).

Source: *Shutterstock.*

When shopping, about half the youth surveyed by Euromonitor around the world indicated that they were very price conscious, while fewer indicated that they were aware of brands when they shopped. Around 56% of youth are health conscious when they shop. Youth in Britain are less so, while youth in Turkey, Mexico, Germany, China, Indonesia, and Colombia are more so (Euromonitor International, December 2011b). Young adults are more likely to seek proactive and well-rounded consumer health products in order to prevent future health problems, compared to the more specific and reactionary approaches of older age demographics (Datamonitor, 2011).

YOUTH 13-24 AND YOUNG ADULTS 25-34 (continued)

In India for instance, claims regarding protein, vitamins, and minerals have a lot of influence on young consumers' choice of food and beverages. While these consumers value taste and flavour, they are willing to make sacrifices for food and beverage products that also address specific health issues or enhance overall well-being. Many young adult consumers in India also monitor their calorie intake and eat smaller portions. Nevertheless, they also seek products that will satisfy their appetites (Datamonitor, November 2011).

Younger consumers around the world are more likely to have dietary restrictions or be on a specialized diet, compared to older consumers, such as vegetarianism and weight-loss regimens. (Euromonitor International, December 2011a). Globally, 15% of youth do not eat meat and less than one in ten classify themselves as a vegetarian or a vegan. These numbers vary considerably by country. In India, for example, six in ten youth do not eat meat. Youth across the world are also actively engaged in dieting, although it is less prevalent in Asian-Pacific countries (Euromonitor International, December 2011b).

Convenience is typically more important for young adults than older adult consumers. Consumption of ready-made meals is higher for this age group, as they appeal to young consumers who wish to save time or who feel they cannot cook well (Datamonitor, February 2009; Euromonitor International, December 2011a). Youth also skip an average of four meals per week, two of which are breakfast (Euromonitor International, December 2011b).

Burger King in Japan.
Source: *Planet Retail.*

Younger consumers are more likely than older consumers to dine out at least once a week, order take-away or delivery, and use pre-prepared ingredients (Euromonitor International, December 2011a). In a survey by Euromonitor in the fall of 2011, globally, youth dine out for almost the same number of meals as they eat at home (Euromonitor International, December 2011b).

Consumers between the ages of 18 and 34 use foodservice outlets at lunchtime more than any other age demographic (Progressive Grocer 2011, September 22). They spend more than half their foodservice purchases specifically on take-out and spend more of their foodservice purchases on snacks than any other age group (Progressive Grocer 2011, September 6). In 2010, more than $73 billion dollars was spent on foodservice by this age group in the U.S. (Progressive Grocer 2011, September 6). Limited disposable income for entertainment has made foodservice even more popular as an affordable activity outside the home for youth and young adults alike (Mintel Group, March 2012a).

There are many differences when it comes to the type of products youth buy in different countries. Youth in the U.K., Germany, the U.S., and South Africa are more likely to buy frozen foods, while youth in Asia and Latin America (excluding Japan and Brazil), are less likely to purchase frozen foods. Purchasing ready-made meals is popular in the U.S., Germany, Malaysia, Indonesia, and the Philippines. Vegetarian foods are popular in India, while organic food is very popular in Russia. In a fall 2011 survey by Euromonitor, around two in three Russian youth reported that they shop organic (Euromonitor International, December 2011b).

YOUTH 13-24 AND YOUNG ADULTS 25-34 (continued)

In general, young people go grocery shopping on a weekly or monthly basis. In Russia, grocery shopping occurs more frequently on a daily basis. Online shopping is not yet popular for this demographic, although in some countries youth have embraced this retail channel. In China and the U.K., over 25% and 14% of youth, respectively, grocery shop online (Euromonitor International, December 2011b). It is worth noting that younger consumers in general are more likely to have shopped for groceries online and that the usage gap between older and younger consumers is most significant in the Middle Eastern and Asia-Pacific regions. According to a 2010 Datamonitor report, the prevalence of online grocery shopping in a geographic area has more to do with the degree of market development present, rather than the number of broadband subscriptions in the region (Datamonitor, June 2010).

Regarding the teen (13-18 years) demographic, in terms of food and beverage products this market can be difficult to enter but, once this is achieved, it offers profitable returns. While parents still make some purchasing decisions, teens have a sizeable amount of purchasing power as they are entering the workforce and beginning to generate their own revenue beyond their parental allowance. This demographic is the least concerned about health and wellness. Sports and energy drinks, soft drinks, and other trendy drinks have significant market potential for teenagers. Per capita, teenagers are estimated to consume the most soft drinks compared to other age groups. The Middle East, Latin America, and Africa have a growing teenage population and are expected to provide growth for new food and beverage products. In Western countries, the teenage population is not growing, but energy drinks and trendy beverages are expected to remain popular and provide opportunities (Euromonitor International, December 2009).

CONSUMER PROFILES (continued)

ADULTS 35-64

Consumers in this age group, which includes the 35-44, 45-54, and 55-64 sub-groups, are at various life stages. Many are working and supporting children or elderly parents, in some cases, both. Others have children who have already left home, and some have just retired. Lack of preparedness for retirement and the present economic conditions may also affect these population segments' purchasing power (Datamonitor, February 2009). According to the 2010 National Childhood Development Study in the U.K., 77% of people aged 55 and over will continue to work past the retirement age. In a survey by Mintel in the U.S., 30% of people between 55 and 64 years old do not have a retirement savings plan. Depending on their unique familial and financial situation, these consumers have different levels of disposable income and different spending habits (Mintel Group, March 2012c).

Typically, these consumers have more disposable income and are willing to pay more for higher quality, luxury products. Older consumers in general are more willing to pay more for products that suit their individual needs (Euromonitor International, December 2009). However, many are also becoming less materialistic as they age and they are increasingly interested in organic, environmentally friendly, and sustainable products (Datamonitor, February 2009). A survey conducted in London and Northern Ireland revealed that around 35% of those in the 35-44 age group and the 45-54 age group were willing to pay more for products that have a low carbon footprint and are eco-friendly. The same is true for 31% of consumers over age 55 (Progressive Grocer 2011, November 17). As consumers age, they also become more interested in experience-oriented products and services as opposed to material goods (Datamonitor, September 2009).

Although the purchasing decisions of these consumers are also very influenced by value, their perception of value differs compared to other age groups. Value for mid-life adults goes beyond price, focusing equally on quality and healthiness. This means that they are less likely to purchase food from the value menu, where value is determined by low prices (Progressive Grocer 2011, September 22).

Health is very important for these consumers. Consumers in their forties and fifties seek products with preventative functional properties that respond to specific health concerns. They are also willing to spend more on these (Datamonitor, 2011). Many of the diseases and health conditions that adults are affected by today (particularly in Western countries) are a response to diet and lifestyle, including obesity, cardiovascular disease, type 2 diabetes, arthritis, cancer, and osteoporosis, among others (Hunter and Worsley, 2009).

This age group has unique buying patterns that set them apart from other age groups. Globally, frozen food is preferred over canned food. The 45-54 age group in all countries surveyed by Datamonitor in 2008 consumed more frozen food than the national average. This was also true for countries in Western Europe (except Germany and the Netherlands), India, and Singapore, in the over-55 age group. In Western Europe, the U.S., and Asia Pacific, adults between 45-54 years of age have a higher prevalence of canned-food consumption over other age groups (Datamonitor, February 2009).

According to a recent survey conducted by The Integer Group and M/A/R/C Research, consumers between the ages of 45 and 49 purchase the most groceries (food and beverages) through online shopping in the U.S. (Progressive Grocer 2012, February 10). In the U.K., the consumers who do the most grocery shopping online are 35-44 year olds. This is probably the case because these consumers have full time jobs and dependants to look after, particularly young children who can be difficult to manage in retail outlet (Datamonitor, June 2010).

SENIORS 65+

As with other age demographics, this consumer group is highly diverse. Seniors are thought to be one of the most diverse age groups, as they are less influenced by peer pressure and trends and they have had a wide range of unique life experiences (Datamonitor, February 2009). Longer life expectancy and better health care means that this group encompasses consumers with a large range of ages and abilities. Typically, individuals are considered seniors at the age of 65 or older. However, there are significant differences in consumer behaviour between 65 year olds and 80 year olds, as a result of their differing abilities and lifestyles. In this report, a younger senior refers to a consumer between the ages of 65 and 80, while an older senior refers to a consumer aged 80 and above.

At just older than 65, many younger seniors are still in the workforce, though many of them are finishing their careers and preparing for retirement. Younger seniors are remaining in the workforce for a number of reasons, including insufficient savings, to support dependents, or because they prefer to do so (Mintel Group, March 2012c).

Financial insecurity is a major reason why younger seniors remain in the workforce. According to the U.S. Retirement Confidence Survey in 2011, the proportion of workers who believe they are not able to retire with appropriate savings at the minimum retirement age is 70%. In a survey by Mintel, also in the U.S., 31% of people over 65 years old do not have a retirement savings plan. The current economic climate has also forced many younger seniors to continue working. A number of countries, including South Korea and France, have raised or expect to raise the retirement age. The European Commission is recommending that age 70 become the minimum retirement age, in order to lessen the burden on national pension systems (Mintel Group, March 2012c).

This means that some seniors, either younger or older, have more disposable income, while others have less, greatly influencing their purchasing power and choices. In Western countries, this age category often has high disposable income compared to other countries and is less price conscious. In countries with emerging economies, seniors often rely on family members, leading to less disposable income and less influence on purchasing decisions (Euromonitor International, November 2011).

As people age, their appetites and food intake lessen and their nutritional and health needs change. Their senses of taste, sight, and smell are also affected. Seniors require fewer calories compared to younger consumers. A study conducted in Spain revealed that, as seniors age, decreased appetite and smaller households cause overall expenditure on food and beverages to decline. However, demand for specialized food products increases. Companies will have to adjust to these changes in food expenditure as seniors seek smaller portions (Garcia & Grande, 2009).

Spending in other categories, such as on-trade alcoholic beverages, also declines with age (Garcia & Grande, 2009). While they are significant purchasers of off-trade alcoholic beverages, seniors are also more inclined to limit their consumption, as they have lower tolerance levels. In order to successfully capture this market, alcoholic beverage companies could focus on premium products, which are normally consumed in small amounts, rather than on less expensive products that tend to be consumed in larger quantities (Datamonitor, September 2011).

SENIORS 65+ (continued)

Companies in other food and beverage categories will also have to respond to these consumer trends when targeting seniors. Foodservice outlets can take advantage of these trends by creating seniors' menus, which offer smaller portion sizes and lower prices. Packaging will need to respond to the needs of these consumers, ensuring accessibility through easy-open formats and easy-to-read labelling (Mintel Group, 2010).

Other factors influencing consumer behaviour in this age group are health and wellness. In general, seniors pay more attention to health and dietary concerns than younger consumers. However, older consumers are more sceptical and critical of health claims and the quality of food and beverage products, especially ready-made meals. This demographic is more concerned about the following health and dietary concerns compared to other age segments: heart health, salt consumption, sugar consumption, fibre consumption, bone health, immune system health, and hydration. However, seniors are less concerned with their meat and protein intake and less interested in fortified/functional ingredients than other age groups (Datamonitor, February 2009).

These consumers make purchasing decisions in reaction to existing health conditions or in anticipation of potential health concerns. Healthy and functional foods do have potential for this age group, but in order to address specific health concerns seniors are more likely to purchase medicinal products, rather than functional foods and beverages (Euromonitor International, November 2011; Datamonitor, 2011).

As these consumers age, they are more likely to live alone. This also impacts consumer behaviour. According to a study in Northern Ireland, when many older seniors lose their driver's licences, they become reliant on others for transportation to and from retail outlets. These seniors are likely to buy a lot in order to stock up between trips. Seniors with more mobility often shop more frequently, especially as grocery shopping is often perceived as a social event. These seniors are less likely to be interested in deals or promotions that present value by buying more than one of a particular product. Seniors are less likely to use multi-purpose retailers, in favour of local retailers or smaller retailers that nonetheless offer a good selection of products to choose from (Meneely et al., 2009). Studies conducted in New Zealand and the United States indicated that the quality of service and the presence of familiar brands, as well as the store image, degree of personal interaction, and level of convenience, were influential in older consumers' choice to shop in a particular food retail store (Worsley et al., 2011).

Tokyo's Ueshima coffee shops are designed to appeal to older consumers.

- They feature wider aisles, lower tables and sturdier chairs.
- The menu features food that is easily chewed, such as soft fruit, salad and sandwiches.
- Employees carry the customer's food to their table.
- Large fonts are used throughout.

Ueshima has made these concessions without fanfare as it believes its older consumers don't want to be thought of as old and disabled.

According to statistics from Japanese research company Nikkei reported in the Economist, nearly a third of Japan's household wealth ($5.8 trillion) is controlled by over-70s. In light of this, companies and brands would do well to follow Ueshima's lead and ensure they are doing their best to capture this silver dollar. Tweaking or extending their produce ranges to cater to the tastes and physical requirements of this age group—and doing so in a sensitive, rather than a patronizing way— could result in a whole new consumer market.

-Mintel Group, August 2011a.

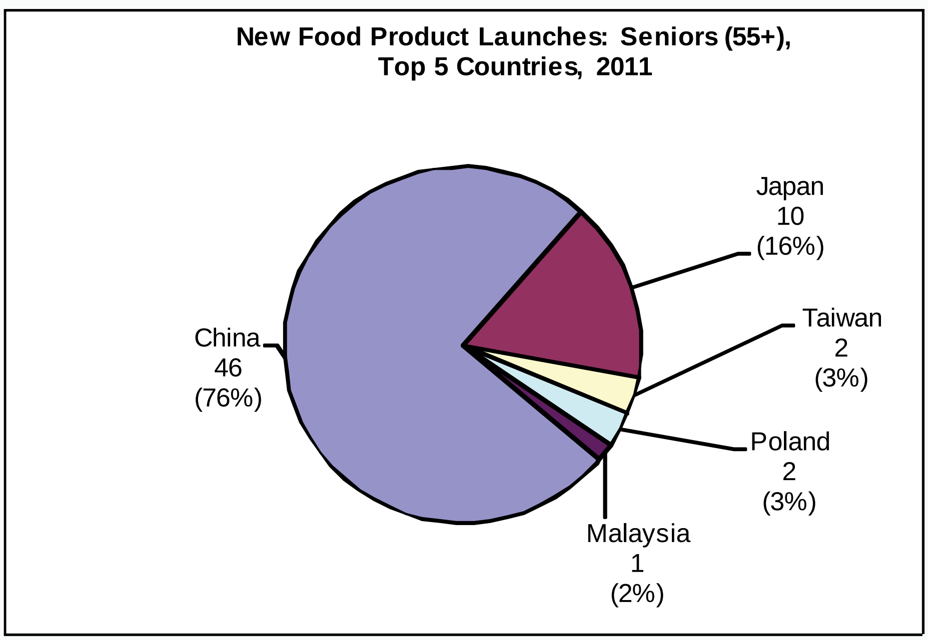
SENIORS 65+ (continued)

The older the consumer, the less likely he or she is to skip meals, as older consumers generally have more established consumption behaviours. The propensity to stick to traditional meal times means that seniors are less interested in convenience or snack foods (Datamonitor, February 2009).

Older consumers are more likely than younger consumers to eat at home most days, to consume alcohol at home, and to cook meals from scratch (Euromonitor International, December 2011a). However, as consumers in this segment dine out less and spend more time at home, they also become an important market for packaged and processed food, ready-made, or easy-to-prepare dishes (Euromonitor International, November 2011). Older consumers that do buy ready-made meals do so because they live on their own and do not want to cook for themselves, or because these meals are reasonably priced (Euromonitor International, December 2011a). Sometimes health problems can prevent older consumers from cooking meals from scratch, as this requires standing for a long period of time.

Although younger adults consume more ready-made meals, seniors use the microwave to prepare food more than other age demographics. In a 2008 Datamonitor survey, 14.6% of consumers over the age of 65 indicated that they used the microwave everyday to prepare a main meal. Seniors use a number of cooking methods in addition to microwaves for food preparation, including baking, roasting, and slow-cooking. Boiling, frying, and steaming are less popular. Seniors around the world are less interested in purchasing canned food, with the exception of India and New Zealand, where respectively there is over-consumption and equal consumption of canned food by consumers over the age of 55, in comparison to the national average (Datamonitor, *February* 2009).

Between January 2011 and December 2011 there were 61 new food products and 10 new beverage products launched under the Senior (55+) claim. The additional top claims for these products were Low/No/Reduced Sugar, Vitamin/Mineral Fortified, Added Calcium, and Bone Health. These products were launched in the Hot Cereals, White Milk, Soy Based Drinks, Honey, and Instant Noodle, Pasta, and Rice sub-categories (Mintel Group, 2012a).



Source: *Mintel Group, 2012a.*

CONCLUSION

Age can be a useful lens through which to view consumer behaviour, but it is important to remember that it is not the only one. As the trend in down-aging reveals, many individuals retain similar interests as they age or actively seek to re-capture them, resulting in consumer behaviour typically associated with younger age groups. At the same time, younger age groups are exhibiting consumer behaviour associated with older consumers, blurring the divide between consumer age demographics.

Nevertheless, aging is a process which does naturally change an individual's needs and interests, and consequently their consumer behaviour. Therefore, by segmenting consumer groups by age, some possible market opportunities are revealed:

- Baby food is a lucrative market, with global baby food sales totalling over US$42.2 billion in 2011 (Euromonitor International, July 2011). Consumers purchasing baby food on behalf of babies and toddlers are most concerned with the health benefits and safety of these products.

- Children are most attracted to snacks foods, especially of the confectionery variety. However, diet-related health problems, such as obesity, concern parents, who ultimately make the final purchasing decisions.

- While the current economic climate has affected the disposable income of youth and young adults, they still have a significant level of purchasing power. They spend a great deal on foodservice, as convenience food and beverage products have particular appeal.

- Consumers between the ages of 35 and 64 typically have more disposable income and are willing to pay more for products suited to their needs. However, their levels of disposable income depend upon their particular familial and financial situation, as many of these consumers are supporting children or elderly relatives.

- Senior consumers generally spend less on food and beverages, as their aging bodies require lower caloric intake. Consumers in this age group also pay close attention to health and wellness. Notably, many seniors are continuing to work past retirement age for a number of reasons, including financial insecurity.

Concern for health and wellness and the demand for products that address age-related health issues are present in all age groups, although for different reasons. This will be especially significant in the future, as the global population ages and there are fewer younger adults to shoulder the burden. Companies will have to adjust their focus to respond to the growing demand from older consumers, while meeting the needs of younger consumers.

The overall effect of age on consumer behaviour has implications for all food and beverage sectors across the world. Age-specific marketing can be useful in this context, but it is important to recognize the diversity within each age group and micro-target groups accordingly.

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