

Understanding the Needs and Consequences of the Ageing Consumer

As the global population grows older, the human race is about to experience an unprecedented social revolution. The effects on retail and manufacturing industries will be enormous.



The human population is ageing at a truly stunning pace. Within 35 years, there will be more people alive older than 60 than there are people younger than 15. By the 2050s, well over one-third of the adult populations of Spain, Germany, Japan, Italy, and Russia will be older than 60. For the rest of the 21st century, the fastest-growing consumer group in the world will be people over the age of 60.

This demographic earthquake—“agequake”—requires us to rethink the nature of our social contracts and our pension and health systems—not to mention the way we design our products and our shops, the way we hire and train and educate people, and the way we think of our careers, our family structures, and our communities. Demands on governments will increase because of the rising costs of healthcare and pensions; at the same time, fewer younger people will be entering the workforce and paying taxes. The family makeup could evolve as three, sometimes four, generations live on a single income and under the same roof. As a consequence, manufacturers and retailers will need to adapt their products and sales channels because ageing consumers will represent not only a significant part of their future clientele, but also a large share of their human resources as retirement ages worldwide creep up.



“We have a responsibility to help ageing consumers access the goods and services they need and want, and... recognize them as valued and engaged members of the community.”

— **Dick Boer, President and CEO, Royal Ahold**

“Ageing populations will dramatically shape the face of our society moving into the future,” says Royal Ahold President and CEO Dick Boer, board co-sponsor of the Consumer Goods Forum Health and Wellness Initiative. “We see this as a unique opportunity for companies deeply embedded in the social fabric of the communities they serve. We have a responsibility to help ageing consumers access the goods and services they need and want, and to continue to recognize them as valued and engaged members of the community.”

This paper presents data on the unquestionable demographic changes that will have an impact on our societies over the next few decades. It discusses the results of a global survey of more than 3,000 shoppers and consumers, which describe the unique characteristics of the 65-and-older group. It presents the insights from an international roundtable of industry and academic experts convened in October 2012 to discuss solutions specific to food and beverage, health, and beauty care manufacturers and retailers.

The Agequake

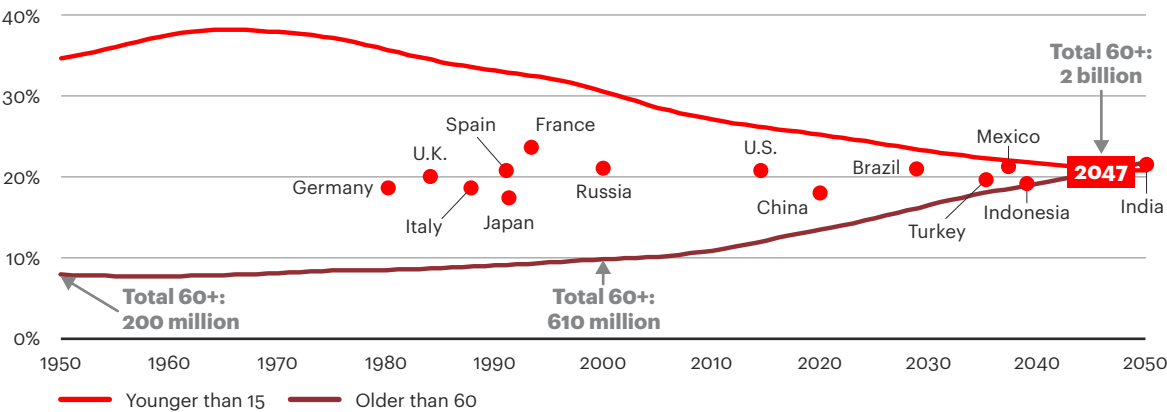
In 1998, the number of people older than 60 overtook those younger than 15 in the G7 countries.¹ Based on current worldwide demographic trajectories, by 2047 there will be more people older than 60 than younger than 15 worldwide (see figure 1 on page 3).

¹ The G7 countries are Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.

Figure 1
By 2047, there will be 2 billion mature consumers worldwide

Share of total world population

(%, 1950-2050)



Note: Country position on the chart represents the year in which the over-60 group overtakes the under-15 group.

Sources: United Nations: World Population Prospects, the 2010 Revision; A.T. Kearney analysis

In 1950, some 200 million people were in the over-60 group; by 2000 the number had risen to 600 million and to more than 800 million in 2010. By 2050 the number will reach 2 billion. Globally, this older population is increasing at a rate of 2.6 per cent per year, considerably faster than the current 1.2 per cent annual growth in the population as a whole. Further, the 80 years and older group is increasing at 4 per cent per year. By 2030, 36 per cent of Germans, 30 per cent of French, 30 per cent of Chinese, and 22 per cent of Americans will be older than 60.



“Consumer goods industries have a huge and rapidly increasing opportunity to provide ageing consumers with the appropriate goods and services that serve their needs and expectations.”

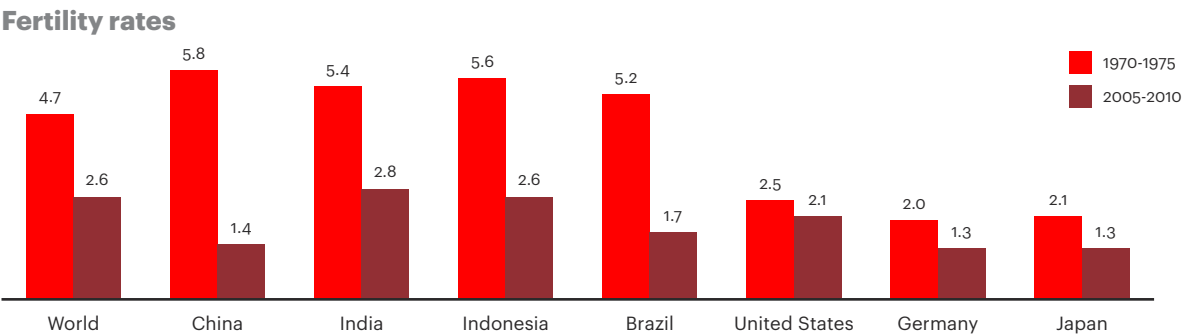
— **Paul Bulcke, CEO, Nestlé**

Paul Bulcke, CEO of Nestlé, says: “Human longevity is increasing across the globe, in industrialised and also developing nations, bringing the population of people older than 60 to nearly 1 billion. Consumer goods industries have a huge and rapidly increasing opportunity to provide these people with the appropriate goods and services that serve their needs and expectations.”

What characterises this demographic agequake? We can identify five major trends:

Birth rates are falling. The number of births has been declining worldwide for the past 20 years (see figure 2 on page 4). The number of babies born alive peaked at 90 million in 1989. In 2010

Figure 2
Birth rates are declining worldwide



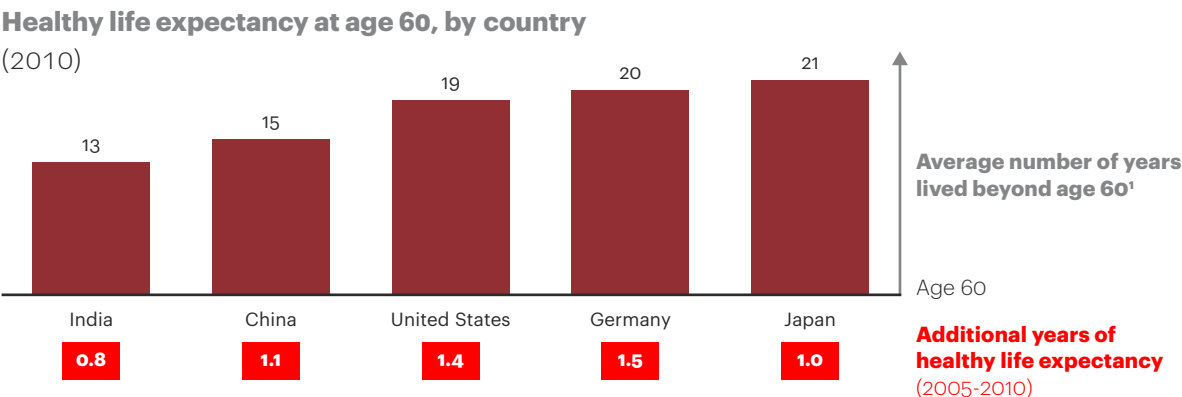
Sources: United Nations Population Division, World Fertility Patterns, 2009; A.T. Kearney analysis

only 73 million babies were born, and the trajectory is heading steadily downward, suggesting that the human population will start to stabilise at 9 to 10 billion between 2050 and 2100.

People are living longer. Longevity is increasing worldwide. Although indications suggest that obesity and other ailments could eventually curtail the steady improvement in longevity, for the next 20 to 30 years this pattern seems clear.

People are staying healthy longer. The nature of age has changed. Once an adult has reached the age of 60, he or she can expect 13 more years of full health in India, 15 more years in China, 19 more years in the United States, and 21 more years in Japan (see figure 3). And this healthy life expectancy at 60 is increasing rapidly, by approximately one year every five years. People are active and healthy well into their 70s and 80s, travelling abroad, dining out, and spending a higher proportion of their incomes on food and drink than those under 60. Age quite simply is not what it used to be: People in their 70s and 80s are increasingly active and energetic—sailing across the Atlantic for charities (the WaterAid crew), foiling burglars (71-years-young Ann Timson,

Figure 3
People are living healthier longer



¹ Average number of years a person can expect to live in “full health” considering years lived in less than full health due to disease or injury
Sources: World Health Organization, 2010; A.T. Kearney analysis

Figure 4
Evolution of income share for the over-60s

By country
(% 2005-2020)

Country	Age 60+ share of income (2005)	Age 60+ share of income (2020e)	Country	Age 60+ share of income (2005)	Age 60+ share of income (2020e)
Belgium	26.6%	32.3%	Mexico	9.0%	13.1%
Brazil	9.7%	15.4%	Netherlands	20.9%	27.8%
Bulgaria	14.8%	19.2%	Norway	22.2%	28.8%
China	11.2%	17.4%	Romania	14.4%	20.8%
Denmark	18.9%	23.5%	Russia	18.4%	26.7%
Finland	23.9%	34.1%	South Africa	11.7%	16.5%
France	24.8%	31.6%	Spain	21.6%	24.4%
Germany	27.1%	29.7%	Sweden	30.2%	34.3%
India	8.4%	10.3%	Turkey	11.6%	15.7%
Indonesia	8.6%	12.0%	United Kingdom	23.4%	29.2%
Italy	24.0%	24.1%	United States	15.7%	23.6%
Japan	26.2%	31.4%			

Sources: Euromonitor, U.S. Census Bureau; A.T. Kearney analysis

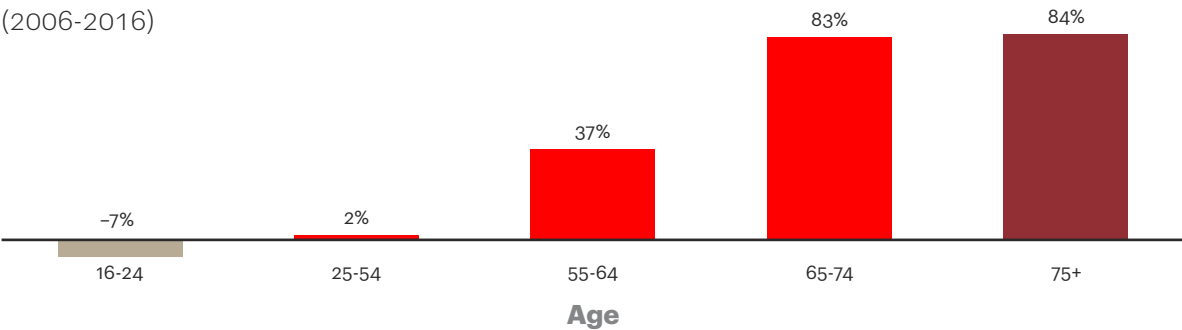
using her handbag), and running marathons (at 92, Gladys Burrill is the oldest woman to finish a marathon). Even Hollywood seems to have relaxed its unwritten casting rules in recent years, allowing Oscar-winning 60-something stars such as Helen Mirren and Meryl Streep and octogenarians Christopher Plummer and Clint Eastwood to go on working and winning accolades.

People are wealthier. In developed societies, mature citizens control much of the wealth, even though their nominal incomes may decline after retirement. For example, people over 50 own 80 per cent of U.S. financial assets and are responsible for half of discretionary income. Last year, they spent \$87 billion on new cars, compared to \$70 billion spent by those under the age of 50. In the United Kingdom, a study by Abbey, the housing finance and financial services group, reveals that 34 per cent of the population is older than 50 and owns nearly 75 per cent of that country's total wealth. Worldwide, 60-and-older consumers spent more than \$8 trillion in 2010; by the end of this decade, they will spend \$15 trillion. An analysis of the share of income for people over 60 in various economic regions shows that it will continue to rise through 2020 (see figure 4).

People are working longer. Following a prolonged period during which the proportion of people older than 60 in the workforce declined, that pattern has reversed and is now rising sharply in developed countries, partly in response to changing retirement ages and pension qualifications. In Australia, Latvia, the Netherlands, New Zealand, Portugal, and the United States, labour force participation rates among men aged 65 or older declined between 1980 and 1990 but then increased by 3 to 11 per cent between 1990 and 2009. Today, the fastest-growing age groups in the U.S. workforce are people aged 65 to 74 and those over 75 (see figure 5 on page 6). This trend is expected both to accelerate and to become global.

Figure 5
Age 65 and older is the fastest-growing segment of the U.S. workforce

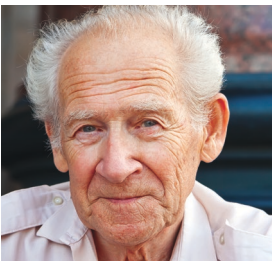
Projected % increase in U.S. labor force, by age
(2006-2016)



Sources: U.S. Bureau of Labor Statistics; A.T. Kearney analysis

Older Consumers Are Different

We conducted interviews with more than 3,000 consumers 60 years and older from seven countries. The most important finding is that older shoppers do not think they are adequately served by marketers, retailers, or manufacturers. Most comments focus on the difficulties they face, including the inability to navigate large shops, with too many hard-to-reach products on shelves that are either too low or too high. “I am not as tall as I used to be and I do feel it when I cannot reach a product on the shelf,” explains Denise, 82, who lives in France. “I always wish someone would help me, but it is seldom the case.”



“When I buy a shampoo, there is a big logo of the company and not much else on it. You need glasses to see what the product actually is, and in the bathroom you often don’t wear glasses.”

— **Gerhard, 68, Germany**

Product packaging is often difficult to open, and labels, prices, and directions in shops are hard to read. Of the study’s participants, 52 per cent in the 60-to-70 group, 58 per cent in the 70-to-80 group, and 66 per cent older than 80 say they cannot read labels properly, even when wearing glasses or contact lenses. Mature consumers complain that most shops are not only understaffed but also that the staff on hand is not trained well enough to help them. Most respondents—63 per cent younger than 70 and 75 per cent older than 70—say they would like to be able to sit down in shops.

On the whole, mature consumers want and expect a sympathetic understanding of the realities of age, but they do not want to be treated as old or elderly.

A number of conclusions, not always obvious, can be drawn from our study about mature consumers and their shopping behaviour:

Shopping and spending habits change with age. Older people enjoy shopping, not only as a necessity, but also as a social and leisure experience. They shop often: Two-thirds of those aged 70 to 80 say they shop twice a week or more. They shop at different times, preferring to go on weekdays, and relatively early in the mornings, when shops are less busy. The older they are, the more they prefer smaller shops and shopping closer to home (68 per cent), and the more likely they are to walk to shops rather than drive or be driven. Proximity is almost always a main reason for choosing a specific shop.

Mature consumers spend proportionally less of their income on clothing and transport than people younger than 60, and more on food, beverages, and non-prescription health products. They buy fewer items but tend to spend more per item. Overwhelmingly, they seek quality products, are loyal to brands, and are not particularly price-sensitive—even if their incomes are below average levels. This trend is even more pronounced with ageing.

We found some interesting national variations on this data. For example, Japanese respondents prefer tailored products, Western Europeans are more loyal to brands, and those in emerging countries are price-sensitive (see figure 6). Further, mature consumers in India spend more on housing and slightly less on food than their younger counterparts, and the nature of the U.S. healthcare system means that Americans over 60 spend twice as much of their income on health products as younger people do. Americans (along with Indians and Turks) spend much more on vitamins and health supplements than people in most other countries.

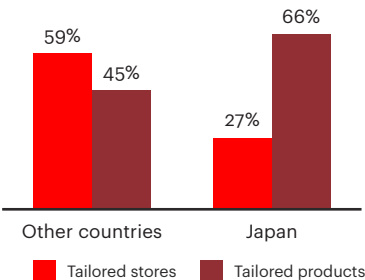
More money is also spent on utilities. Britain’s Institute for Fiscal Studies calculates that all households spend 7 per cent more on heating during cold spells, and that many of the poorest senior citizens will cut their spending on food to pay for heat.

Special offers are scrutinised—thoroughly. 43 per cent of study participants say they will buy products on special offers only if they believe the quality is comparable to their usual

Figure 6
The data reveals national shopping differences Illustrative

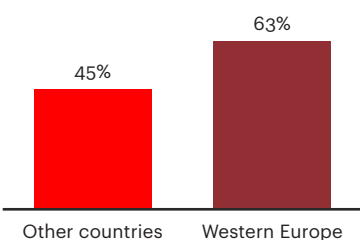
Japanese prefer tailored products¹

In what ways can retailers do more for mature consumers?



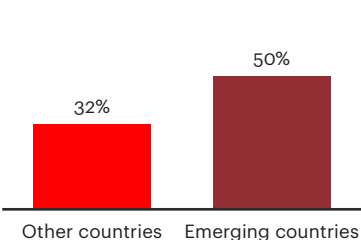
Western Europeans are more loyal to brands

Do you often switch brands or are you loyal to certain brands?
(Either very loyal or quite loyal)



Emerging countries are more price-sensitive²

How important is price when choosing a product?
(Price is my #1 criterion)



¹Because the question allowed for multiple choices, the total number does not add up to 100.

²Emerging market countries include China, India, Russia, Brazil, Mexico, Turkey, and Romania.

Source: A.T. Kearney Global Maturing Consumer study, 2011

purchase, 34 per cent say they buy goods on special offer whenever they can, and 22 per cent say special offers have no impact on them. One reason our respondents hesitate to take advantage of special offers is that many are the “two-for-one” kind, with limited shelf life, which would mean buying much more than they actually need or can use in time. Lana, 64, who lives in Brazil, explains it this way: “Special offers are just not interesting to me. The quantity offered is too big; it would be too heavy to bring back home. In addition, the special-offer goods perish too fast. I end up throwing them away.”



“I do think they need some seating as it is tiring to push a trolley round. Perhaps a coffee bar, too, not necessarily to socialise but to relax and have a coffee before catching the bus back.”

— **Enid, 77, England**

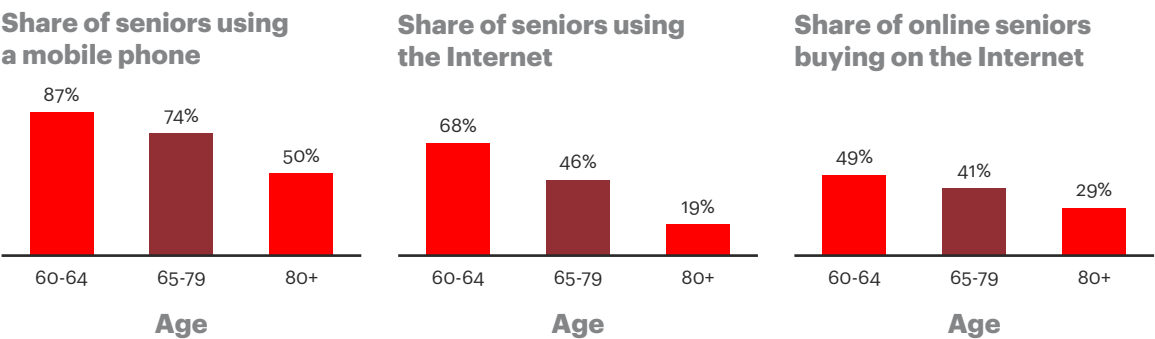
Also, there seems to be a trading-up trend among wealthier mature consumers who need “less intake” for themselves and their families. They tend to favour quality over quantity, indulge in certain categories—primarily food, drink, and clothing—and prefer higher-quality cars. (One way to target wealthy mature consumers without focusing on age, which they are inclined to resist, could be through adroit marketing of premium brands.) University of Florida Professor Stephen Golant puts it this way: “The majority of older persons are not poor or frail—they are motivated consumers waiting to be convinced. Companies must make it easier and more enjoyable for older consumers to use their products.”

Technology use is extensive among older consumers. The use of technology is widespread, with 69 per cent of respondents having both fixed-line and mobile phones. Mobile phone usage declines sharply with age. However, as many as half of our respondents older than 80 say they use one. Nevertheless, as A.T. Kearney partner Xavier Mesnard notes, “Based on historical adoption of digital technology and changing consumer behaviours, we tend to underestimate—and are only beginning to understand—the impact connected mature people will have on the future of the consumer industry and on society at large.”

Mature consumers have time and want to be well-informed, so they tend to be heavy Internet users and shoppers. Half of the survey respondents use the Internet, with 20 per cent taking advantage of it for shopping, research, and communication (see figure 7 on page 9). The younger of the respondents, and the wealthier and older participants, say they tend to purchase more products online and are also more likely to use home delivery services, particularly in Japan and the BRIC countries (Brazil, Russia, India, and China). Mature Mexicans and Brazilians are particularly keen to shop online, and in the United Kingdom “silver surfers” (55 and older) are the fastest-growing age group for Internet adoption.

There remains a strong divide between those who have entered the Internet and mobile era and those who will never get connected. The age threshold appears to be about 72 years of age, and it goes up one year each year. Once people get connected, they stay connected. The agequake could lead to an “e-commerce surge” in the years to come.

Figure 7
Mature consumers are not afraid of technology



Source: A.T. Kearney Global Maturing Consumer study, 2011

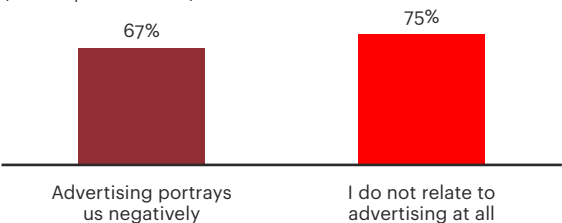
Health benefits and the environment are not key concerns. Surprising to some, a larger proportion of mature consumers do not seem to focus on a product’s health benefits or environmental footprint. This phenomenon, which increases with age in our study, is a fruitful area for further research into the way mature consumers think about health, the environment, and sustainability.

Advertising is not very appealing. Many in our study express a negative view of advertising, finding it too loud and too focused on young people and rock music. Our findings are supported by a survey by the U.K.’s Age Concern (now called Age UK), in which two-thirds of mature consumers say advertising portrays them negatively and three-quarters say they do not relate to it at all (see figure 8). For some age-related products, usually in the health products field or in personal care, communicating the right message can be particularly challenging.

Advertising is a young person’s game, and despite the wealth and spending power of the 50-somethings, it is difficult to craft an age-neutral marketing campaign that appeals to mature consumers. The reign of the 18-to-34 target segment and the mother with kids segment is not over, but Forum members will do well to pay special attention: The agequake is easy to miss, but dangerous to ignore.

Figure 8
Mature consumers are not particularly enamored with advertising

Mature British consumers’ reaction to advertising
(% respondents)



Source: Age UK, 2004; Age UK comprises a number of charitable organizations specifically concerned with the needs and interests of all maturing people.

Expert Roundtable, 8-9 October 2012

Based on this research, the Consumer Goods Forum Board asked the Health & Wellness Core Team to help with a more in-depth understanding of the consequences and needs of a growing ageing population. In Istanbul, the Board approved the recommendation of the Core Team to hold a roundtable with external experts and member company experts in ageing, nutrition, urban planning, sociology, housing, psychology, and other fields to challenge and expand the three hypotheses that the core team had developed to help guide CGF member company initiatives. These hypotheses—**inclusion, social redesign, and value**—were structured to help clarify the common understanding of the member companies, and to discuss ways for the Forum to support the effort going forward.

This Expert Roundtable took place in Chicago in October 2012. (For a list of Roundtable participants, see the appendix.) Broadly, the experts validated the three major hypotheses. They also emphasised the following themes:

Whatever you do, do not call them or think of older people as “the elderly.” Today’s ageing consumers are fitter, healthier, richer, and more active than those in previous generations. They want to play a full part in life. They take pride in their appearance and lifestyles. They want to look good and feel good, and they will choose products and shopping environments that enhance their self-respect.

Ageing consumers want to be respected. Ageing consumers want respect and they want to feel that they are needed to play an important role in society, whether in their communities, in the workplace, or in their families. They fear loneliness as much as, if not more than, they fear illness. It is in our companies’ own best interests, and those of society as a whole, that these needs are respected and met and that they feel trusted as valuable members of society.

The relative shortage of younger people is going to transform the working environment. Our companies will need more employees aged 60 and older. Our staff training will have to prepare all employees for the impact of the rising numbers of elderly consumers, whether in shop design, transport to and from shops, or product and packaging design.

Career patterns are going to change. In the future, we will not follow the traditional ballistic trajectory: education, career, seniority, retirement. Instead, we will likely see the emergence of a new pattern—education followed by first career, and then more education and a second career, more education and a third career. The peak of responsibility in one’s career will almost certainly not be followed by retirement but by other kinds of work, perhaps part-time, perhaps in training younger employees, perhaps in community service.

Ageing consumers are not a homogenous group. Ageing consumers are rich and poor, active and disabled. Some are keen to travel and to explore new possibilities; others will be ready to slow down and relax. Many will be living in retirement homes. Many will live with their families, shifting the recent trend to nuclear families and fostering a return to multi-generation households. But increasingly, social policy as proposed by the “Cities for Healthy Ageing” project is encouraging “ageing in place,” which means staying in the traditional, familiar home as long as possible, with social and medical support and perhaps redesign of the housing and living spaces, cooking facilities, and patterns of cleaning, laundry, and household care. This aspect of social redesign will have important implications for our members.

CGF member companies have a unique role in bringing people together. Member companies play a unique role in providing retail spaces and products that bring people together. In some ways, shopping environments play the kind of role that churches have traditionally played as social centres. This presents opportunities and also responsibilities for our members. Some provide transport to and from retirement homes for their customers, and others use loyalty cards and clubs to identify and support their older customers. Others use their distribution systems for delivering medicine and other socially useful goods in areas with poor communication networks.



“As developed and developing economies both experience increased longevity and an ageing population... we have an even greater obligation to meet the changing needs of society in general and ageing consumers in particular.”

— **Motoya Okada, president and CEO, Aeon Co.**

Motoya Okada, president and CEO of Aeon Co., says: “Retailers and consumer goods makers have always played an important role in society to provide accessible, affordable, and safe products to improve the quality of life. Now, as developed and developing economies both experience increased longevity and an ageing population—in particular here in Japan—we have an even greater obligation to meet the changing needs of society in general and ageing consumers in particular. I am confident that as we have always done as an industry, we will respond positively and responsibly to this tremendous societal obligation and business opportunity.”

Governments face stress as populations grow older. Governments around the globe will face severe fiscal stress as the number of people 65 and older nearly doubles by 2025, and increases tenfold by 2050. Without fundamental reform, the cost of pensions and healthcare will grow dramatically and reach as much as 25 per cent of GDP. Within this context, our members as employers and taxpayers will share in this stress but can also help in the social redesign (through employment and cooperation with health networks and strategies of social well-being) that can help ease this stress.

It is in the best interests of CGF members to address these issues. When society does well, so do we; when society is prosperous, so are we; when our customers are healthy and content, our companies prosper. When our customers feel valued and included and their needs met, we retain them. This concept of “retaining customers” will be crucial to our bottom line as fewer young people are born and more of our potential customers age.

This agequake is an urgent issue. The agequake is happening and will intensify. We need to adapt, and to see this as an opportunity and a challenge. Humanity has traditionally valued and respected the wisdom and experience of its elders. We must do the same.

Three Hypotheses

Let's examine each of the three hypotheses in depth:

Inclusion. One overwhelming conclusion from research that was repeatedly confirmed in the Expert Roundtable is that while consumers older than 65 may have special needs, they don't want to be singled out. They may require different formulations in their cosmetics or different nutrients in their food, and they may be happy to see a seating area or wider aisles in the supermarket. But where baby shampoo and kids vitamins are welcome and children's play areas are advertised in restaurants, libraries, and funeral homes, the list of failures when it comes to age-focused products and services for older consumers is long. On top of that, we are learning that products and services that better serve the 65-and-older segment also serve everybody else better as well—mothers with kids, single parents, caregivers, teenagers, tweens, and singles. In other words, inclusion is for everybody (see sidebar: Inclusion: Impact for Our Industry).

How do we improve inclusion? First, it starts with a very specific and tactical approach. SKU packaging and label design are usually brought up as examples for manufacturers to address, and shop formats and special offers are usually the major issues for retailers. In each case, there are plenty of opportunities for improvement, and many good examples of successful design for inclusion.

Second, it requires a broad point of view. This includes not only product and service characteristics but also infrastructure, logistics, product flow, shop format and concept, urban design, communications, and a host of other elements. One simple example is at the Mayo Clinic Robert and Arlene Kogod Center on Aging, which supports ageing in place—allowing ageing consumers to stay in their own homes rather than being institutionalised. The World Health Organization's Age-Friendly Cities Initiative codifies dimensions of urban design for age-friendliness, and the universal design movement demonstrates how coordinated action in this effort can result in globally effective, locally active changes.

Third, the concept of improved inclusion includes an idea that is more difficult to address: As we age, we feel lonely—our parents, siblings, and friends die, perhaps. How do we create inclusion among the generations? How do we have communities where older people can shop

Inclusion: Impact for Our Industry

Inclusion of the ageing population is an essential driver of a healthy society. It leads to more and wider knowledge, diversity, long-term perspectives, relevance, and improved choice—in both well-being and wellness. Exclusion from society widens the gap in social and physical health, increases inequality, and leads to blinkered knowledge, shrunken talent pools, narrow vision, and short-term thinking.

The World Health Organization's Age-Friendly Cities framework has been used by more than 30 cities since 2005 to include older citizens. The framework includes eight topic areas:

- Social participation
- Respect and social inclusion
- Civic participation and employment
- Communication and employment

- Community support and health services
- Outdoor spaces and buildings
- Transportation
- Housing

Considerable detail is provided in each of these topic areas, and provides a useful checklist for thinking through many of the issues of inclusion, social redesign, and value.

and consume, but also share time with their peers—and more importantly, with their children and extended families, and continue to engage with academia, culture, and civil society? If we don't address this most elemental part of the equation as manufacturers and retailers of food and beverage, health, and beauty care products, then we can never expect to capture the value that these consumers want to share with us.

There are lots of things that CGF member companies have done and continue to do to improve inclusion—with society, across generations, and across product and service categories. Our best vision is to support the “golden triangle” of business, government, and civil society in achieving the goals of inclusion.

Social redesign. Social redesign is the larger opportunity that we can strongly support, even if we can't lead the effort. Governments, civil society, and other industries such as healthcare, tourism and hospitality, and financial services are also working to understand the needs of ageing consumers. As A.T. Kearney partner Mike Moriarty notes: “Society is changing rapidly regardless of what we do, and we can't respond effectively without working with other institutions and civil society.”

Not only does the consumer goods industry have a strong understanding of consumers, it also has more frequent touch points to effect change. We have millions of square metres of physical space in urban, suburban, and rural settings, which we have the ability to transform to become the change we seek to create. We spend millions of dollars on messaging for our companies, products and services. The next step is determining how we can use our capabilities to promote the social redesign to which we aspire (see sidebar: Social Redesign: Opportunity for the Industry).

One opportunity for the CGF and its members is in the area of employment, career paths, training, and development. Few brand or category managers are older than 50, which means that those in charge of our brands and category assortments are increasingly unable to understand the needs and consequences of the ageing consumer.

When the retirement age was first set at 65 in the late 19th century, the average life expectancy was 47 years. Today, life expectancy in developed markets is approaching 80 years, so our expected retirement age should be commensurately older as well. This is another important

Social Redesign: Opportunity for the Industry

The CGF is in a unique position to act in the redesign of a healthy, inclusive society. The CGF reaches billions of consumers and shoppers and tens of millions of employees, and has a powerful role in communities. Our members reach more ageing consumers more often than any other institution, and are thus uniquely positioned to act in the visionary redesign of a healthy inclusive society. The CGF can have a high impact on individual consumers through product and services: for example, food for physical health,

beauty and personal care products for self-esteem. Furthermore, in an increasingly atomized society, food and shopping are two of the few common experiences that build social cohesion. Our members have an unrivaled perspective on both developed and developing countries.

Roundtable participants reinforced the hypothesis that successfully addressing the needs and consequences of the ageing consumer is a broader challenge than can be met by government,

business, or civil society alone. Yes, there is much more to social redesign—and much of it is out of our control. But the hypothesis of social redesign recognizes that CGF member companies can, and do, make positive changes in society every day. New products that are well-designed to serve consumer needs or retail formats that create a dynamic social space improve the quality of our society. But there is much more to social redesign—and much of it is out of our control.

part of the social redesign of the future, as our traditional concept of education, work, and retirement will become education, work, education, work, education, and so on. The “work” can be increasingly enjoyable, perhaps, as we age and become more financially secure, but the impact on the education system is clear. Dr. Richard Jackson, senior fellow at the Center for Strategic and International Studies, where he leads the Global Aging Initiative, says: “It’s easy to forget that the institution of universal retirement is a social construct of the postwar era, when workforces and economies were both growing rapidly. The dramatic ageing of populations worldwide requires fundamentally rethinking this institution. As workforces grow more slowly or contract—and as both life expectancy and health expectancy rise—older adults must be reintegrated into the mainstream of economic and social life. This will not only be good for the economy; according to most gerontologists, it will be good for the elderly themselves.”

The Consumer Goods Forum and its member companies have a powerful capability to convene and can use this power to engage the broader community of industry, government, and civil society in a fascinating discussion of the changes we are facing as the human species ages. This can take the form of online forums (using the Knowledge Navigator) that share best practices, symposia that bring together experts from academia, government, and industry such as the Expert Roundtable in October, or social media sites that allow for quick ideation and interchange. As Dr. Harry R. Moody, director of academic affairs for AARP, says: “We need creative responses to the coming of an ageing society, yet we behave as if we were driving by looking through a rear-view mirror. We mainly see problems, when the opportunities are where we need to be looking. It is the business sector, above all, that can lead the way to a focus on opportunities.”

Value. There are many value-added products and services that will be developed for the growing group of ageing consumers—many, if not most, of these will create a unique competitive advantage for CGF member companies. These are not our primary concern, however, as CGF member companies can and should respond to their own markets without collective efforts (see sidebar: Value for the Industry and Value for Society).

Rather, we are interested in what CGF member companies can do together in appropriate, extra-competitive efforts to add value to society—which in turn improve the economy in general, including the consumer goods and retail sectors. The logic is clear: If people live longer, healthier lives, then they will spend less share of wallet on healthcare and more on other things for a longer time. If we create social communities that accommodate consumers of all capabilities, then their access to our products and services will be improved. If we reduce the loneliness of ageing consumers by improving cohesion in social groups, increasing access for pets and service

Value for the Industry and Value for Society

The potential value of the ageing population is enormous—and not just in terms of money. The market share of the ageing population is expected to double to 30 per cent in the next 20 years, and spending to increase by more than double—although pressure on pensions could lead to more old-age poverty. Older consumers do shop differently, from both a product-purchase perspective

and a social point of view. They also want to contribute to society and want to be relevant to the community. The ageing population also represents an underused and experienced potential for the workforce.

The Expert Roundtable strongly endorsed the view that through better engagement—as consumers, shoppers,

employees, and citizens—not only is there significant revenue potential but also, by better managing healthcare costs and pension requirements (a result of better engagement in the economy and in civil society), there could be meaningful cost reduction opportunities as well.

animals, and building positive technological engagement, they will engage in civil society more. Perhaps most importantly, if we rethink employment policies to keep more people employed into their 80s, we will create a source of productivity that benefits not only the 65-and-older consumer but also the general economy. Professor Peter Uhlenberg of the University of North Carolina writes, “Little good comes from viewing population ageing as the ‘grey peril.’ Large-scale population ageing will inevitably occur in all countries around the world, and the challenge for the global community is to champion social change that capitalises on the worth of an increasing older population. There is vast potential for improving and enhancing opportunity and incentive structures for people in later life. If we do this, we can help forge a future that includes a more balanced view of ageing—one in which we collectively view older people more as a valuable resource than as a burden.”

Surviving the Agequake

Indeed, the consumer goods industry cannot afford to ignore the massive demographic agequake that is set to shake the world. There is no time to waste in rethinking all facets of our society—from the way government works to the way we train workers to the way we think about career paths and retirement.

The Consumer Goods Forum’s member companies have a unique role—and opportunity—in addressing this agequake. By providing the retail spaces and consumer products that can help meet the needs of ageing consumers, our members can create an immediate impact and a long-term advantage not just for our industry but also for society as a whole.

Appendix

Expert Roundtable participants

External experts

- Joyce Gallagher, Senior Commissioner on Ageing, City of Chicago (public policy)
- Stephen Golant, Professor, University of Florida (housing, urban design)
- Richard Jackson, Senior Fellow, Center for Strategic and International Studies (ageing, demographics)
- Harry Moody, Senior Associate, International Longevity Center (policy, education)
- Peter Uhlenberg, Professor, University of North Carolina at Chapel Hill (sociology, demography)
- Martin Walker, Senior Fellow, A.T. Kearney Global Business Policy Council (policy, economics)

The Consumer Goods Forum and members

- Aurora Adame, Grupo Bimbo
- Patrizia Barone, Unilever
- Onno Franse, Ahold
- Karyl Hurley, Mars
- Tom LaForge, Coca-Cola
- Sabine Ritter, The Consumer Goods Forum
- Anna Rosales, Barilla
- Akikazu Sato, Kao
- Alexandre Voirin, Nestlé
- Daan van der Wekken, The Consumer Goods Forum
- Mike Moriarty, Partner, A.T. Kearney (moderator)
- John Kacedan, A.T. Kearney (rapporteur)
- Hillary Molengraff, A.T. Kearney (rapporteuse)

Health and Wellness Core Team

Retailer Co-Chair: Onno Franse, Ahold

- Jerry Black, Aeon Co.
- Jeff Berkowitz, Walgreens
- Britta Gallus, Metro Group
- Hervé Gomichon, Carrefour
- Megan Hellstedt, Delhaize Group
- Yasuo Masuda, Aeon Co.
- Joe Quinn, Wal-Mart
- Terry Scicluna, Alliance Boots
- Andrea Thomas, Wal-Mart
- Karen Tonks, Tesco Stores Ltd.
- Jason Tutty, Sobeys

Manufacturer Co-Chair: Sanjay Sehgal, Nestlé

- Aurora Adame, Grupo Bimbo
- Saliha Barlatey, Nestlé
- Richard Black, PepsiCo
- Paul Boykas, PepsiCo
- Roberto Ciati, Barilla Group
- Sarah Delea, Mondelez International
- Gisèle Fournier, Nestlé
- Alyson Greenhalgh-Ball, Kellogg's
- Colleen Helker, Procter & Gamble
- Anne Heughan, Unilever
- Maha Tahiri, General Mills
- Hideyo Nakamura, Kao Corporation
- John Reid, Coca-Cola
- Fritz Schröder-Senker, Mars
- Enrico Toja, Johnson & Johnson
- Takuji Yasukawa, Kao Corporation



The Consumer Goods Forum

The Consumer Goods Forum (CGF) is a global, parity-based industry network, driven by its members. It brings together the CEOs and senior management of over 400 retailers, manufacturers, service providers, and other stakeholders across 70 countries and reflects the diversity of the industry in geography, size, product category, and format. Forum member companies have combined sales of \$3.25 trillion (€2.5 trillion). The retailer and manufacturer members directly employ nearly 10 million people, with a further 90 million related jobs estimated along the value chain.

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