

If you have any questions or would like to learn more about our Aging Consumer research, please contact: Stacey Rauch or John McPherson at mckinsey_retail_practice@mckinsey.com



“50/50”

Getting over 50 from 50+ consumers

Goldman Sachs Retail Conference

McKinsey&Company

TODAY'S DISCUSSION

- 50/50

- 4 Boomer segments

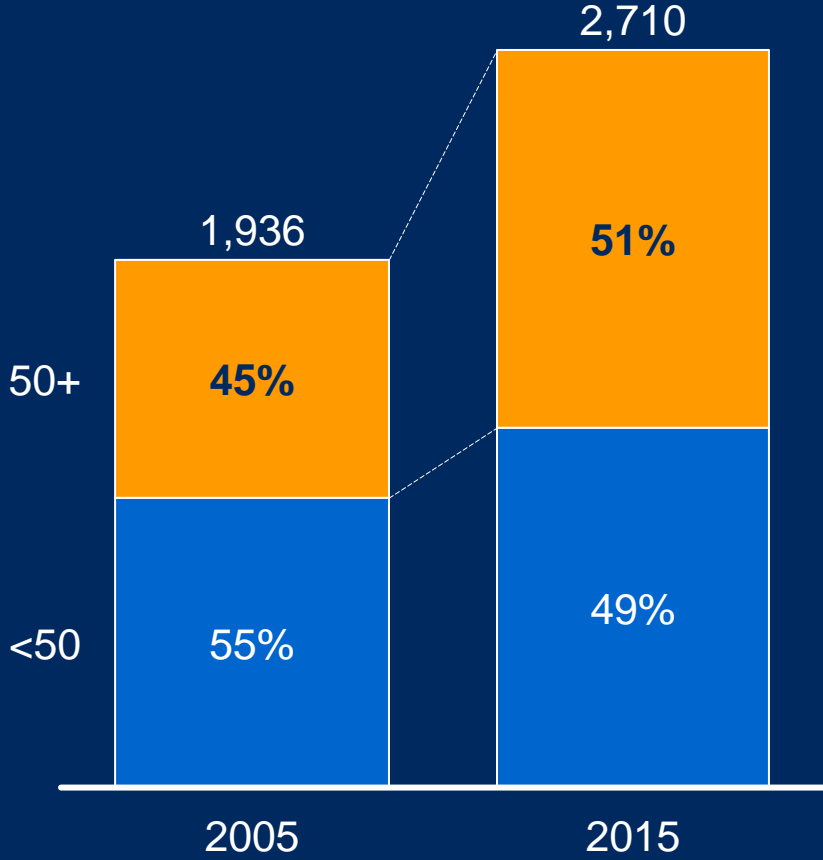
- 5 Implications

OUR METHODOLOGY

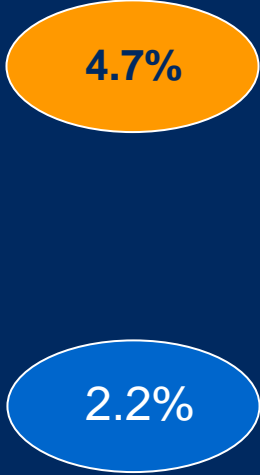
- **Sophisticated economic model**
- **Quantitative market research**
- **In-depth in-home interviews**
- **McKinsey Retail Practice insight**

CONSUMERS AGE 50+ WILL INCREASE TO 51% OF RETAIL SPENDING

Market share and total retail spend
billions, real \$ indexed to 2000

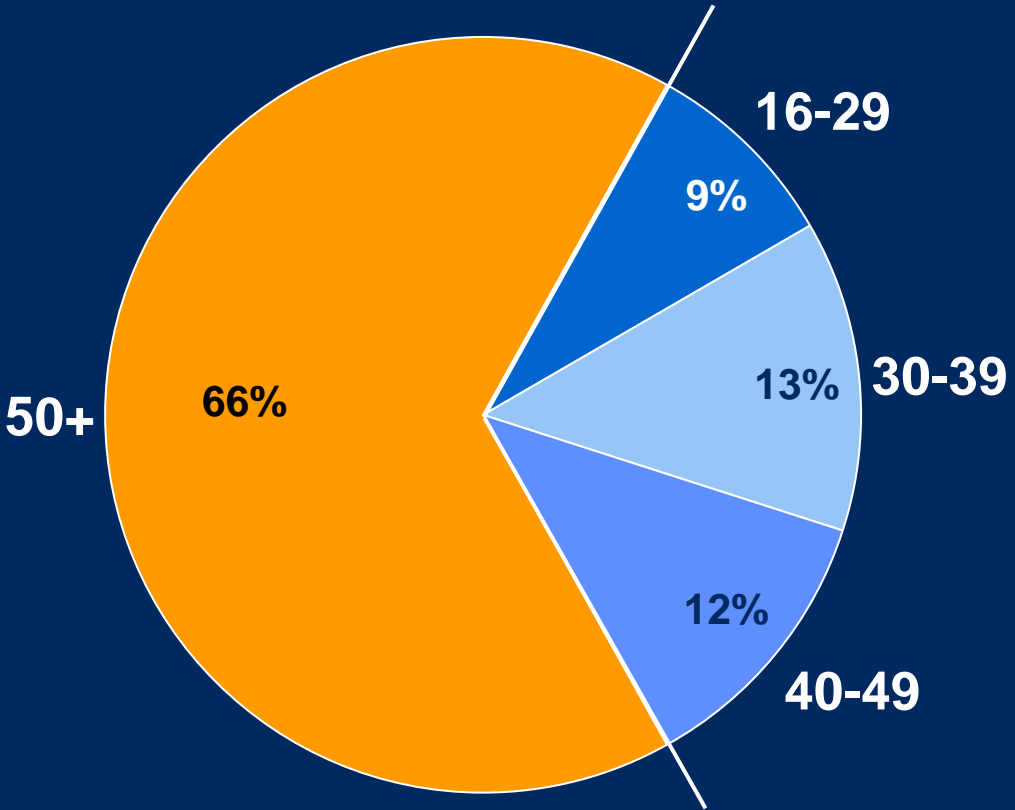


Total retail spend CAGR
Percent, 2005-2015



50+ CONSUMERS WILL DRIVE INCREMENTAL RETAIL GROWTH

Percent of incremental retail spend by age group
2005-2015



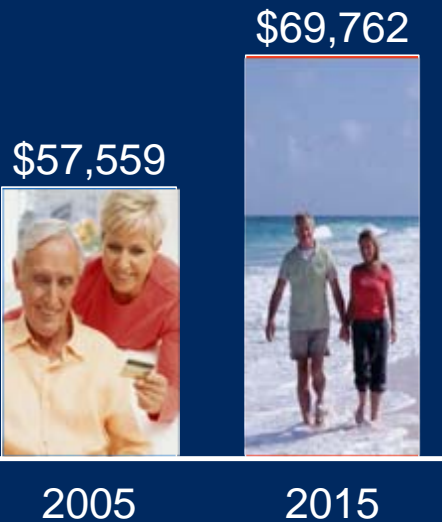
THIS IS A RESULT OF MORE OLDER, WEALTHIER HOUSEHOLDS SPENDING MORE LATER IN LIFE

50 to 69-year-olds

Number of households



Disposable income
Real \$ indexed to 2000



Retail Spend per household
Real \$ indexed to 2000



ACROSS MANY CATEGORIES, CONSUMERS AGE 50+ OUTPACE ALL OTHER AGE GROUPS

Real growth rate of total retail spend by age
CAGR, 2005-2015

Food at home



Hard Goods



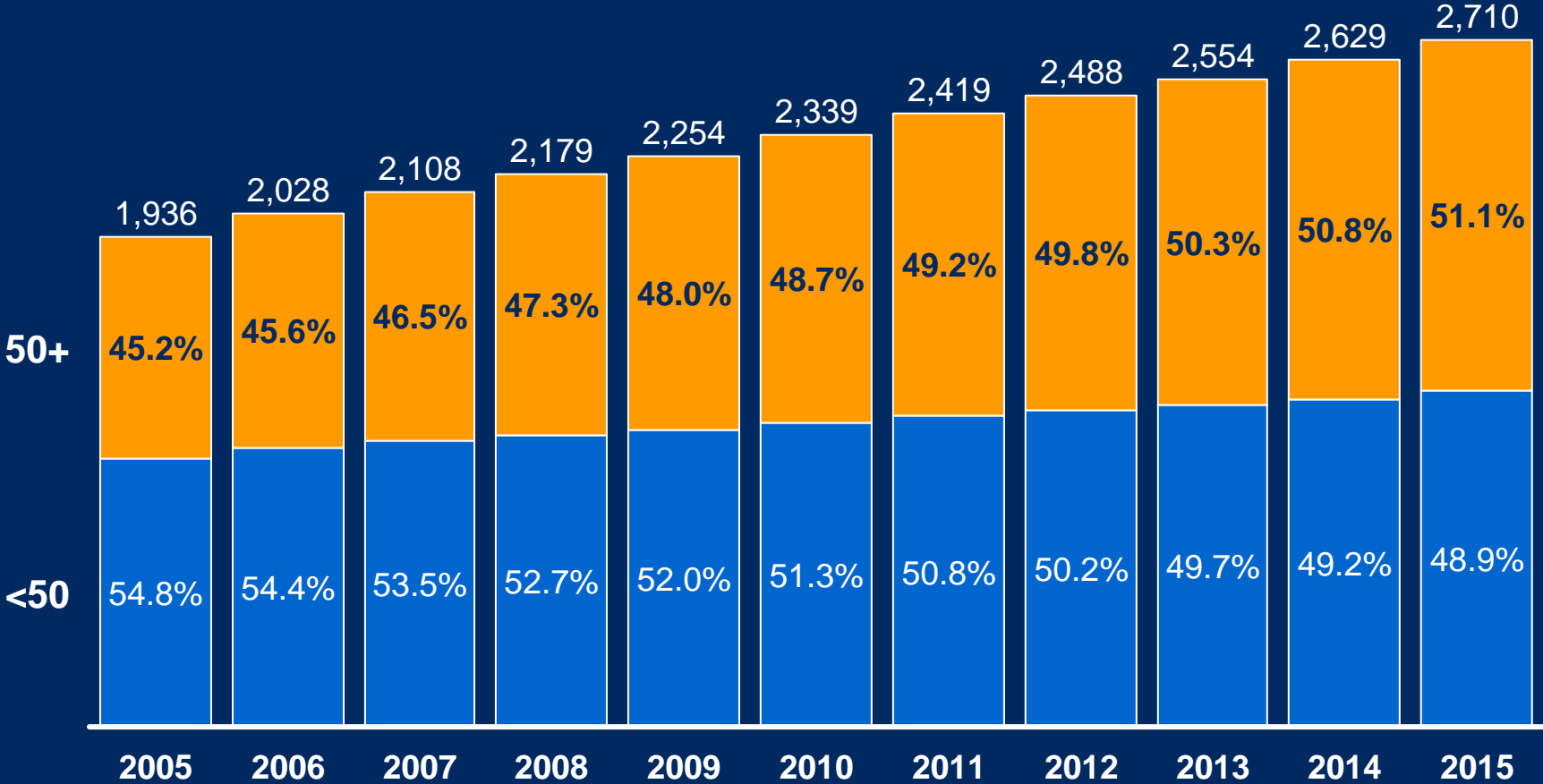
Apparel



Total market Age 16-29 Age 30-39 Age 40-49 Age 50+

THE MARKET SHIFT TOWARD THE 50+ SEGMENT IS WELL UNDERWAY

Total retail market (billions, real \$ indexed to 2000)
Share of market (percent)



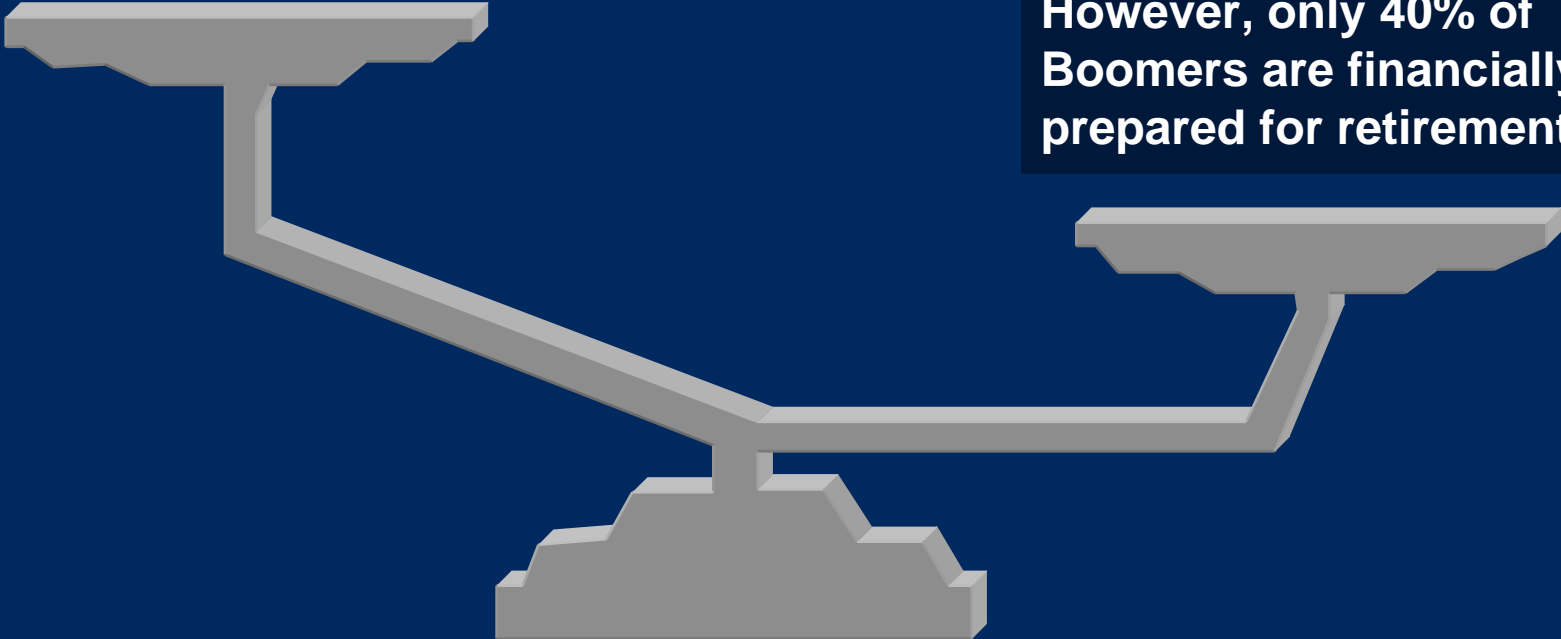
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TENSION BETWEEN BOOMERS' FINANCIAL PREPAREDNESS AND LIFESTYLE ASPIRATIONS

Most Boomers have high aspirations for their post-retirement lifestyle

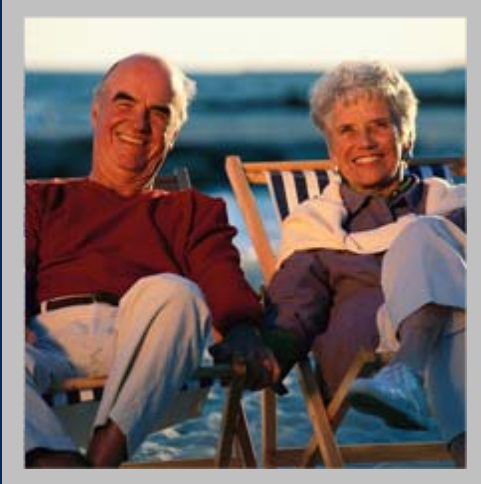
However, only 40% of Boomers are financially prepared for retirement



BOOMERS HAVE HIGHER ASPIRATIONS FOR AGING LIFE

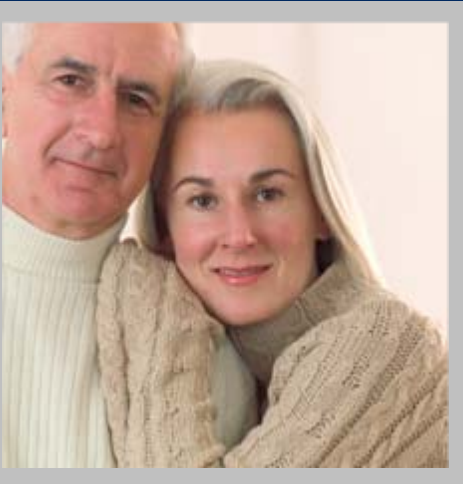
Percent of today's Boomer consumers

86% believe they deserve a good life



84% believe being young is a state of mind and has little to do with age

81% enjoying trying new products and services

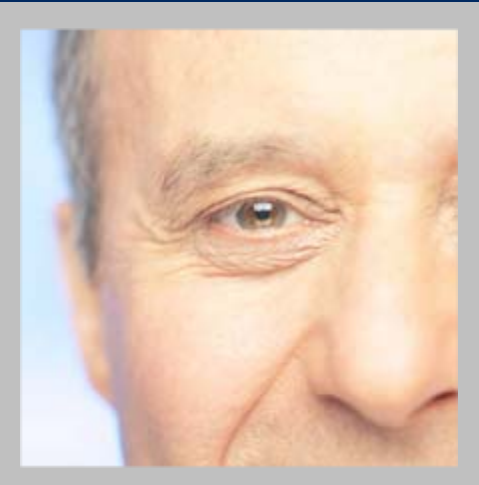


83% are confident they can use their skills to support themselves if needed during retirement

HOWEVER BOOMERS FACE TOUGH REALITIES

Percent of today's Boomer consumers

46% cite loneliness as one of their greatest fears/concerns



62% worry that they have not planned sufficiently for retirement

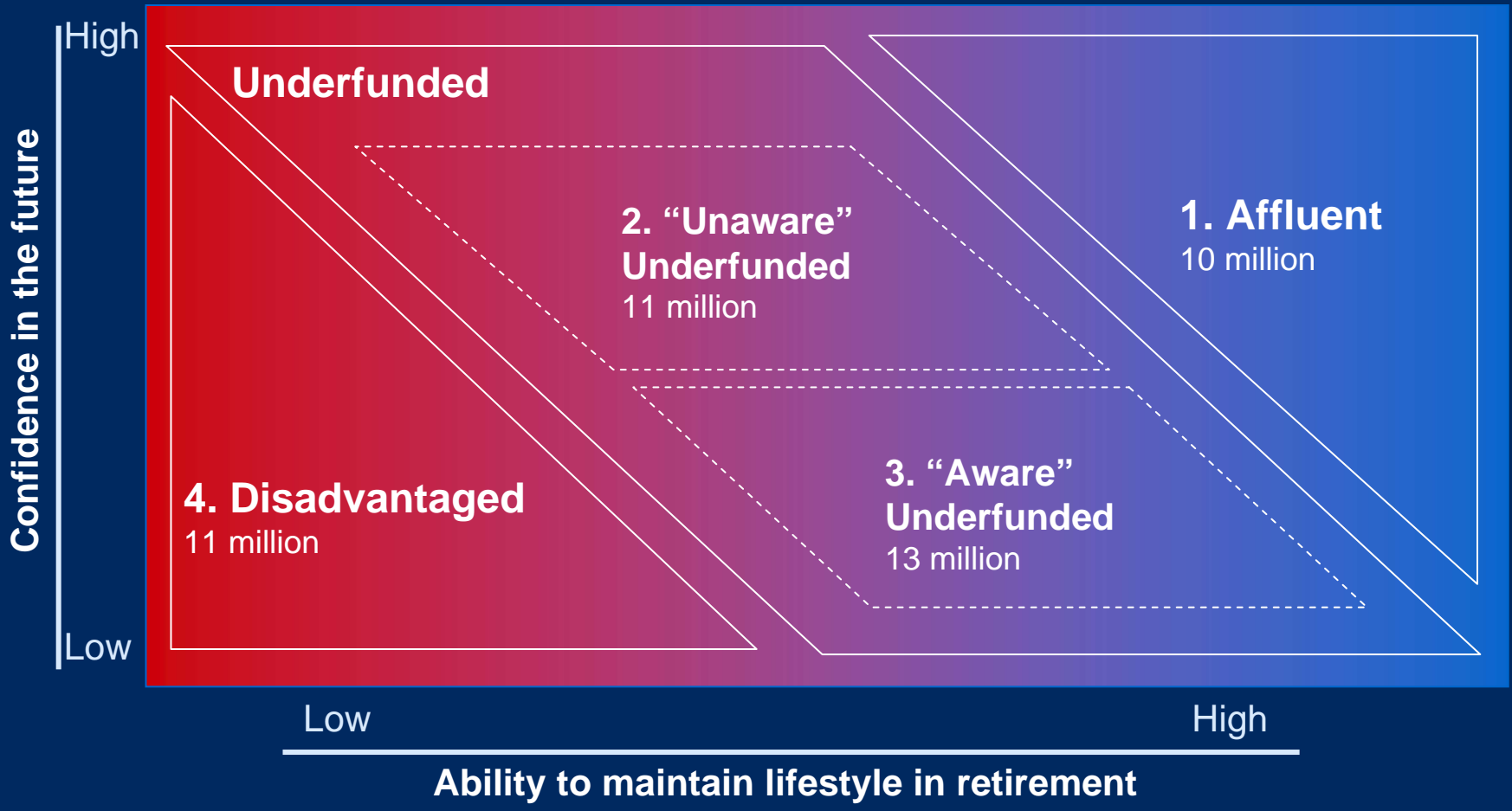
25% more in worse health than previous older generation



Twice the number are single vs. past generation

BOOMERS VARY BY THEIR ASPIRATIONS AND FINANCIAL PREPAREDNESS

Boomer segments
Number of households, 2006



Source: McKinsey & Company, US Aging Consumer Initiative

'AFFLUENT' BOOMERS: CONFIDENT AND WEALTHY CONSUMERS

- Prosperous
- Lofty expectations
- Varied interests
- Less price sensitive
- Health-conscious

'UNDERFUNDED' BOOMERS: DISCRIMINATING SHOPPERS ON A BUDGET

- Financially constrained relative to past consumption
- Price and value sensitive
- High expectations for selection and service
- Desire convenience
- Prefer larger stores
- Less loyal

'DISADVANTAGED' BOOMERS: DAY-TO-DAY STRUGGLE

- Pressing public policy concern
- Often dependent on third-party payers
- Clear need for value
- Growing portion of the U.S. workforce
- Many with serious health issues

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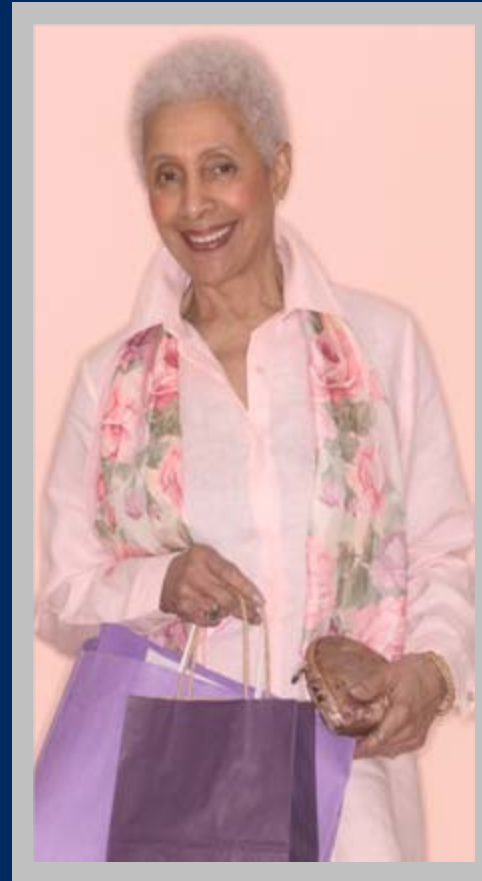
1 CONTINUED IMPORTANCE OF VALUE BEYOND PRICE

Of Boomers

53% cannot afford to maintain their accustomed lifestyle



24% are living day-to-day from a financial standpoint



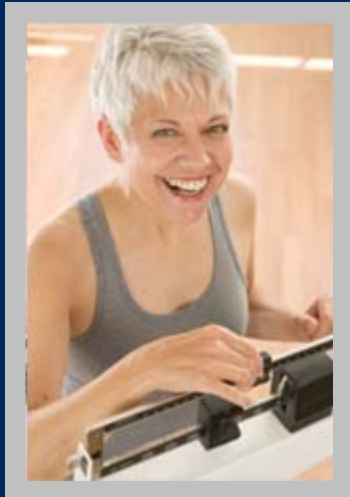
But majority still demand more than just price from retailers

- 91% are frustrated with disrespectful sales clerks
- 40% shop as entertainment
- 81% enjoy trying new products and services

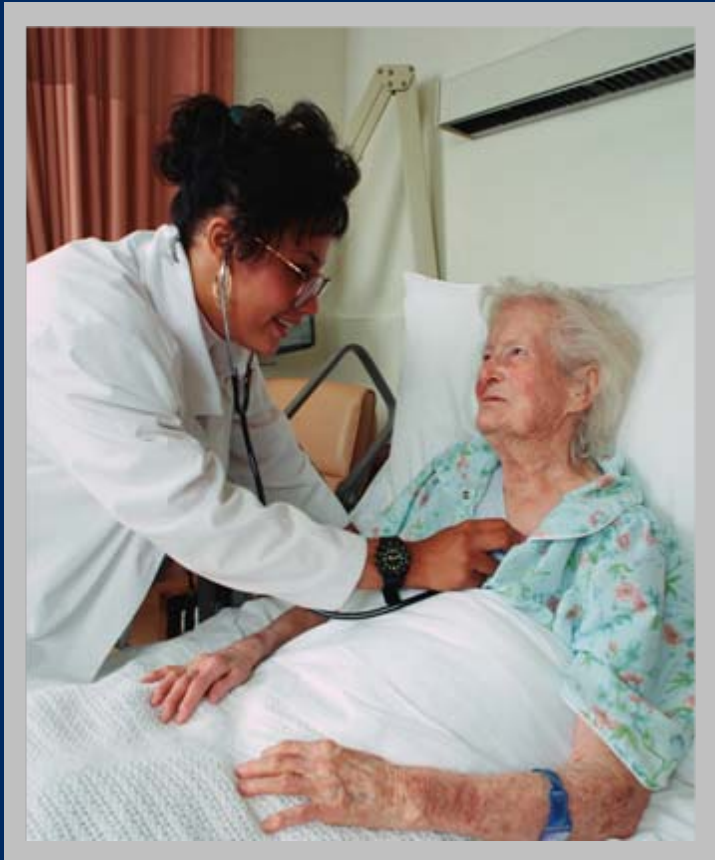
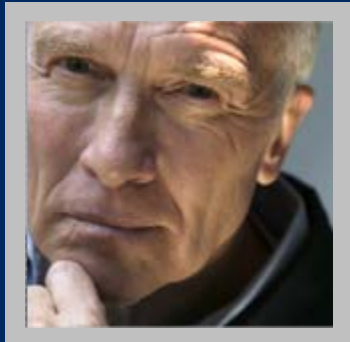
2 CENTRALITY OF HEALTH AND WELLNESS

Of Boomers

30% proactively manage their healthcare



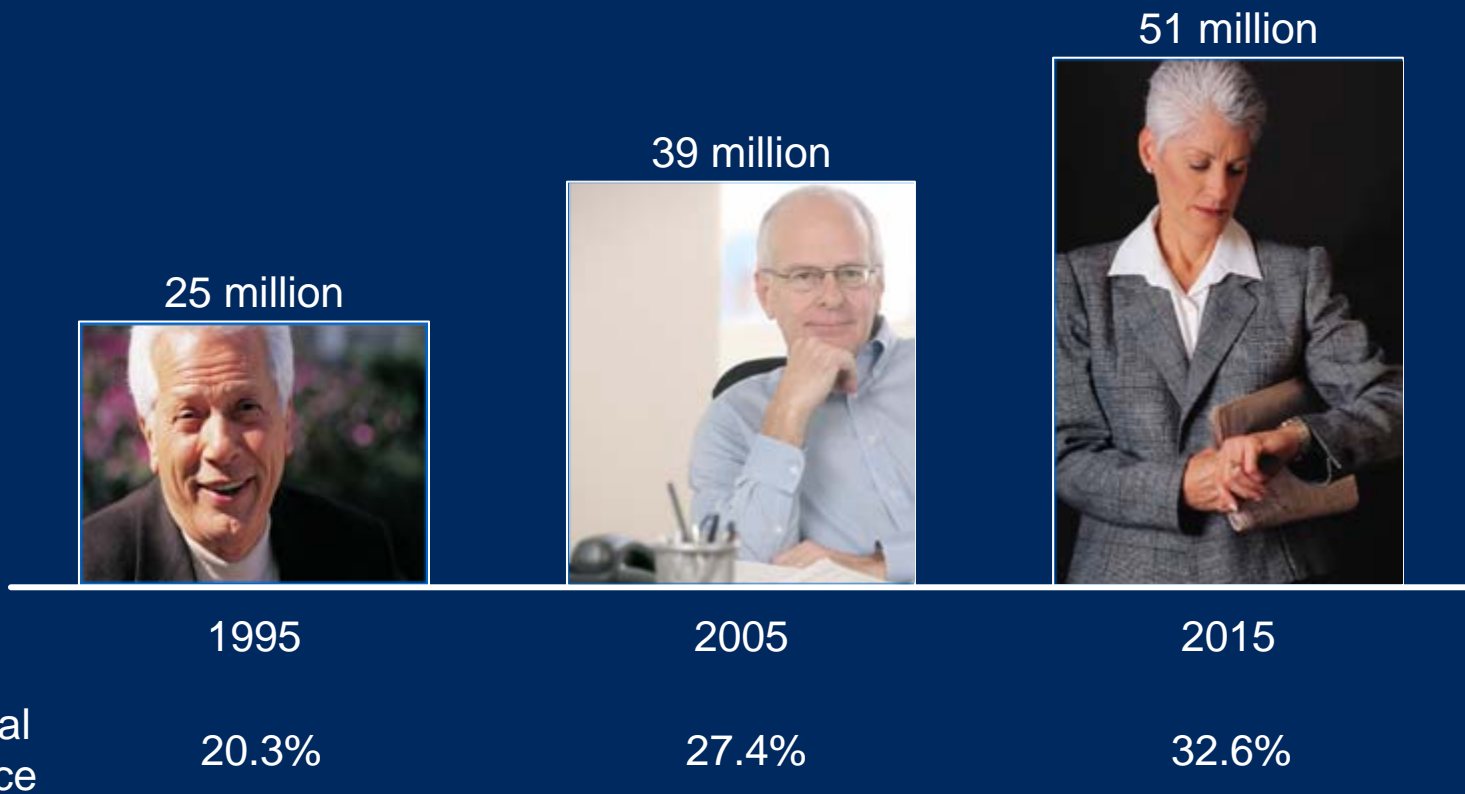
25% have less trust in doctors to find best solution



35% have at least one chronic health condition

3 REDEFINITION OF RETIREMENT

More Boomers will work either by choice or for financial need
50+ employment



4 STRONG NEED FOR COMMUNITY/AFFINITY

Boomers who strongly agree/ agree

23%

“I can count on my family as a safety net if I can no longer look after myself physically or financially”



46%

“Ending up alone is one of my greatest fears”

5 USE OF ONLINE FOR KNOWLEDGE AND COMMUNITY

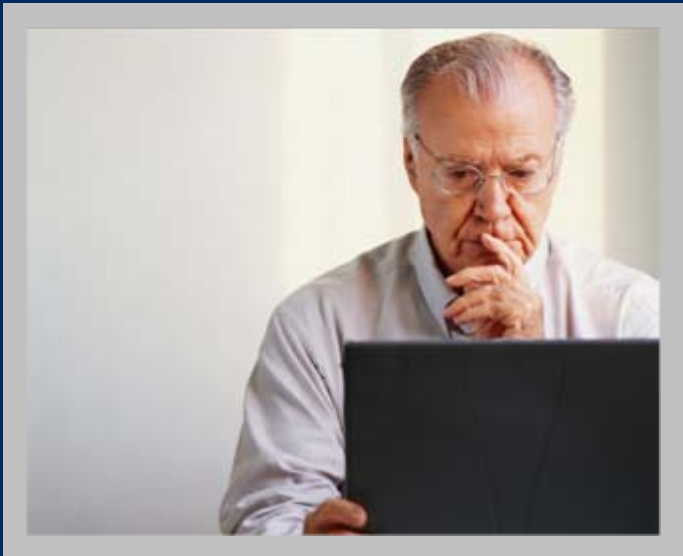
Percent of Boomers who

**Go online
77%**



**Purchase
directly
from
online
retailers
67%**

**Obtain
medical
advice
online
74%**



**Research
products
and
services
online 66%**