

# GENERATIONAL SPENDING

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**PFS**



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# GENERATION, A POWERFUL LENS



Digital commerce is the great equalizer, accessible to almost anyone with a smartphone and a wallet. But the true magic happens when brands “see” individual shoppers and understand how, what, and why they buy.

Generation is a powerful lens that reveals sales-boosting insights into unique customer sets. How do age groups differ when it comes to online buying behavior? What are the hallmarks of each generation? These are questions that savvy retailers want to answer. Why? It's simple. Globally, retail sales will top \$27 trillion by 2020, with over \$4 trillion attributed to eCommerce. In the US, sales are slated to exceed \$423 billion by the end of this year, with consistent double-digit growth fueled by increased spending, expansion into new digital categories like grocery, and growing mobile commerce sales.<sup>1</sup>

<sup>1</sup> eMarketer

**IF YOU THINK ALL  
BUYERS ARE THE SAME,  
THINK AGAIN.**

More than ever before, retailers must pay attention to age-correlated preferences to win the hearts and minds of buyers, and capture the sales they're looking for. Shoppers across four generations will drive this growth, and each segment wants to be catered to on their own terms: Baby Boomers (the oldest), Generation X, Millennials, and Generation Z (the youngest).

Each was born during a different time, into relatively different cultures. Each had a certain amount of technology available while growing up, and growing older. This major factor has determined the ways they shop, what they shop for, and what type of marketing and advertisements hook their attention. This analysis offers an up-close look at each segment – their habits, desires, and behaviors – and reveals ways to win wallet share within each group.



# MEET GEN Z

Ah, yes, Gen Z. Applauded by some as the most diverse and accepting generation, Gen Z – or the Centennials, The Founders, the Post-Millennials, or the iGeneration, depending on who you ask – is also known for their impatience and deep digital know-how. Most haven't been alive for or remember major world events – not to mention, the introduction of the first iPod, the popularity of Myspace (yes, that was in the 2000's), the earthquake that crumbled Haiti, or even the inauguration of America's first African American president in 2009.

With approximately 70 million Gen Zers out there, they'll likely surpass the Millennial generation in size by the generation's end. Born around 2000, the oldest of the generation are just now graduating high school, while the youngest are being born right now. This makes for two distinct audiences – kids and teens.

What's more, they already hold over \$44 billion in buying power.<sup>2</sup> Retailers wonder how much this will fluctuate as they enter the workforce themselves; will it dip for a while, as they jump on to their own, smaller financial lily pads, or will they be less conservative right off the bat?

Gen Z shoppers are shaping up to be unique. Their still-forming behaviors will likely become mainstream and highly targeted as they follow the millennial generation with a competitive population size. They seem to be as socially conscious as they are brand-conscious, which can be attributed to their diversity. These youths are growing up with varied family structures, among wider mix of ethnic groups, and blurred gender roles.

Gen Z is opinionated, connected, and influential in the digital realm; they're expert messengers and social media mavens who look for retail experiences surrounded by social communities and mutual rewards.<sup>3</sup>



**BILLION**  
IN BUYING POWER

<sup>2</sup> Forbes, *Move Over Millennials: Generation Z Is The Retail Industry's Next Big Buying Group*

<sup>3</sup> FITCH, *Gen Z and The Future of Retail*

# IMMERSED FROM INFANCY

The Gen Z kids are growing up with mobile technologies in hand, and have never known a world without high-speed internet. Connectivity not only permeates their lives – it is their lives. The majority of children have been introduced to touchscreen technologies – tablets and smartphones – before the age of five.<sup>4</sup> What's more, over 60% of US children under the age of 12 use the internet on a pretty regular basis – at least once a month, if not more.<sup>5</sup> It represents an increasingly easy way for parents of all ages to entertain their children, aside from TV and video games.

Many of them are already using messaging platforms and accessing social networking sites when they're not playing games, listening to music, and taking pictures, depending on the device. Even 57% of children with mobile phones are already talking on the phone – 74% are messaging.<sup>6</sup>

What about the older kids, the ones who've had a device in their hands or pocket for the majority of their lives? They'll soon be entering college, then the workforce – and they're already spending money online (regardless of whose it is). Smartphones have emerged as their primary entertainment hub and digital tool for social interaction – which is reflected in their outsized presence on smartphone-centric networks like Instagram and Snapchat. It's also evident in their time spent on smartphones – an average of 5.6 hours daily for 13 to 15 year-olds.<sup>7</sup>

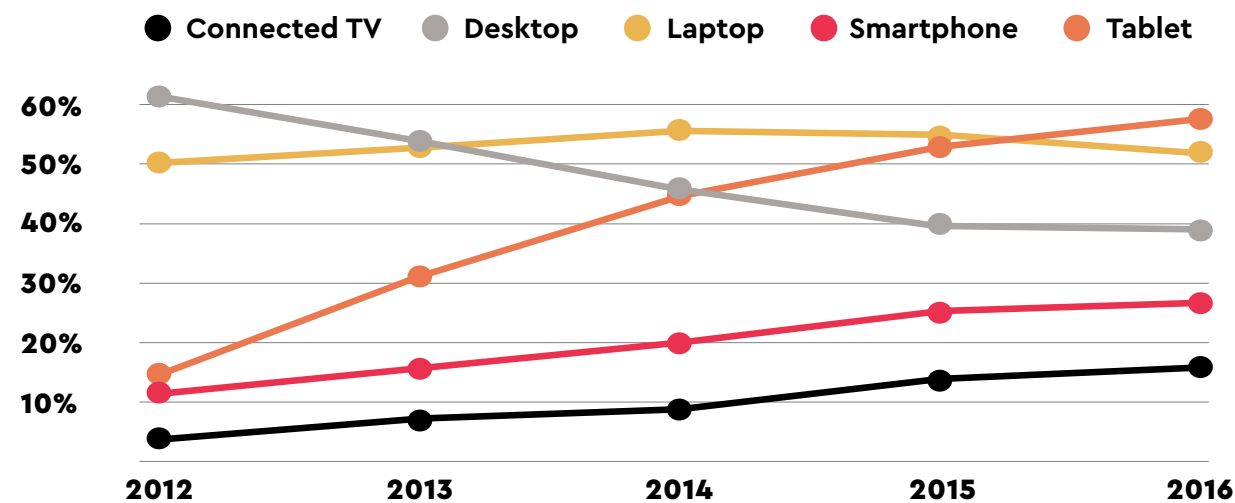
## Daily Time Spent with Select Devices by US Child Internet Users, 2015 & 2016

|                               | 2015<br>hours spent | 2016<br>hours spent |
|-------------------------------|---------------------|---------------------|
| <b>TV</b>                     | 2.0                 | 2.1                 |
| <b>Gaming Console</b>         | 0.6                 | 0.7                 |
| <b>Tablet</b>                 | 0.4                 | 0.6                 |
| <b>Laptop</b>                 | 0.3                 | 0.4                 |
| <b>Mobile Phone</b>           | 0.3                 | 0.4                 |
| <b>DVR</b>                    | 0.3                 | 0.3                 |
| <b>Desktop</b>                | 0.2                 | 0.3                 |
| <b>DVD/Blu-ray</b>            | 0.2                 | 0.2                 |
| <b>MP3 Player/iPod Touch</b>  | 0.1                 | 0.1                 |
| <b>Handheld Gaming Device</b> | 0.1                 | 0.1                 |

*Note: ages 6-12; includes any simultaneous use of devices  
Source: Ipsos Connect, "LMX Family," July 27, 2016*

<sup>4</sup> Logitech | <sup>5</sup> eMarketer, *Tablets Are Digital Device of Choice for US Children*  
<sup>6</sup> Ipsos Connect, *LMX Family* | <sup>7</sup> Refuel Agency, *Generation Z Teen Digital Explorer*

### Devices Used by US Child Internet Users to Access the Internet, 2012-2016 – % of respondents



Note: ages 6-12  
Source: Ipsos Connect, "LMX Family," July 27, 2016

# HIGH EXPECTATIONS

Nearly 50% of teens start their mornings by checking messages first thing when they wake up – and 62% check their phones before bed.<sup>8</sup> With 72% of teens feeling as though they need to respond to texts immediately, it's easy to see how this generation has developed expedient expectations, especially when talking retail.

The shoppers of Gen Z are savvy cynics who trust their peers' opinions, not marketers, and who won't pay more for ownership if they can pay less for access – prime examples being Spotify or Netflix. They're watching as major department stores close their doors, hoping to build up eCommerce efforts specifically for this younger cohort that was born seamless. Gen Zers move fluidly between the digital and physical worlds without batting an eye; they have identities that are as virtual as they are physical, and they expect to experience shopping the same way.

### US Smartphone User Penetration, by Age, 2016-2020 % of mobile phone users in each group

|                     | 2016       | 2017         | 2018         | 2019         | 2020         |
|---------------------|------------|--------------|--------------|--------------|--------------|
| <b>Gen Z</b>        | 62.5%      | 67%          | 69.1%        | 70.5%        | 71.3%        |
| <b>Millennials</b>  | 95.1%      | 97.5%        | 97.8%        | 98%          | 98.3%        |
| <b>Gen X</b>        | 87.4%      | 91.2%        | 93.8%        | 95.9%        | 96.4%        |
| <b>Baby Boomers</b> | 60.1%      | 65.3%        | 69.2%        | 72.8%        | 75.2%        |
| <b>Total</b>        | <b>79%</b> | <b>82.7%</b> | <b>84.8%</b> | <b>86.5%</b> | <b>87.3%</b> |

Note: individuals who own at least one smartphone and use the smartphone(s) at least once per month.  
Source: eMarketer, Aug 2016

<sup>8</sup> Adestra, 2016 Adestra Consumer Adoption & Usage Study; Seton Hall University Study



# MARKETING TO GEN Z

## WHAT YOU NEED TO KNOW

### Attitudes Toward Their Mobile Usage According to US Teen Mobile Phone Users, March 2016

% of respondents

|     |   |
|-----|---|
| 78% | Check their devices at least hourly                   |
| 72% | Feel the need to immediately respond to texts         |
| 52% | Feel they spend too much time on their mobile devices |
| 50% | "Feel addicted" to mobile devices                     |

Note: ages 12-18

Source: Common Sense Media, "Technology Addiction: Concern, Controversy, and Finding a Balance," May 3, 2016

- **Small-screen ads before TV:** Only 1% of Gen Z TV watchers only watch TV – the others simultaneously use their phones for texting, messaging, accessing social media, browsing for products online, and more. They'll likely digest an attention-grabbing, small-screen ad on a personalized social media platform more than they would a TV ad.<sup>9</sup>
- **Majority shop on mobile:** Approximately 53% of digital shoppers from the ages of 13-17 purchase using their smartphones. This is higher than any other generation, and greatly increases retailers' need for responsive sites and digital apps to capture this audience.<sup>10</sup>
- **Video content is king:** Roughly seven out of 10 teens watch over three hours of digital video on their smart phones every day – that should show you that video content is king when selling this generation.<sup>11</sup>
- **Laptops & TV second:** We know that smartphones are primary devices for Gen Z internet users, but what comes in second and third place? It's a close tie between laptops (69%) and TVs (68%) – so pick your channels wisely.<sup>12</sup>
- **Gen Zers want an experience:** Somewhat like Millennials, Gen Zers want an experience when they shop. Instead of telling your story, start a conversation about theirs; inspire them to try new things, instead of buy new things.

<sup>9</sup> Deloitte, Digital Democracy Survey | <sup>10</sup> Think with Google, Generation Z: New insights into the mobile-first mindset of teens

<sup>11</sup> Think with Google, Generation Z: New insights into the mobile-first mindset of teens | <sup>12</sup> eMarketer

## IT'S TRICKY, TRICKY MILLENNIALS

About the time Run DMC earned a spot on the Hot 100, early millennial babies whimpered their first cries as their parents were grooving with their Walkman's, or chatting on their new cinder-block sized mobile phones. During their formative years, Millennials witnessed oil shortages, the collapse of the Soviet Union, the destruction of the Berlin wall, extensive turmoil in the Middle East, the 9/11 terror attacks, and the loss of homes for over 7 million Americans during the Great Recession, to name a few.

Born between 1981 and 2000, Millennials have come of age and they are something of a puzzle to the rest of the world. They seem entitled – they're burdened with unparalleled college debt, they're extremely technically savvy and entrepreneurial, they won participation trophies in their t-ball leagues, and – most importantly – they spend their money differently.

Quick to use ad blockers and ignore run-of-the mill marketing campaigns, these shoppers often seem elusive and confusing to marketers. As 63% of Millennials have owned college debt, they pinch pennies everywhere they can, yet will loosen the purse strings for different purchases.<sup>13</sup> Think experience-based investments like

a far-away trip or a memorable dinner at a highly-rated restaurant – even a random concert or local event. For example, only 35% of female Millennials said they would rather buy material products over an experience.<sup>14</sup>

This trend can leave less shopping bandwidth for items such as clothing, household goods, and technology – making tailored marketing essential for merchants. Millennials seek brands that make shopping into an experience, whether that translates to an impactful business mission or an engaging community. For example, Toms™ built their brand on the basis of one for one – where every shoe purchase would also equip someone in need with shoes, usually in developing countries. They've since expanded this to their sunglasses line, clothing, and coffee shops; proceeds help supply clean water, safe births, eye and vision care, and more to those in need around the world.

**\$1.4** **TRILLION**  
IN SPENDING BY 2020

<sup>13</sup> eMarketer, *US Millennial Shoppers 2017: How a Digitally Native Generation is Changing Retail*

<sup>14</sup> CafeMedia



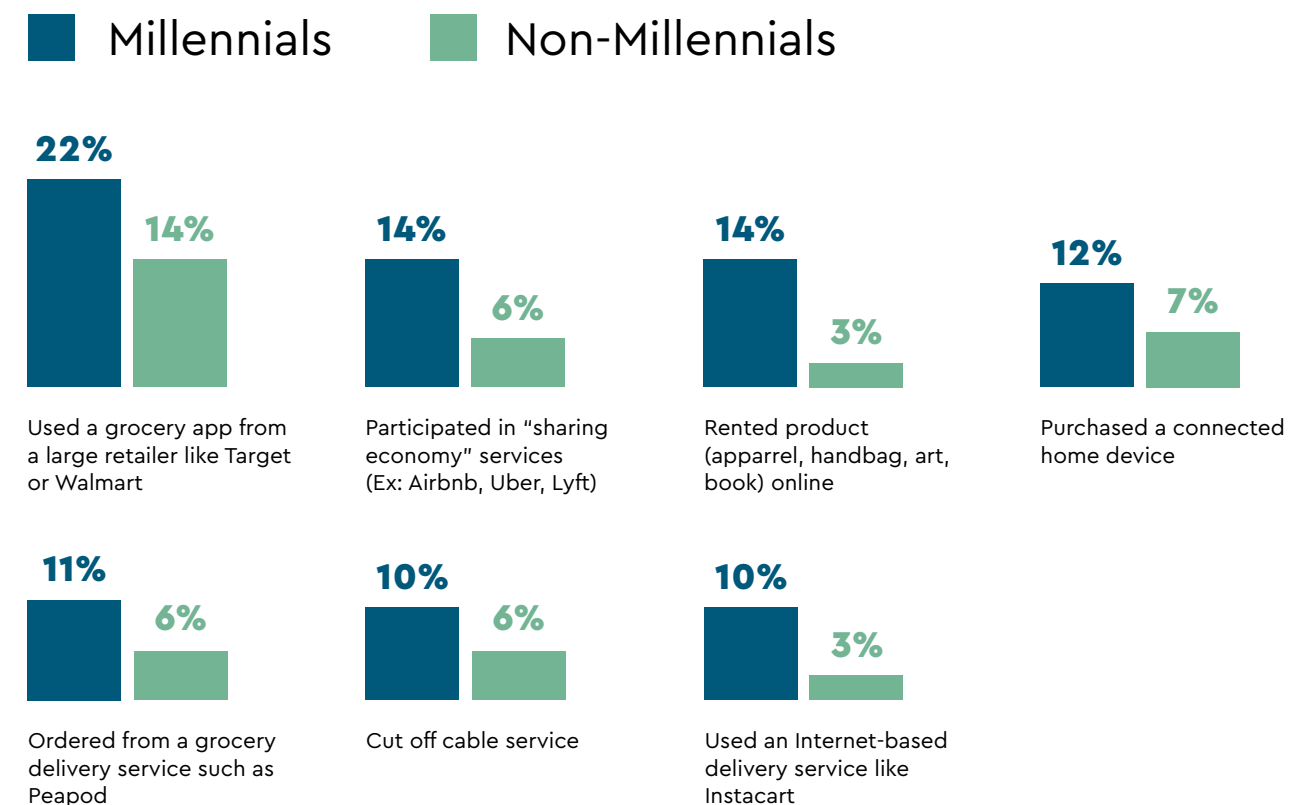
Retailers – with the right approach – are thriving as the generation enters and expands within the workforce, pumping up shopping and spending. In fact, US marketers cited the emergence of Millennials as the second most important trend that will have the greatest impact on the industry within the next ten years – with mobile coming in first place.<sup>15</sup> In 2015, the number of Millennials outnumbered baby boomers for the first time – 75.4 million to 74.9 million – and they've since surpassed 80 million.<sup>16</sup>



# CONNECTED

Off the bat, Millennials are different from other generations – they've been the first to have tech-savvy parents and internet access during their formative years. Many of these digital natives remember dial-up internet and colorful floppy disks – and as technologies have matured and evolved, so have Millennials. Their app-adopting aptitude, trust in technology, and willingness to try new things – think wearables, sharing economy services, and new grocery delivery services – make them great experimental targets for retailers. Last year, Millennials in the US spent an estimated \$600 billion alone. By 2020, this spending is projected to hit \$1.4 trillion annually – 30% of total retail sales.<sup>17</sup>

## Activities done within the past year



<sup>15</sup> New York American Marketing Association, May 2016 | <sup>16</sup> US Census Bureau

<sup>17</sup> Accenture Research, *Who are the Millennial Shoppers? And What do They Really Want?*

**18% of shoppers use a wearable device**

Among those users:



Source: UPS Pulse of the Online Shopper, June 2016

# SOCIAL SHOPPERS

Three-quarters of Millennials have an account on a social networking site and over 80% of them sleep with their cell phones right next to their beds.<sup>18</sup> They carve out considerable time for technology in their daily regimens, most notably for social media, more than any other generation.

These ingrained social habits often link to shopping style. Social media platforms provide a community setting for shoppers to interact with brands on their own terms, as well as post and chat with friends shopping for and interested in similar items. Over 40% of Millennials surf Facebook to research products and services before purchasing.<sup>19</sup> In fact, 62% of Millennials are more likely to become a loyal customer if a brand engages with them on social networks.<sup>20</sup> They have been proven to interact with brands via social media at a rate that's 10% higher than Gen X and 20% higher than Baby Boomers.<sup>21</sup>

**Primary Social Media Platform Used by US Millennial Social Media Users, by Age, Aug 2016**

% of respondents

|                  | 18-24 | 25-29 | 30-34 |
|------------------|-------|-------|-------|
| <b>Facebook</b>  | 36%   | 41%   | 50%   |
| <b>Instagram</b> | 24%   | 17%   | 13%   |
| <b>YouTube</b>   | 12%   | 14%   | 11%   |
| <b>Linkedin</b>  | 7%    | 10%   | 10%   |
| <b>Pinterest</b> | 9%    | 8%    | 8%    |
| <b>Snapchat</b>  | 9%    | 9%    | 5%    |
| <b>Twitter</b>   | 3%    | 1%    | 2%    |

Note: individuals who own at least one smartphone and use the smartphone(s) at least once per month.

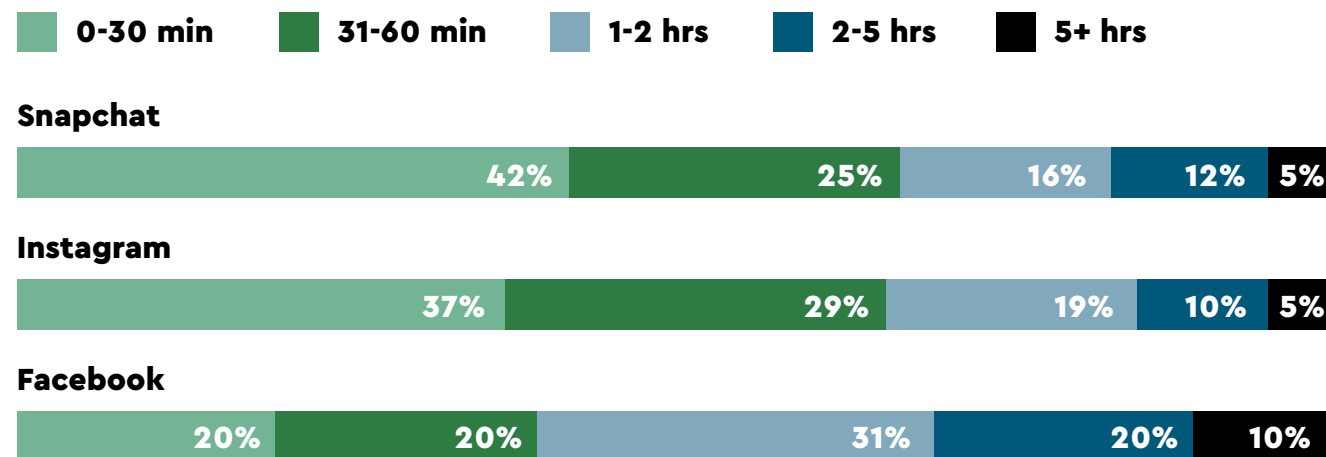
Source: eMarketer, Aug 2016

<sup>18</sup> Forrester Research, May *The Force Of The Millennials Be With You!* | <sup>19</sup> GlobalWebIndex  
<sup>20</sup> ShopperTrak, A Portrait of the Millennial Shopper | <sup>21</sup> Salesforce, 2016 *Connected Consumer Goods Report*



## Daily Time Spent on Facebook, Instagram & Snapchat by US Millennial Social Media Users, Aug 2016

% of respondents



Note: ages 18-24 who use each platform monthly; numbers may not add up to 100% due to rounding

Source: Cowen and Company, "Debunking Facebook Engagement Concerns Amidst the Rise of Snapchat," Oct 6, 2016

With social engagement and heightened convenience, 85% of Millennials would rather shop online than in-store, especially when hunting for bargains and a range of products.<sup>22</sup> They prefer digital shopping, even while in a physical store, and they tend to be the earliest adopters of the latest shopping tools (think apps, digital wallets) – which are marketed widely on social media.

Though social definitely has its stronghold with the generation, email is still king when marketing to Millennials. Of US and UK millennial shoppers, 63% prefer email communications more than any other medium.<sup>23</sup> It's a powerful way to bring the age group to retailer's sites – in fact, 57% of millennial internet users are influenced to purchase a product from a site when they found a discount code in an email.<sup>24</sup>

## US Millennial Digital Buyers' Digital Shopping Behavior, Feb 2016

% of respondents

More likely to purchase based on photos from others who have used it

72%

More likely to click over to a product based on a friend's social post

60%

More likely to rank ratings & reviews as the No. 1 impact on deciding which site to buy from

50%

Note: ages 15-34

Source: Salsify, "Cracking the Consumer Code: Product Content Drives Conversion" conducted by SurveyMonkey, April 19, 2016

<sup>22</sup> Accenture Research, Customers are Shouting, are Retailers Listening?

<sup>23</sup> Urban Airship, Mobile Wallet: A Massive and Underserved Opportunity | <sup>24</sup> Cue Connect, Consumer Moments of Truth Research

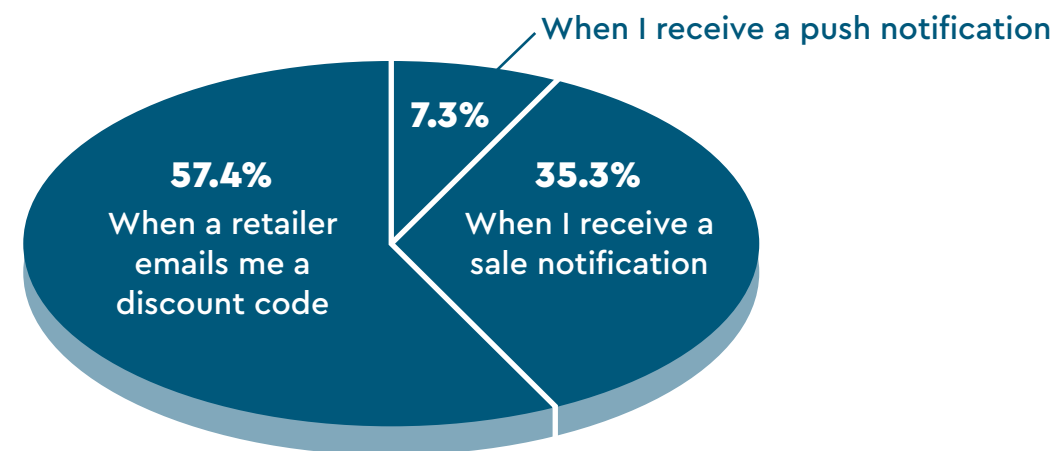


# MARKETING TO MILLENNIALS

## WHAT YOU NEED TO KNOW

### Primary Action that Influences US Millennial Internet Users to Purchase Products from a Retail Site, Apr 2016

% of respondents



Note: ages 18-34

Source: Cue Connect, "Consumer Moments of Truth Research," June 13, 2016

- **Give them a shopping experience:** Dive into the millennial mindset – shopping needs to be worth more than the items you can buy. Create an experience around your product and make it more than a simple, monetary transaction.
- **Deals win out:** This generation is savvy, and they won't pay more in-store if they can get a better deal elsewhere or find a higher review for a similar product.
- **Mobile is where it's at:** Digital, digital, digital; even in stores, Millennials are using their mobile devices to research and shop.
- **Social Shopping is important:** The generation has a very strong presence on social media and is more likely to buy a product when they connect with retailers online, or when they see online friends touting new goods.
- **Connect the experience and make it cohesive:** Beyond a brand relationship, Millennials will pay for a seamless, integrated experience that allows them to shop through multiple channels.
- **Cost matters:** you're marketing to a cohort with unrivaled college debt amounts; they will ALWAYS seek the better deal.

# NOBODY PUTS GEN X IN THE CORNER

Who could forget the turmoil of Vietnam, the space race, and Woodstock? Not to mention, the Watergate scandal, the introduction of Reaganomics, or the peak of vast civil rights movements? Generation X, also known as the "Forgotten Generation," or the neglected "middle child" between Baby Boomers and Millennials, can easily be overlooked – but their size and buying power cannot.

Currently, there are approximately 66 million Gen Xers in the US, and each is near a life stage where they can't avoid spending – they're the generation that is both raising children and helping parents as they age.<sup>25</sup> Their household incomes are higher than Millennials and Baby Boomers – a national average between \$73,000 and \$80,000 after taxes – and their power to spend is higher than any other generation.<sup>26</sup>

Though the semi-recent Great Recession has left many Gen Xers readjusting their retirement goals and financial optimism, they've been steadily increasing their spending habits – for necessities and recreation alike – a trend that won't slow in 2017.

**66** **MILLION**  
PEOPLE IN THE US

<sup>25</sup> eMarketer, *Where Gen X Stands*

<sup>26</sup> US Department of Labour Bureau of Labor Statistics, *Consumer Expenditure Survey*

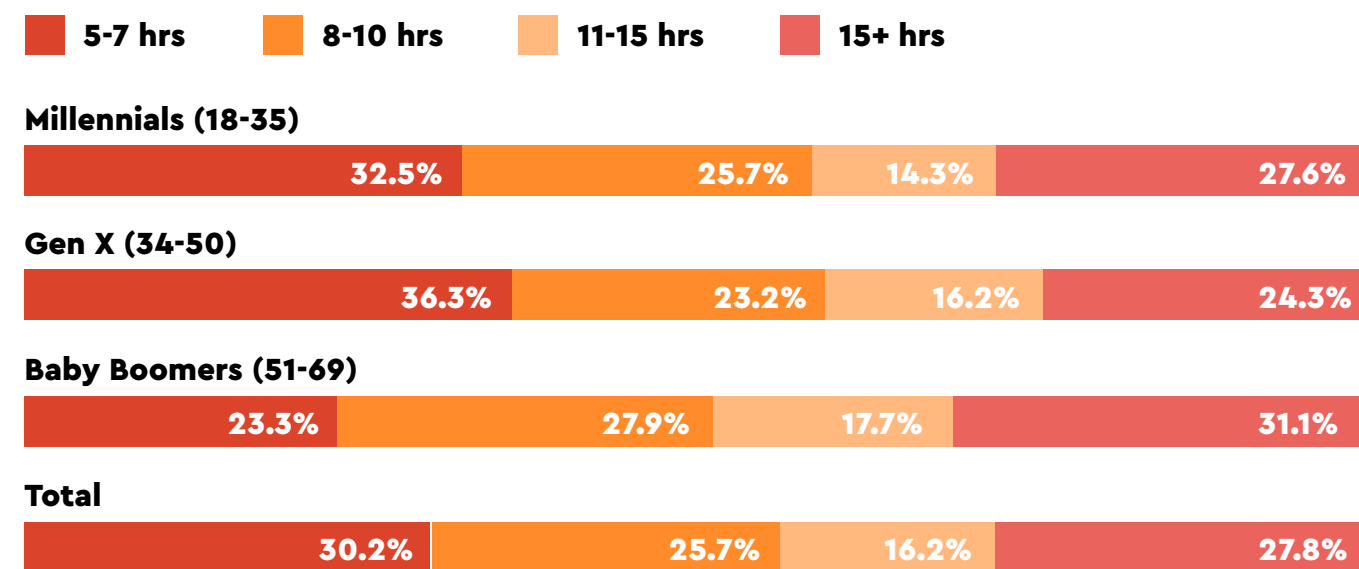
# DIGITAL, BUT STILL DESKTOP



Gen Xers remember when vinyl records and eight-tracks were necessities, not just cool to have (cough, cough, Millennials). They also remember original Atari games, when the first flip phones were released, then the first smart phones. They may not be as deeply savvy and experimental as younger cohorts, but this makes them less of a moving target for marketers. Gen Xers have been around a lot of developing gadgets, and they adjust well to new technologies that interest them.

Outside of work, Gen Xers spend more time surfing the internet via desktop or laptop computers more than any other age group – over eight hours per week.<sup>27</sup> With over 78% of them regularly viewing videos online, it's clear that video content is paramount to their time online – and they're less apt to divide their attention between the computer or TV and a smartphone screen.<sup>28</sup>

## Weekly Time Spent Online by US Internet Users, by Generation, Sep 2016 % of respondents



Note: outside of work; numbers may not add up to 100% due to rounding  
Source: Limelight Networks, "2016 State of the User Experience," Oct 21, 2016

## US Internet Users Who Plan to Increase Spending on Important vs. Fun Purchases in 2017, by Generation % of respondents in each group

|                              | Important  | Fun        |
|------------------------------|------------|------------|
| Gen X (36-51)                | 40%        | 35%        |
| <b>Total Avg (age 30-70)</b> | <b>34%</b> | <b>30%</b> |

Note: "Important" applies to: appliances, home improvements, professional wardrobe, etc.;  
"Fun" applies to: dining out, movies, sporting events, vacations, etc.  
Source: New York Life as cited in press releases, Jan 26, 2017

<sup>27</sup> Nielsen Data  
<sup>28</sup> Limelight Networks, 2016 State of the User Experience

Speaking of smartphones, Gen Xers have been quick to toss their old flip phones for a smartphone upgrade, and over 86% of these users access the internet with these devices.<sup>29</sup> In fact, 35 to 50 year-olds average over 18 hours per week within apps and on the web, second only to messaging.<sup>30</sup>

Nearly seven of these hours go towards social media – primarily Facebook.<sup>31</sup> Around the time Facebook boomed in popularity, many Gen Xers were in a life stage where it was handy to digitally stay connected with extended networks of friends and family. Thus, nearly three-quarters of Gen Xers are Facebook users, with 77% of them visiting the platform every day.<sup>32</sup> And, this generation prefers to stick with what they know; they display much less interest than the younger generations when it comes to other social networks, such as Snapchat, Instagram, and Pinterest.

# DIGITAL BARGAIN SHOPPERS

Over 70% of Gen Xers will be online shoppers this year to stay under budget, save time, and conveniently shop from home.<sup>33</sup> Their top purchase category online is clothing or shoes, though it's important to note the growth in digital grocery shoppers.<sup>34</sup>

## Products Purchased Digitally by US Internet Users, by Demographic, June 2016

% of respondents in each group

|   | AGE<br>35-54 |
|---|--------------|
| <b>Clothing or shoes</b>  | 49.5%        |
| <b>Beauty/personal care products</b><br><i>(hair, skin &amp; baby care)</i>                         | 37%          |
| <b>Food items</b>   | 29.5%        |
| <b>Pet care products</b>  | 23%          |
| <b>Nonfood household care products</b><br><i>(cleaning, paper/tissues, laundry detergent, etc.)</i> | 24.5%        |
| <b>Consumer electronics</b><br><i>(computers, smartphones, etc.)</i>                                | 24.5%        |
| <b>Babycare products</b><br><i>(computers, smartphones, etc.)</i>                                   | 13%          |
| <b>Any of these</b>   | <b>71%</b>   |
| <b>None of these</b>  | <b>29%</b>   |

Note: n=1,995; in the past 6 months

Source: The Harris Poll as cited in company blog, June 29, 2016

<sup>29</sup> eMarketer | <sup>30</sup> Nielsen Research; Fluent LLC | <sup>31</sup> eMarketer, *Where US Gen X Stands*  
<sup>32</sup> Cowen and Company | <sup>33</sup> eMarketer, *Where US Gen X Stands* | <sup>34</sup> The Harris Poll



# MARKETING TO GEN X

## WHAT YOU NEED TO KNOW

Shopping for groceries online has gained momentum with the millennial generation, but it seems to be spreading through the Gen Xers too, with 44% of them utilizing an in-store pickup or home delivery services if available.<sup>35</sup> This may have a connection to digital coupons – over 60% of Gen Xers use some type of digital coupons for grocery shopping every month.<sup>36</sup>

The same can be true with webrooming habits – Xers rely on digital sources for prepurchase research, much like their younger cohorts. Approximately 76% of them look directly at product reviews when researching, and – you guessed it – Facebook.<sup>37</sup>

- **They're among the most educated generation we have today;** 35% hold college degrees, compared to 19% of Millennials.<sup>38</sup> They know what they want, they know how to find the best price, and they won't be fooled.
- **Ads won't hook them, but coupons will** – especially for groceries. Gen Xers are the biggest coupon website surfers, printers, and shopper-card digital downloaders.
- **Be social, on their level:** Gen Xers have money to spend, but they don't care for Snapchat, Instagram, and similar media nearly as much as Facebook.
- **Habits of Millennials and even Gen Zers are creeping upwards in to Gen X** – this is likely the influence of children on their parents.

<sup>35</sup> Acosta Sales & Marketing, *The Why? Behind the Buy* | <sup>36</sup> Acosta Sales & Marketing, *The Why? Behind the Buy*  
<sup>37</sup> Bigcommerce and Kelton; GlobalWebIndex | <sup>38</sup> Forbes, *The Undetected Influence of Generation X*



## DO THE TWIST AND BOOM

Born when the first working computer – weighing 50 tons at 1,800 square feet – was invented, Baby Boomers advanced the technology, gradually introducing computers into their homes as household appliances. They evolved punch-card computer programming into accelerated languages beyond binary code to create automatic processing – the major groundwork for computers we use today.

That said, those with greying hair aren't to be shrugged off as geezers, especially by numbers alone: there are 74.9 million of them in the US and they own a spending power of roughly \$2.3 trillion.<sup>39</sup> They're working longer – 65% of Boomers intend to work past the age of 65 – and they're living longer.<sup>40</sup> On average, Boomers outspend all other generations by \$400 billion every year on consumer goods and services.<sup>41</sup>

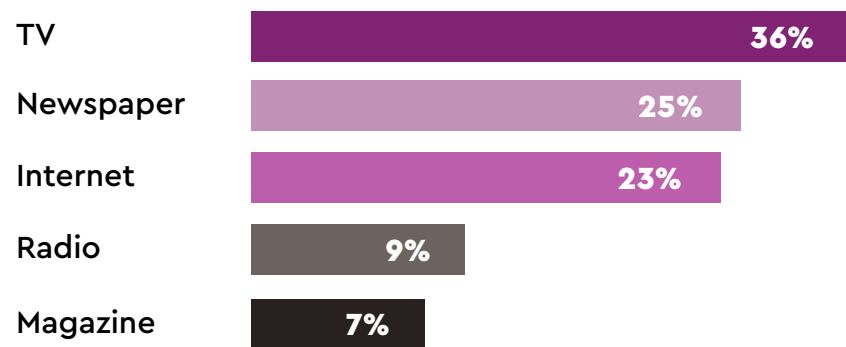
Buying in-store comes naturally to Boomers, but many prefer the convenience of buying online – if they're provided with easy-to-use interfaces. Just over 60% of them shop online, chiefly using computers over smartphones.<sup>42</sup> Trust in technologies – especially newer gadgets – doesn't come easy, and they like to stick to what they know. Approximately 36% of them trust TV more than any other media, followed closely by newspapers (25%) and the internet (23%).<sup>43</sup>

Baby Boomers may not be viewed as savvy as the younger generations, but they're catching on quickly, and have significantly more disposable income to offer.

**\$2.3** **TRILLION**  
IN SPENDING POWER

<sup>39</sup> US Census Bureau | <sup>40</sup> McKinsey Global Institute, *Urban World* | <sup>41</sup> US Labor of Statistics, *Consumer Expenditure Survey*  
<sup>42</sup> eMarketer | <sup>43</sup> Video Advertising Bureau, *50 Shades of Green Report*

**Media Trusted Most** (A50+ % Composition by Media)



Source: MRI Doublebase 2015

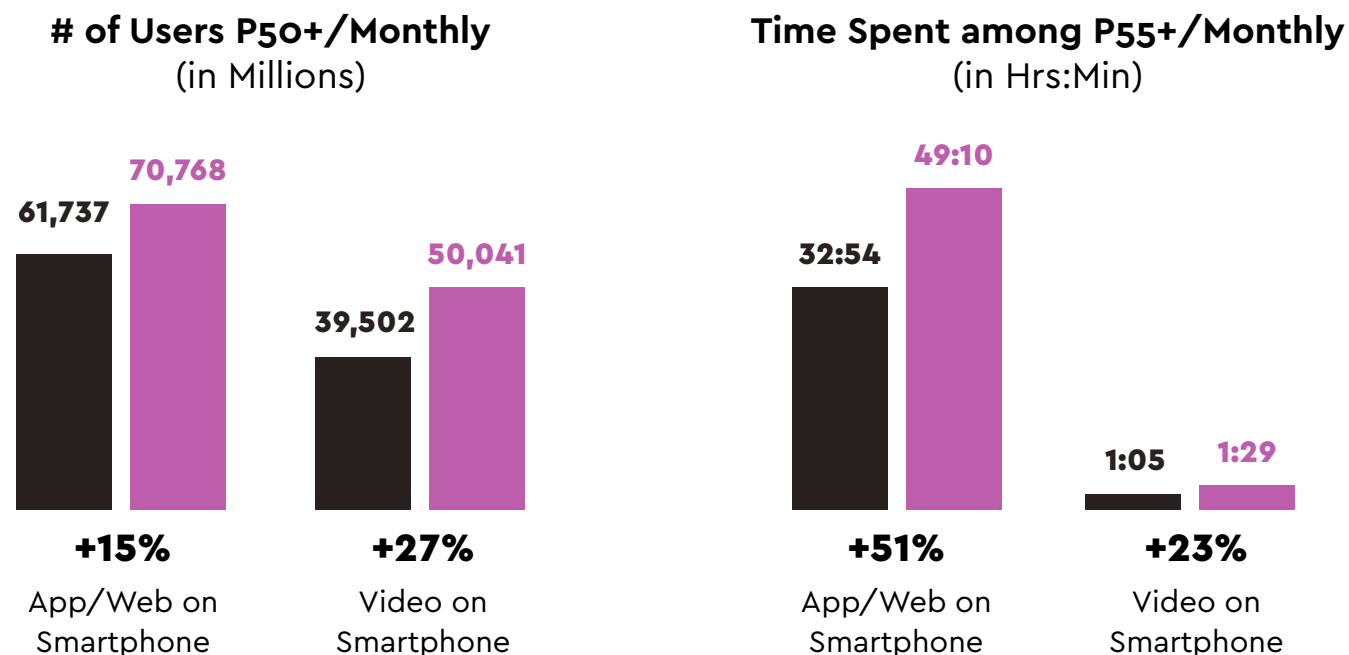
# GROWING DIGITAL ADOPTION

Though TV is still the go-to free-time activity for Boomers, with 42% primarily watching television, there's a deepening shift among the age group to mobile devices. While it's true that Baby Boomers have the lowest device adoption compared to their younger cohorts, their smartphone usage – especially for surfing the web and watching videos – has been creeping steadily upwards.<sup>44</sup> They've also been driven to digital devices when checking email. As the pioneers and earliest adopters of emailing, 88% of Boomers will regularly check their accounts, making it one of their top device activities.

The majority of Boomers still use their smartphones primarily for phone calls. But, when they do have occasion to shop online, a whopping 81% of Baby Boomers will research products online – just below Millennials at 90%. The difference is, 89% of Boomers like to touch and feel products in-store before making a purchase.<sup>45</sup> They are the least trusting of mobile app banking transactions, with only 6% of them utilizing banking apps – compared to 31% of Millennials and 17% of Gen X, for comparison.<sup>46</sup>

What's more, Baby Boomers have been underwhelmed by today's social media. Facebook is the top platform with double-digit users (65%), while Snapchat, YouTube, Instagram, and other similar media boast user numbers close to zero percent. Furthermore, only four in 10 Boomers use Facebook at least once per month.

**Smartphone Usage Monthly: 1Q16** ■ 1Q15 ■ 1Q16



Source: Nelsen Total Audience Report 1Q16

<sup>44</sup> Nielsen Total Audience Report, 2016 | <sup>45</sup> Synchrony Financial, *Where Shopping Occurs*  
<sup>46</sup> Salesforce, 2017 Connected Banking Customer Report

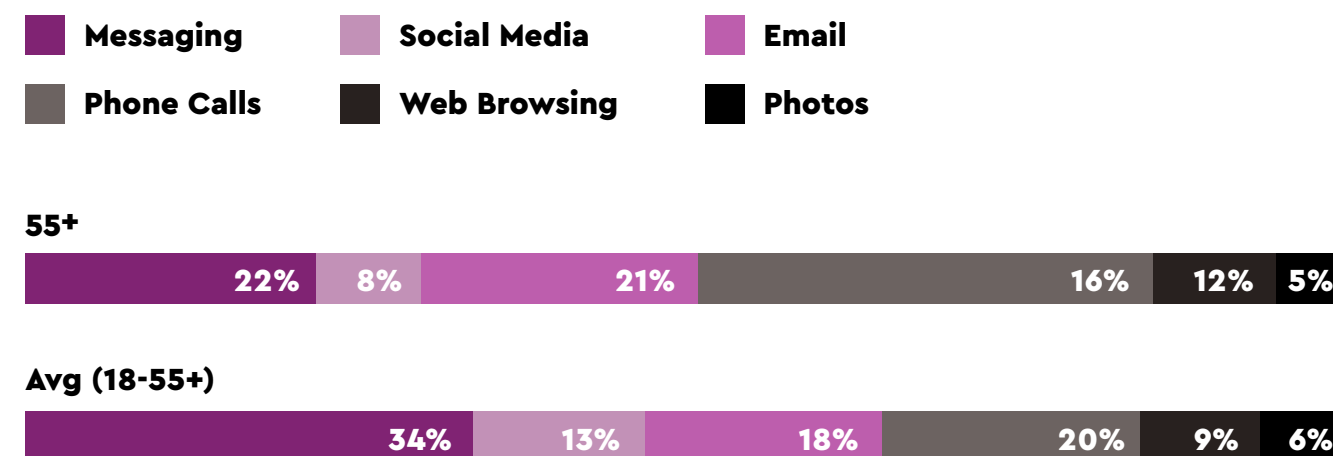
# SMART HEALTH & SMART HOMES



Wearables, such as fit watches and smart watches, aren't very popular with this crowd – less than 10% consistently use them – but this could reflect poor, user-unfriendly designs and slanted marketing towards younger crowds.<sup>47</sup> Other technologies, such as emergency alert devices or telemedicine, where you can receive healthcare by phone or Skype, are growing in popularity. Approximately 38% of Boomers said telemedicine would be extremely helpful and convenient – not to mention, a cost savings for minor health concerns.<sup>48</sup>

## Primary Smartphone Activity Conducted by US Internet Users, by Age, Jan 2017

% of respondents in each group



Source: New York Life as cited in press releases, Jan 26, 2017

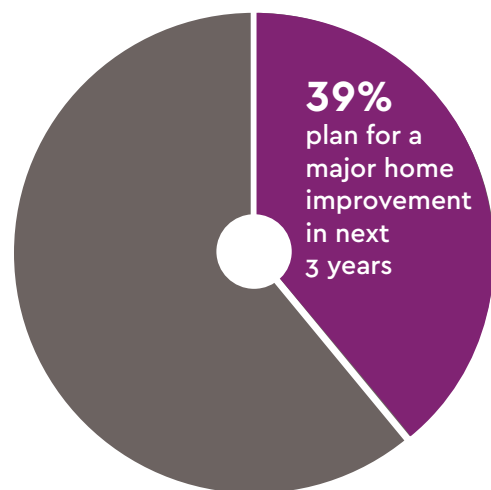
It's been proven that Baby Boomers don't care so much for social media and probably won't pitch a parking lot tent to get the latest gizmos, but they are becoming a strong target for a growing market: digital health tools and smart-home tech. This group focuses less on novelty and more on utility, and aren't afraid to shell out dollars for health and wellness tools – when marketed to correctly.

<sup>47</sup> AARP Study  
<sup>48</sup> NORC, University of Chicago for West Health Institute Study



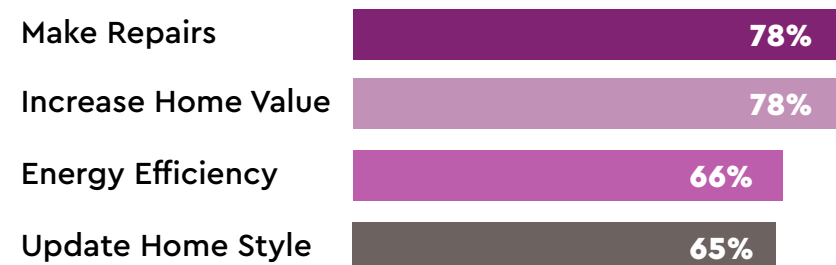
# MARKETING TO BABY BOOMERS

## WHAT YOU NEED TO KNOW

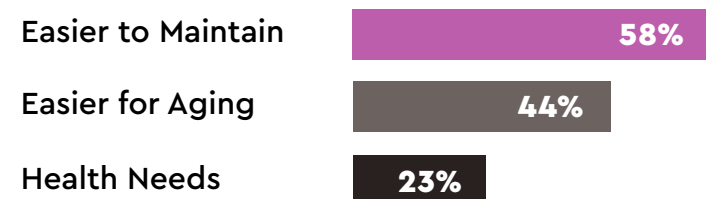


Source: MRI Doublebase 2015

### Top Reasons for Home Improvement



### Aging-related Reasons



As this generation gets older, the desire to age comfortably in one's own home has become more and more important. In fact, 61% of Boomers expect to stay in their current homes indefinitely, and 67% believe technology could help them "age in place."<sup>49</sup> About four out of every 10 Baby Boomers are planning a major home improvement in the next three years, with an estimated \$1.9 trillion worth of predicted home improvement purchases.<sup>50</sup>

Smart-home functionalities are poised to help with this effort – think internet-connected thermostats, appliances, and lighting. So far, some of the top adopted technologies are home alarm systems and smart speakers. For example, 31% of Amazon Echo purchases since 2015 are attributed to Baby Boomers as they begin to acclimate to the technologies.<sup>51</sup>

- **They've worked hard for the American Dream, and they won't spend loosely.** They control nearly 70% of the US' disposable income, yet only 15% of marketing ad dollars are spent targeting Boomers.<sup>52</sup>
- **Targeting with TV ads:** Unlike any other generation, Baby Boomers do not use multiple activities while watching TV, making it a great medium to capture their attention.
- **Their time spent on social is climbing:** Though their time on social media (namely, Facebook) is relatively low, it's increased by 36% in the last year to take up 22% of Boomer's total digital media time; aside from shuffling through extended family updates, they'll likely be more susceptible to related media and advertising.

<sup>49</sup> HomeAdvisor, 2016 Aging in Place Report | <sup>50</sup> Nielsen, Baby Boomers: Not Heading South for their Golden Years  
<sup>51</sup> eMarketer, US Baby Boomers: Forging Their Next Relationship With Digital Technology – Maybe | <sup>52</sup> Video Advertising Bureau, 50 Shades of Green Report



# CHANGE IS COMING RETAILERS

Mobile is taking the eCommerce world by storm, with the youngest generation making at least half of their purchases via smartphone. Shoppers of all ages are looking to pinch pennies where they can, use coupons when they're available, stay connected with family and friends on social media, and explore new commerce possibilities like grocery delivery.

Some generations value an easy-to-use site more than they value a digital community, and others want to shop with companies that give back to those in need, favoring philanthropy over price.

So, what's a retailer to do? The answer is, invest in commerce technology, services, and talent that enable digital transformation and address the defining differences across all age groups – as well as similarities:

- **Commerce platform:** Select a platform that grows – not just in terms of sales volume, though that's certainly key. Deliver new experiences. Think about novel functionality that differentiates. Keep business users in mind, too. Empower them with the tools they need to help drive sales and respond to customers – quickly.

- **User experience:** Create a brand-centric user experience and keep in mind that buyers across all generations want to be told a story.
- **Analytics:** Use analytics to get to know customers – what they buy, how they shop. Consider automation to compile data from disparate sources and display it on dashboards that enable easier, more immediate access to insights into performance and customer behavior.
- **Omni-channel:** Remember, it's all about creating a seamless experience across all channels. And, yes, the store experience is still critical. Think Baby Boomers – the ones with the money still like the touch-and-feel experience.
- **Managed services:** Make sure that commerce systems are tuned and optimized, and that they are continuously improved and adapted based on insights revealed by customers.
- **Fulfillment:** It's all about personalization and immediate gratification, so select a fulfillment provider that can get orders out the door quickly and efficiently while delivering an experience that screams your brand.



**P F S**

A leading Global Commerce Services Company, PFS combines consulting, technology, operations, and digital agency capabilities to deliver uniquely branded shopping experiences, creating Commerce Without Compromise.

From eCommerce development to picking and packing orders, we provide the technology and services needed for retailers and brands to power their online business.

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