

# Is "Seniors" One Demographic Group?

An Analysis of America's Changing Demographics





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To succeed in today’s fiercely competitive environment, companies must thoroughly understand consumer spending patterns as tastes and behaviors change and new products are introduced. Staying abreast of or even anticipating shifts in consumer spending patterns can greatly benefit those who are responsible for making strategic decisions about product and service development, site selection, merchandise mix, and marketing.

Analyzing census data, or annual projections based on the census, is an excellent way to gain insights about where people live and where different demographic segments are growing or declining in influence. What demographic data won’t reveal is what members of a group spend money on or how to reach and appeal to them. These insights are possible by combining demographic data with consumer spending, market potential, and lifestyle segmentation data to create an accurate view of consumer preferences and purchasing behaviors.

# The Growing Aging Population

It's true that we're all getting older. But as a whole, the US population truly is getting older. In 2000, the median age in the United States was 35.3 years. By 2010, this number had increased to 37.1 years.

The population change for seniors, who are here defined as being 55 or older, is higher than the percentage change for the US population. Today, seniors represent 25.2 percent of the US population. This is expected to increase to almost 27.6 percent by 2016 and is up from just 21 percent in 2000.

## US Population by Age

	2000	2010	2016 (Projection)
Median Age	35.3	37.1	37.6
% Population 55+	21.1%	24.9%	27.6%
US Population Change		9.7%	3.4%
55+ Change		29.5%	13.3%

Source: Census 2010 Data and Updated Demographics (2010/2016)

In addition to larger numbers of people reaching their seventies and eighties, the jump in the median age is also due to aging baby boomers. Approximately 78 million baby boomers were born between 1946 and 1964, comprising one of the largest demographic generations to date. According to the US Census Bureau, another American turns 65 every 13 seconds; approximately 10,000 baby boomers retire every day.

For both boomers and seniors overall, their interests, social influences, goals, and preferences are very different from those of previous generations and among themselves.

Consumer goods companies have traditionally focused product development on the coveted 18–49 demographic. Media companies followed suit, creating television shows and magazines that appealed to the same group.

Today, there is more diversity in products and services designed for specific demographics. Companies that target seniors in product development, package design, merchandising, store design, distribution, and marketing can significantly boost their bottom line.

With over \$2.3 trillion in disposable income, seniors are a force to be reckoned with.

# The Diverse Senior Population

The differences in preferences and spending habits among seniors become more apparent when seniors are segmented by affluence, education, employment, and lifestyle.

Esri® Tapestry™ Segmentation system recognizes the differences among seniors and classifies them into nine distinct lifestyle segments:

*Prosperous Empty Nesters:* Active, affluent married couples with no children at home, transitioning from child-rearing to retirement; found throughout the United States, with many located on each of the coasts

*Silver and Gold:* Wealthy, educated seniors retired from professional occupations, half of whose households consist of married couples who've never had children; more than 60 percent located in the South, mainly in Florida, and 25 percent in the West, primarily in California and Arizona

*Rustbelt Retirees:* Married couples, with no children, or singles content to stay put in Rustbelt industrial cities; 67 percent located in the Northeast and Midwest

*Retirement Communities:* Older, educated singles who live alone in multiunit buildings or assisted-living facilities; found mostly in cities scattered around the United States

*The Elders:* Retirees in senior communities, primarily in Florida, Arizona, and California

*Senior Sun Seekers:* Fast-growing market of retired or soon-to- retire residents in the South and West, especially in Florida

*Heartland Communities:* Small-town neighborhoods with a country lifestyle in the Midwest and South

*Simple Living:* Lower-income seniors who rent in US urban outskirts or suburbs

*Social Security Set:* Seniors subsisting on very low fixed incomes in low-rent apartments in high-rise buildings in large cities

Throughout this piece, the authors analyze purchasing behaviors of five of these segments—*Prosperous Empty Nesters*, *The Elders*, *Retirement Communities*, *Senior Sun Seekers*, and *Social Security Set*—to demonstrate the diversity of consumer behaviors among them.

## Segmentation 101

Segmentation systems operate on the theory that people with similar tastes, lifestyles, and behaviors seek and live near others with the same tastes. Their consumer behaviors—from propensity to buy specific grocery items to media consumption—can be measured, predicted, and targeted.

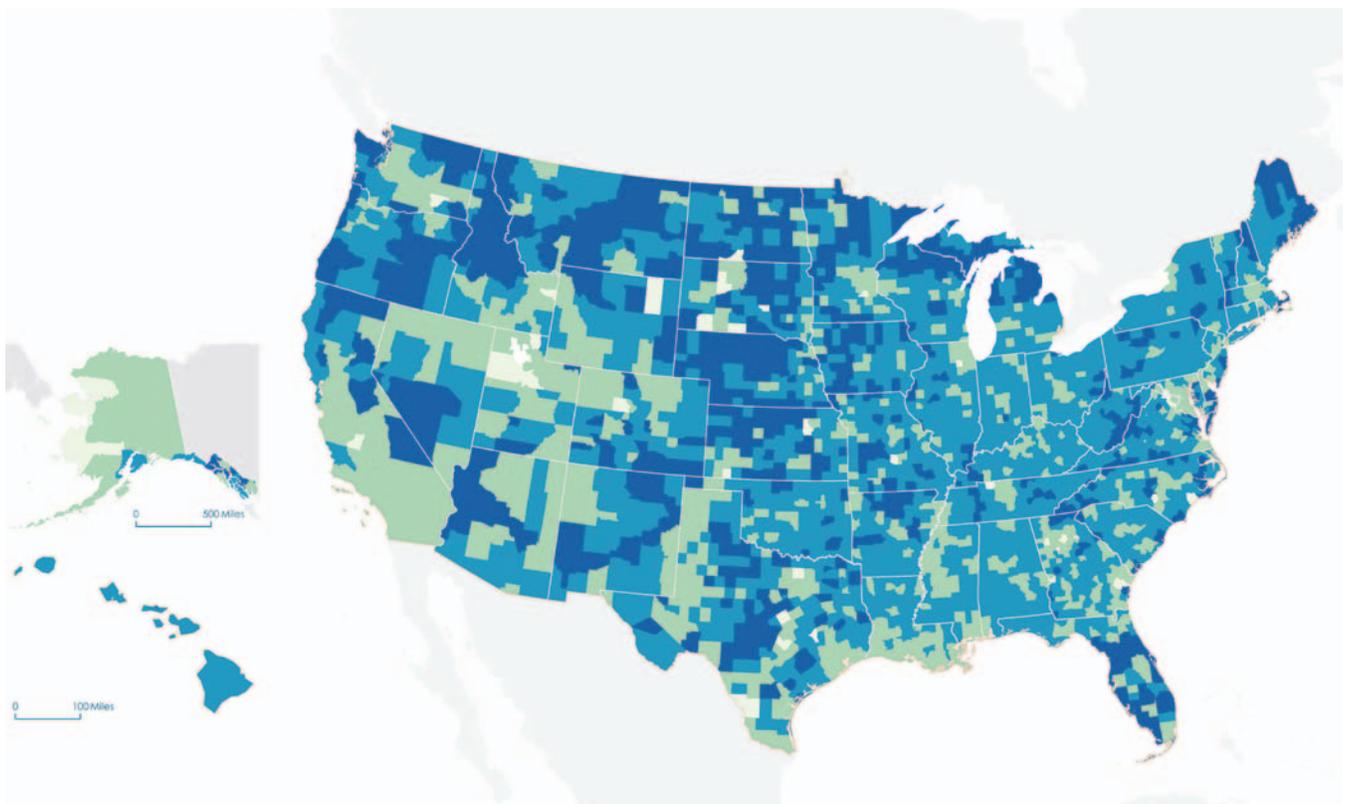
Esri's Tapestry Segmentation system combines the *who* of lifestyle demography with the *where* of local geography to create discrete neighborhood lifestyle segments with distinct consumer behaviors.

US Census data, collected every 10 years, combined with Esri's proprietary annual demographic updates, is the bedrock of the Tapestry Segmentation system. Esri also acquires and vets data on market potential, consumer spending, and media habits to give analysts and business professionals a comprehensive view of their target consumers and geographic markets.

# Where Can You Find Seniors?

They're everywhere. Historically, when people retired, some—especially those in the northeastern states—migrated to warm climates. Senior populations in states like California, Florida, Texas, and New York remain high, in part, because seniors are aging in place, either to be near children and grandchildren or because they are unable to move due to income or health reasons. Others stay put because they are working longer or perhaps never planning to retire.

The concentration of seniors tells a different story from the population, or number of seniors. There are pockets of high and low concentrations due to a variety of factors. Florida, for instance, is where many seniors relocate to enjoy their retirement years. In other areas, younger people have left to pursue opportunities elsewhere, resulting in a higher concentration of seniors.



Percent Seniors by County

- Far above average (more than 33%)
- Aelow average (25.1% to 33%)
- Below average (17.1% to 25%)
- Far below average (17% or less)

Seniors make up 25 percent of the US population. This map shows the concentration of seniors by county compared to the US average.

Source: Esri Updated Demographics (2010)

# How to Succeed with Senior Consumers

Senior consumers influence a wide variety of industry sectors because of their significant spending power. There is a real and increasingly profitable challenge for businesses to provide products and services that meet the unique needs of specific senior segments.

## Retail

As their needs and shopping habits change, seniors search for products and services that meet their evolving demands. Some retailers are catering to the seniors market with larger signage, brighter lighting, shelf inventory that is easily reached, wider aisles, and varied product selections.

Some senior segments are also becoming much more computer savvy, researching and buying products online and even taking advantage of smartphone discounts at checkout.

Localizing merchandise mix in areas with a high concentration of senior consumers will help retailers succeed with these segments.

For example, many people change their eating habits as they age, switching to high-fiber and low-sugar diets, with data showing that they buy substantially more high-fiber and sugar-free foods than the general population.

### Interpreting an Index

Throughout this document, you'll see Market Potential and Consumer Spending Indexes. They compare consumer behavior of a particular Tapestry Segment to the US national average.

For example, in the Market Potential Index: Food Preferences chart on this page, you'll see that *Prosperous Empty Nesters* index at 155 for buying high-fiber foods. The national average is always 100, so *Prosperous Empty Nesters* are 55 percent more likely to purchase high-fiber foods. Conversely, *Senior Sun Seekers* are 4 percent less likely to purchase these than the national average.

### Market Potential Index: Food Preferences

Tapestry Segment	Buy Foods Labeled as High Fiber	Buy Foods Labeled as Sugar Free
<i>Prosperous Empty Nesters</i>	155	126
<i>Retirement Communities</i>	129	105
<i>The Elders</i>	120	160
<i>Senior Sun Seekers</i>	96	106
<i>Social Security Set</i>	123	115

Source: Esri Market Potential Data

Conversely, data shows that seniors spend much less on men's and women's apparel than other consumers, representing fewer opportunities for manufacturers and retailers in this category. Seniors' income, lifestyle, and lack of need for a work wardrobe could be contributing factors.

### Consumer Spending Index: Apparel Spending

Tapestry Segment	Men's Apparel	Women's Apparel
<i>Prosperous Empty Nesters</i>	76	75
<i>Retirement Communities</i>	61	60
<i>The Elders</i>	46	49
<i>Senior Sun Seekers</i>	41	41
<i>Social Security Set</i>	28	28

Source: Esri Consumer Spending Data



# Real Estate

Developers need to determine which type of seniors they want to target, since housing requirements for seniors are as varied as seniors themselves, with needs based on affluence, age, lifestyle, and geographic location.

Tired of dealing with harsh winters and home maintenance, some seniors in colder climates migrate to warmer places or downsize when they retire and their children leave home. This migration, though, has decreased in recent years as the economy has worsened.

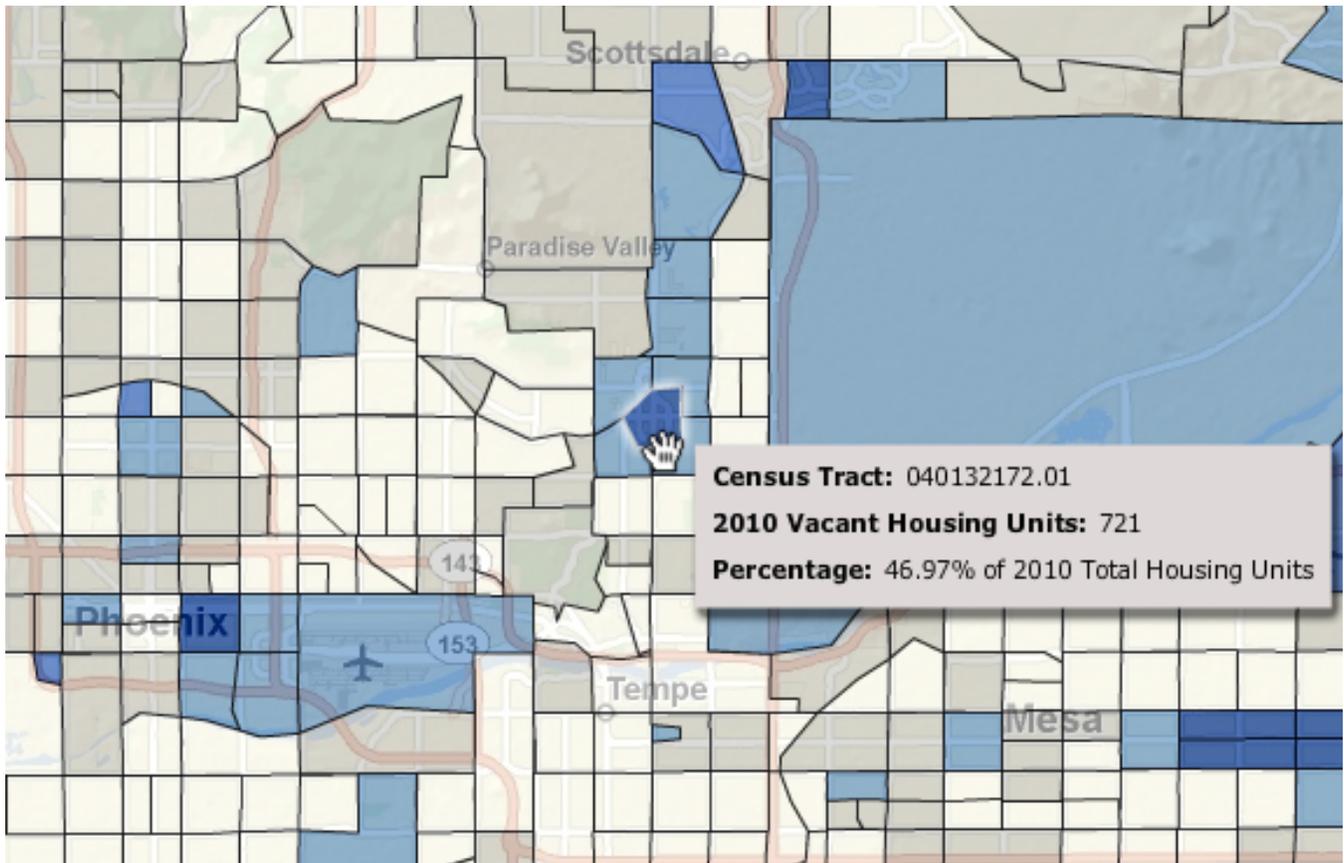
Seniors-only communities that offer amenities such as gyms, fitness programs, golf courses, bike trails, and a full roster of social activities attract many in the active senior set. Affluent seniors who like to travel may prefer the security of gated communities so they can “lock it and leave.” Others buy homes based on current or anticipated health concerns, looking for first-floor master suites, open floor plans, nonskid floors, lower counters, and wider doorways. Many seniors choose retirement communities near retail stores, golf courses, hospitals, senior centers, and medical facilities, as they prefer to have amenities close by.

Lifestyle and demographics alone, though, don’t tell the whole story. The county with the highest projected percentage increase in seniors for 2010–2016 is St. Bernard Parish, Louisiana. However, the population is comparatively small, and the home vacancy rate in 2010 was very high at 21.3 percent, which generally indicates low demand for new housing. Lingering effects of Hurricane Katrina are a contributing factor. Although Fort Bend County, Texas, has a lower projected increase in seniors than St. Bernard Parish, with a much larger senior population combined with a 4.9 percent vacancy rate, it represents better opportunity for senior housing developers.

## Counties with Highest Projected Increase in Seniors, 2010–2016

County	2016 (Projection) 55+ Population	2010–2016 55+ % Change	2010 Housing Units	2010 Vacant Units	2010 % Vacancy
St. Bernard Parish, LA	11,693	64.7%	16,794	3,573	21.3%
Geary County, KS	8,194	56.9%	14,517	1,827	12.6%
Sublette County, WY	3,660	49.5%	5,770	1,864	32.3%
Fort Bend County, TX	152,303	42.2%	197,030	9,646	4.9%
Lincoln County, SD	11,882	41.7%	17,875	1,226	6.9%

Source: Census 2010 Data and Esri Updated Demographics (2010/2016)



Some census tracts in Maricopa County have vacancy rates in excess of 55 percent. Overall, 13.9 percent of housing units in this county are vacant, compared to 11.4 percent nationally.

2010 Vacant Housing Units (Esri) by Tracts



### Does Growth in Seniors Equal Opportunity?

One of the counties with the highest increase in the senior population from 2000 to 2010 was Maricopa County, Arizona, which includes the city of Phoenix. The senior population increased 43.5 percent, from 600,081 to 860,950, compared to just a 24.2 percent increase in the overall population. The growth comes from continued migration of retirees to the area from other parts of the country as well as immigration. The area saw a 47.9 percent increase in the Hispanic population from 2000 to 2010.

Housing in Maricopa County is quite affordable for seniors, with a median home price of \$136,536 compared to the US median home price of \$157,913.

So is Maricopa County a good opportunity for developers targeting seniors? Maybe not.

In 2000, Maricopa County had 1.25 million housing units; in 2010, it had 1.6 million. About 227,696 homes, or 13.9 percent, were vacant in 2010 according to the US Census. This is up from 9.4 percent, or 117,345 homes, in 2000, due in large part to overbuilding and a high foreclosure rate.

# Interests and Activities

As people age and retire, they have more time to pursue their hobbies, which range from golf to reading books. Many expect that since seniors have more time, they read more books. Interestingly, though, they spend less on books than the US average.

However, book purchases among one segment, *Prosperous Empty Nesters*, indexes significantly higher at 125, showing that there's opportunity for publishers and retailers that understand the interests and preferences of this group.

## Consumer Spending Index: Books

Tapestry Segment	Book Purchases
<i>Prosperous Empty Nesters</i>	125
<i>Retirement Communities</i>	97
<i>The Elders</i>	83
<i>Senior Sun Seekers</i>	69
<i>Social Security Set</i>	42

Source: Esri Consumer Spending Data

Many seniors golf—much more so than the average American. It's especially popular with the *Prosperous Empty Nesters*, *Retirement Communities*, and *The Elders* segments, creating opportunities in communities with high concentrations of these populations not only for golf courses but also for stores that sell golf products such as clothing, equipment, and lessons.

## Market Potential Index: Golf

Tapestry Segment	Play Golf
<i>Prosperous Empty Nesters</i>	142
<i>Retirement Communities</i>	123
<i>The Elders</i>	166
<i>Senior Sun Seekers</i>	63
<i>Social Security Set</i>	105

Source: Esri Market Potential Data

Many seniors golf—  
much more so  
than the average  
American.

Data can also be used to reveal regional preferences and business opportunities. For example, yoga is very popular in San Juan County, Washington, indexing at 127. People aged 55 and over make up 45.7 percent of the population in that county, suggesting opportunity for yoga studios that create classes geared toward seniors and manufacturers of yoga products marketing specifically to seniors.

# Automotive/Transportation

Data shows that seniors purchase or lease vehicles less frequently than the average American. Purchasing behavior varies between senior segments, just as it varies within the total population.

## Market Potential Index: Car Lease and Purchase

Tapestry Segment	Bought or Leased Vehicle in Last 12 Months	Bought or Leased Vehicle 1–2 Years Ago
<i>Prosperous Empty Nesters</i>	103	114
<i>Retirement Communities</i>	81	83
<i>The Elders</i>	81	77
<i>Senior Sun Seekers</i>	103	110
<i>Social Security Set</i>	66	43

Source: Esri Market Potential Data

*Prosperous Empty Nesters* have relatively high incomes and therefore the means to purchase new vehicles. This segment primarily lives in established neighborhoods where most amenities are not within walking distance, so vehicles are needed. Data also shows that *Senior Sun Seekers* have lower incomes but a high propensity for taking trips that require a personal vehicle. *Social Security Set* has even lower incomes, and many live in high-rises and walk or rely on public transportation.

The fact that some seniors can no longer drive or don't want to may cause some to think that there are additional opportunities for taxi service companies. The reality, though, is that seniors overall spend less on those services than average, and in some cases much less. However, local market analysis may show areas of significant opportunity.

## Consumer Spending Index: Taxi Fare and Limousine Services

Tapestry Segment	Taxi and Limousine Spending
<i>Prosperous Empty Nesters</i>	88
<i>Retirement Communities</i>	118
<i>The Elders</i>	59
<i>Senior Sun Seekers</i>	59
<i>Social Security Set</i>	88

Source: Esri Consumer Spending Data

# Health Care

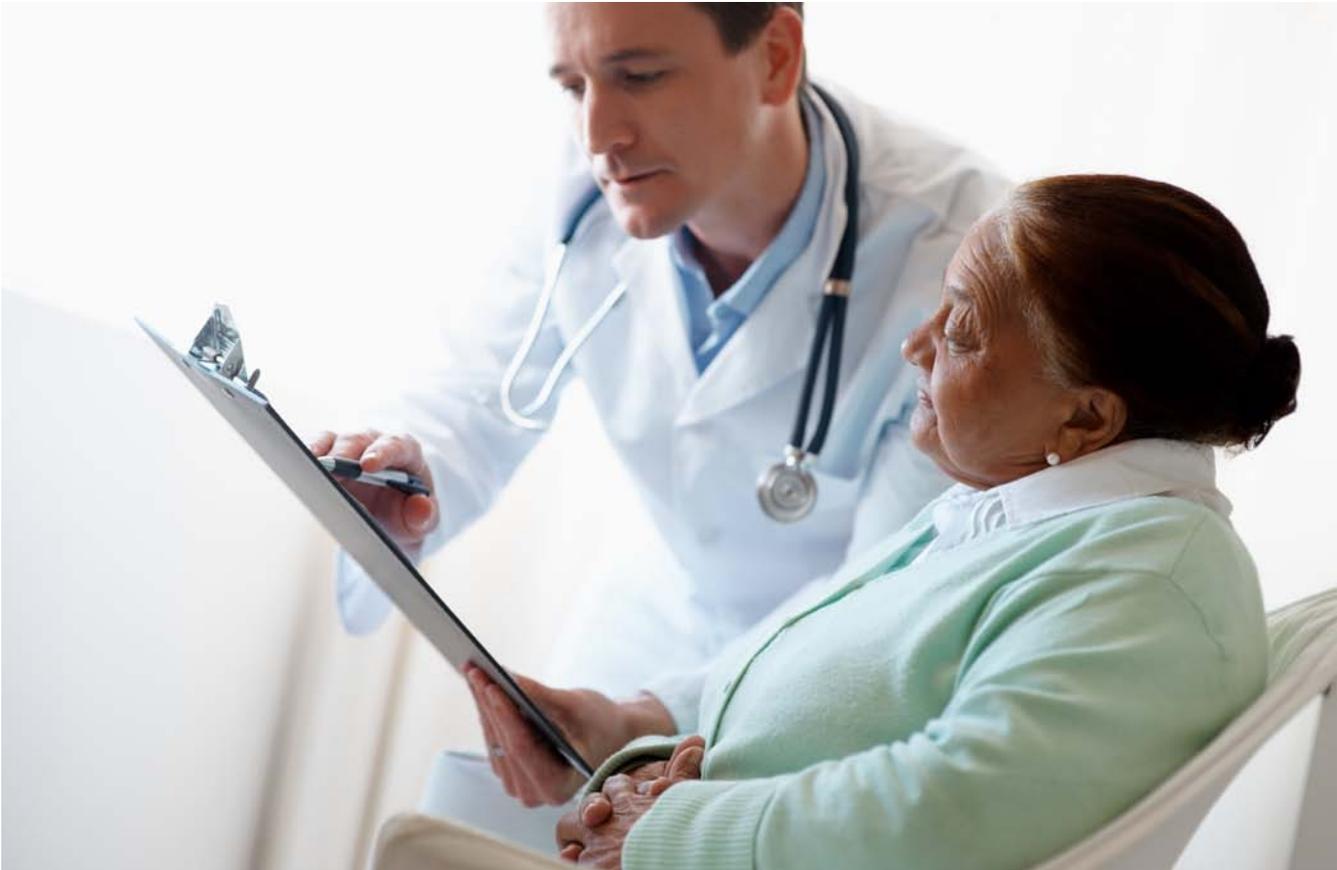
As people age and incomes decline, health care expenses are a primary concern. It's no surprise that seniors overall spend more on health care than the US average.

Yet data shows that two senior segments, *Senior Sun Seekers* and *Social Security Set*, spend less than the average American household. This is due to their lower median incomes and because many receive some sort of public assistance and therefore pay less out of pocket for medical care.

## Consumer Spending Index: Average Household Spending

Tapestry Segment	Medical Care	Index	Prescription Drugs	Index	Nonprescription Drugs	Index
<i>Prosperous Empty Nesters</i>	\$2,290	128	\$670	135	\$120	117
<i>Retirement Communities</i>	\$1,830	102	\$550	110	\$100	97
<i>The Elders</i>	\$1,960	109	\$600	120	\$110	107
<i>Senior Sun Seekers</i>	\$1,510	84	\$460	92	\$90	97
<i>Social Security Set</i>	\$820	46	\$240	48	\$50	49

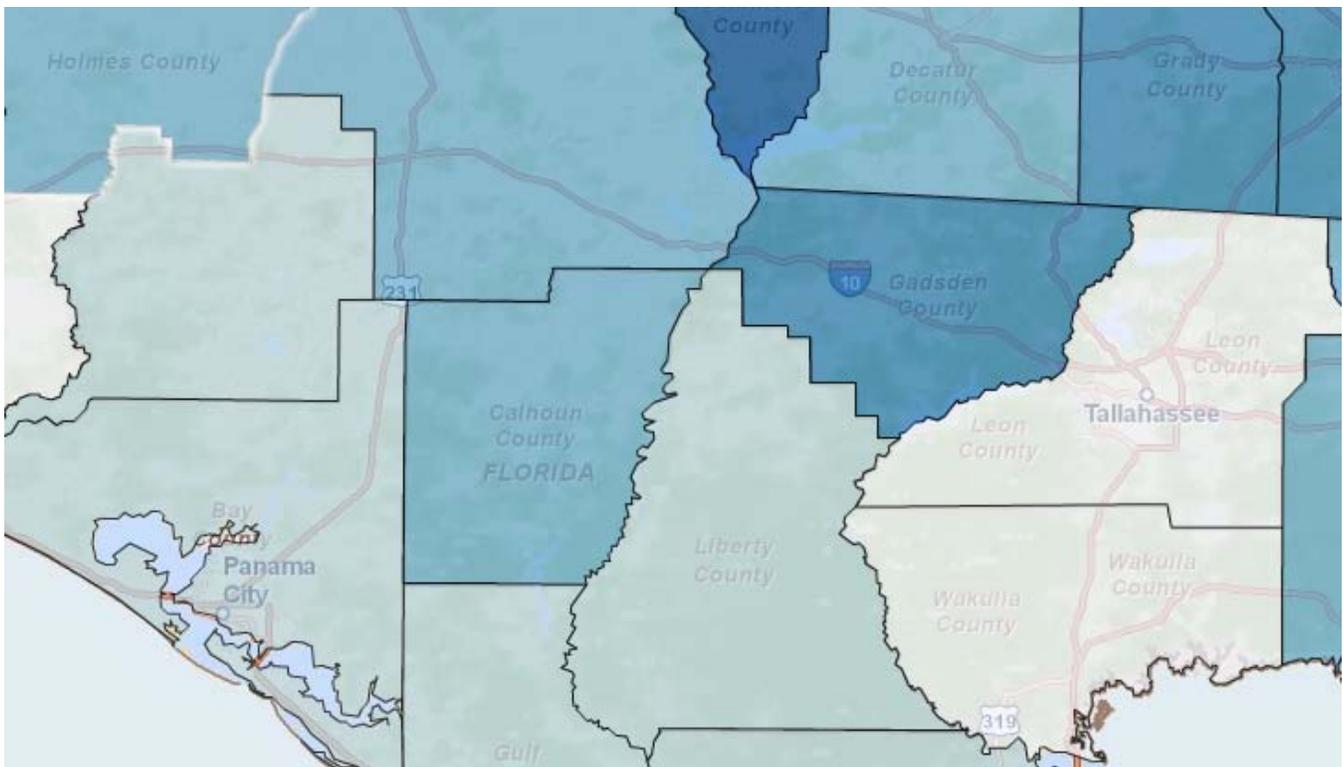
Source: Esri Consumer Spending Data



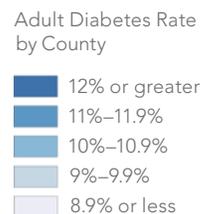
Opportunities are exploding for home health care companies as more seniors prefer to stay in their homes with assistance as long as possible. Jobs abound as these companies struggle to fill home health aide positions to keep up with demand.

With the growing senior population, there are increasing opportunities for companies that offer services such as home delivery of health care products and medical equipment, as well as in-home physical therapy, assistance with daily living, and hospice care.

### The Business of Diabetes



Source: Esri Community Analyst



The prevalence of diabetes increases as the US population ages. The American Diabetes Association reports that 8.3 percent of the US population has diabetes and that it afflicts almost 27 percent of adults aged 65 and over.

A look at the Tallahassee and Panama City, Florida, area reveals that the percentage of the total population with diabetes varies from county to county.

Analyzing this data could help a pharmacy refine priorities of where to provide in-store diabetes counseling services and information for its customers. It could also help companies selling diabetes supplies via mail to better target their customer acquisition efforts.

# Travel

Travel is part of many a retiree’s plans, with some planning to travel around the United States and the world. While this dream comes true for some seniors, it doesn’t for others due to income, health, and physical limitations. Data shows that seniors who *do* travel take a variety of trips, from family vacations to beach destinations to trips abroad.

More and more, tourism companies offer trips developed specifically for seniors. Elderhostel, for instance, focuses on providing lifelong learning adventures, and others offer seniors-only cruises or bus tours.

Ability to and interest in travel varies greatly by senior segment. With a median age of 73.2, *The Elders* is the oldest of Esri’s Tapestry segments. With a relatively low median income of \$42,293 but a high median net worth of \$186,098, they have the financial resources to travel both domestically and internationally—which they do at a higher rate than any other senior segment.

## Market Potential Index: Travel

Tapestry Segment	Domestic Travel in Last 12 Months	Foreign Travel in Last 3 Years	Took Cruise in Last 3 Years
<i>Prosperous Empty Nesters</i>	127	125	154
<i>Retirement Communities</i>	105	119	118
<i>The Elders</i>	121	145	269
<i>Senior Sun Seekers</i>	80	72	117
<i>Social Security Set</i>	87	67	89

Source: Esri Market Potential Data

Data in the table above shows that cruises are popular with many in the senior set. While some companies offer cruises that cater specifically to seniors, others offer trips that appeal to multiple generations so seniors can vacation with their children and grandchildren.

The amount that seniors actually spend on travel, in general, is lower than that of the average US household. This is likely due to the smaller household size compared to the average population (2.15 versus 2.59). *Prosperous Empty Nesters*, who have the highest income of the senior segments analyzed here, are the exception.

### Consumer Spending: Travel

Tapestry Segment	Average \$\$ per Household per Year	Index vs. US Household Average
<i>Prosperous Empty Nesters</i>	\$2,400	127
<i>Retirement Communities</i>	\$ 1,780	94
<i>The Elders</i>	\$ 1,720	91
<i>Senior Sun Seekers</i>	\$ 1,310	69
<i>Social Security Set</i>	\$ 720	38

Source: Esri Consumer Spending Data



# Banking/Finance/Insurance

Financial security is critical at all stages of life but even more so as people age. Figures show that, overall, saving has not kept pace with aging, and many seniors—especially boomers just now aging into these segments—are worried that they will outlive their savings. Others continue working long past traditional retirement age for the income and for employer-provided health insurance, which they may not be able to afford on their own.

More recently, many seniors have lost crucial retirement savings due to the stock market downturn or lost equity in their homes. With less time to save and recover from market downturns, many will have to manage with lower-than-planned income after retirement.

Data shows that compared with the average US household, today's seniors will rely more on individual retirement accounts (IRAs) to fund retirement than on 401(k)s.

## Market Potential Index: Savings

Tapestry Segment	Have 401(k) Savings Plan	Have IRA Retirement Savings
<i>Prosperous Empty Nesters</i>	147	163
<i>Retirement Communities</i>	78	113
<i>The Elders</i>	50	178
<i>Senior Sun Seekers</i>	70	99
<i>Social Security Set</i>	87	110

Source: Esri Market Potential Data

Among seniors, banking habits vary. All are much more likely than the US average to bank in person. Although use of online banking by seniors is increasing, many seniors don't have access, don't know how, don't trust the security of online services, or just prefer the personal service found in a bank.

## Market Potential Index: Banking

Tapestry Segment	Banked in Person in Last 12 Months	Banked over Internet in Last 12 Months
<i>Prosperous Empty Nesters</i>	116	124
<i>Retirement Communities</i>	106	92
<i>The Elders</i>	132	71
<i>Senior Sun Seekers</i>	110	46
<i>Social Security Set</i>	103	66

Source: Esri Market Potential Data

Today's seniors will rely more on IRAs to fund retirement than on 401(k)s.



Seniors are also more likely to carry life and medical insurance. However, given the nature of the product, high indexes for carrying life insurance don't necessarily reflect an increased propensity for seniors to buy life insurance. Yet one provider specifically targets middle- to low-income seniors with the promise of not leaving loved ones responsible for final expenses. By understanding the customer segment and personal motivation, the provider has homed in on a unique opportunity.

#### Market Potential Index: Insurance

Tapestry Segment	Have Medical/Hospital/Accident Insurance	Currently Carry Any Life Insurance
<i>Prosperous Empty Nesters</i>	113	125
<i>Retirement Communities</i>	105	102
<i>The Elders</i>	121	99
<i>Senior Sun Seekers</i>	102	104
<i>Social Security Set</i>	101	82

Source: Esri Market Potential Data



## Conclusion

“Seniors” represents a large and diverse consumer market that will continue to grow. It has previously been underserved and has significant wealth and money to spend. In the past, product manufacturers have focused on trendy products to catch the eye of young consumers while creating one-size-fits-all solutions for seniors. But seniors aren’t just one group.

Knowing the customer is key to success with seniors, just as it is to the population overall. Assumptions aren’t always reality; analyzing data to gain insight into senior segments and their needs, preferences, and purchasing behavior can create a competitive advantage. Linking location to market potential, consumer spending, and consumer behavior data enables companies to localize merchandise and service offerings and better target their marketing to appeal to specific seniors segments.

Companies that address seniors as discrete segments with unique needs can gain a competitive advantage that positions them for success in this growing and increasingly profitable market.

## About the Data

Esri, the world leader in geographic information systems (GIS), helps organizations worldwide use geographic, demographic, and market potential data to drive more informed decisions.

Esri's data development team has a 30-year history of excellence in market intelligence, combining the expertise of economists, statisticians, demographers, geographers, and analysts. The team develops datasets, including demographic updates, Tapestry Segmentation, consumer spending, market potential, and Retail MarketPlace, that are now industry standards.

## Other Resources

*Trend analysis:* A discussion of economic trends supported by housing, income, and employment data

[esri.com/demographictrends](https://esri.com/demographictrends)

*Demographic, Consumer, and Business Data:* Information about how Esri's demographic, lifestyle segmentation, consumer spending, and business data help businesses profile customers, analyze markets, evaluate competitors, and identify opportunities

[esri.com/data](https://esri.com/data)

*Tapestry Segmentation:* Classifies US residential neighborhoods into 65 unique market segments based on socioeconomic and demographic characteristics to help businesses understand and segment consumer lifestyles and lifestages

[esri.com/tapestry](https://esri.com/tapestry)

*Esri Business Analyst™:* Enables analysis of demographic and business data in report or detailed, custom map formats

[esri.com/ba](https://esri.com/ba)

*Esri Community Analyst:* Web-based service for analyzing demographic, community health, and crime data

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Esri inspires and enables people to positively impact their future through a deeper, geographic understanding of the changing world around them.

Governments, industry leaders, academics, and nongovernmental organizations trust us to connect them with the analytic knowledge they need to make the critical decisions that shape the planet. For more than 40 years, Esri has cultivated collaborative relationships with partners who share our commitment to solving earth's most pressing challenges with geographic expertise and rational resolve. Today, we believe that geography is at the heart of a more resilient and sustainable future. Creating responsible products and solutions drives our passion for improving quality of life everywhere.



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