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Retailing to the “grey pound”: Understanding the food shopping habits and preferences of consumers over 50 in Scotland

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ABSTRACT

The number of older people is growing globally and therefore there is an implication for providing products and services to facilitate access to nutritious food, considered fundamental for maintaining health and independence. Historically, older consumers have been unattractive to marketers, however improved finances and lifestyles indicate the “grey pound” has the potential to become lucrative. This exploratory research seeks to identify the current expectation of Scottish older consumers in relation to the products and services available in the supermarket and food retailers. A questionnaire was distributed to participants aged over 50 years in Scotland to voice the opinion of the older consumer in relation to shopping experience and availability of product. The results support previous research indicating the improved lifestyles of older consumers, demonstrating that previous perceptions of older people as impoverished and immobile are not representative of this group. This study contributes to the demand for more information on older consumers’ food shopping habits and preference in Scotland. It attempts to provide useful recommendations for supermarkets and food retailers in fulfilling the needs of this rising consumer segment. This research concludes that supermarkets could improve access to both products and services to meet the demand from this growing segment of society, through better understanding of their requirements in terms of customer service, shopping experience, product size, price, access and mobility.

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1. Introduction

The global ageing population is well reported within the media and academia (Szmigin and Carrigan, 2001; Myers and Lumbers, 2008; Thompson and Thompson, 2009; United Nations Population Fund and Help Age International, 2012; Age UK, 2013). It is anticipated that the number of older people globally will rise to 2 billion by 2050 (WHO, 2012). It has been recognised that the age structure of the UK population will become older. By 2035 it is projected there will be 4 million more people aged 65+ than under 16s (Rutherford, 2012). The number of British households where the lead person is over 50 has increased by over one million since 2008 (ONS, 2012). This phenomenon is also reflected in the majority of the European countries (EURAGE, 2011). It is expected that the population of 18–34 year olds (the marketers’ main target group) in Europe

will fall by 20 per cent over the next 25 years, whilst the over 50 s age group will grow by 36 per cent (Commission of the European Community, 2005). Although, the impact of ageing will be much greater in Europe, in comparison to the United States (e.g., Moschis et al., 2011; Perry and Wolburg, 2011; Robinson et al., 2003), European business and academics have been slower in investigating this phenomenon (Thompson and Thompson, 2009).

The UK’s Department of Business and Innovation Skills (2010) observes that because of the ageing population, businesses should prepare for older people’s changing consumption patterns and adapt their products and services according to their needs. Providing useful information about the older population is beneficial for both private and public interests, both socially and economically (Moschis et al., 2011). A handful of studies that were undertaken to understand older customers’ food shopping habits and preferences in the UK, were established in England (e.g., Pei and Yin, 2011; Myers and Lumbers, 2008; Thompson et al., 2011), Northern Ireland (Meneely et al., 2008; 2009a; 2009b) and Wales (Welsh Consumer Council, 2006). Therefore, it is relevant for this study to investigate the shopping habits and preferences of older consumers in Scotland and

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provide recommendations on how supermarkets and food retailers can cater for this rising consumer segment.

Scotland is the region which faces a larger increase in the number of people aged 65 and over. Between 2004 and 2031 the number of people aged 50 and over in Scotland is projected to rise by 28% and the number aged 75 and over is projected to increase by 75 per cent (The Scottish Government, 2007). The results of Scotland's National Census in 2011 reported that at 5.3 million, the population of Scotland has reached its peak. Nevertheless, despite the increase in the general population, the number of older people has increased. This trend is likely to continue, with an anticipated increase of 63 per cent in the number of people aged 65 or over by 2035 (National Records of Scotland, 2012). Hence the outcome of this study can be used to improve the retail marketing strategy of supermarkets and food retailers in Scotland in terms of fulfilling the needs and requirements of older consumers.

Little research has been undertaken to understand older consumers' food shopping experience in supermarkets and food retailers (Lumbers and Raats, 2006; Pei and Yin, 2011; Meneely et al., 2008, 2009a, 2009b). The reason for this phenomenon could be that older consumers are often seen as unattractive prospects for marketers (Hare et al., 2001), but the diversity of older consumers may include 8.3 per cent of the poorest members of society, as well as 6.4 per cent of the richest (IFS, 2008). In addition, this new generation of older people often enjoy improved health and are less impoverished due to better financial planning (Hare, 2003; Oates et al., 1996; Sorce et al., 1989; Myers and Lumbers, 2008; Carrigan et al., 2004; Brennan and Ritch, 2010). Furthermore, older customers also set aside a larger budget for their groceries than other shoppers and they have become the most important consumer group (Sudbury and Simcock, 2009; Moschis et al., 2004). Therefore, older customers are a prominent target group for supermarkets and food retailers. By using the perspective of Scottish older consumers, this study can contribute to the discussion about the shopping habits and preferences of older consumers when shopping in supermarkets and food retailers. It specifically evaluates Scottish older consumers' preference in terms of customer service, shopping experience, product size, price, access and mobility offered by food retailers. This paper is structured as follows: a literature review, research methods, research results and discussion with reference to relevant literature. This is followed by a summary of the findings, managerial implications, research limitations and further research.

2. Literature review

2.1. The misconception about the "grey pound"

This study uses the lower age parameter of 50 to define older consumers because this is the starting point for many age-related services offered to older consumers (Sudbury and Simcock, 2009). Older people are often excluded from products and services in many sectors through age and physical discrimination (Hare et al., 2001). The marketing and advertising community is transfixed by the under 50s (Ahmad, 2002; Bouchez, 2009a, 2009b; Thompson and Thompson, 2009; Myers and Lumbers, 2008). Consumers between 18 and 49 years old are attractive to the marketers because they are considered as individuals who are making changes, trying new products and spending their money (Robinson et al., 2003). On the other hand, society often perceives older people as lonely, unable to change and living in poverty (Leventhal, 1997; Johnson-Hillery et al., 1997). These images of "decrepitude and diminished worth" are demeaning and devalue older people (Carrigan et al., 2004, p. 204). Furthermore, older people are perceived to suffer from "ageism", through ineligibility to access many products and services and from stereotyping (Hare et al., 2001).

However, despite the scepticism that older consumers are unattractive markets, recent research has found that the "Baby Boomers", born between 1946 and 1964, are afraid of getting older, financially and physically and make more effort than the previous generation to remain youthful (Hill, 2007). In addition, the balance of power is changing through increased private pensions and improved lifestyles (Myers and Lumbers, 2008; Carrigan et al., 2004; Hare, 2003; Szmigin and Carrigan, 2001; Oates et al., 1996; Sorce et al., 1989). Moreover, the frugality of older people is diminishing and those consumers considered the "late baby boomers", born between 1951 and 1960, have been described as the "wanting it all generation" and are confident consumers (Myers and Lumbers, 2008, p. 296). Consumers in this segment consider themselves as more active and fitter than their parents were at the same age and also perceive themselves as a decade younger than their actual age (Myers and Lumbers, 2008). Studies in the United States (Mathur et al., 2006; Sudbury, 2004) confirm that older consumers perceive themselves to be at least ten years younger than their actual age. Upon turning 50, many consumers who still consider themselves in their prime are dismayed, even insulted to discover that they are on the mailing list of a magazine which is aimed at older people (Perry and Wolburg, 2011). Another study reports that when older consumers are portrayed in advertisements, many see themselves depicted as socially inactive and unproductive or otherwise stereotyped (Kohlbacher et al., 2011). These findings indicate that today's older consumers see themselves to be more active, productive and youthful. Therefore, in the main these consumers should be considered as a prominent consumer segment.

Historically, older consumers were not considered lucrative due to their limited budget (Lumbers and Raats, 2006; Szmigin and Carrigan, 2001) as well as not being a sexy segment (Szmigin and Carrigan, 2001). However, it should be recognised that older people do not have the financial commitments of dependent children and a mortgage, resulting in a higher disposable income (Oates et al., 1996; Myers and Lumbers, 2008). A study by ONS found that 80 per cent of the private financial wealth in the UK is held by the over 50s. The disposable income of consumers over 50 has reached £290 billion. This shows a 25% increase since the economic recession began. This increase is significantly high in comparison to consumers below the age of 50 who have only experienced a 2% increase in their disposable income (ONS, 2012). According to Reizenwitz and Iyer (2007), the older consumer segment is sophisticated and has money to spend and does not hesitate to spend it. In addition, there is some evidence to suggest that people get married and have children later than previous generations. Thus, consumers are not necessarily "empty nesters" at the age of 50 and that those aged 50 and over are not always settled (Silvers 1997; Myers and Lumbers, 2008). This evidence shows that older customers have differing needs and lifestyles (Moschis et al., 2004; Szmigin and Carrigan, 2001; Dychtwald, 1997; WHO, 1999; Sorce et al., 1989). Therefore, it is noted that older consumers will soon become the most important consumer group in the UK in terms of retail spending (Myers and Lumbers, 2008).

Age UK (2010), a charity which focuses on the well-being of older people, is promoting the "grey pound" as an important consumer group, asking companies and retailers to provide for this growing segment which could reap substantial financial gains. It is recognised that the contribution of older people is increasingly important and that older people should remain as independent as possible (Raynes et al., 2006).

2.2. The loyalty of "grey pound" consumers

Consumers over 50 do not only have more stable lifestyles, they also spend the longest time in the 50 plus segment, some 30 years

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