



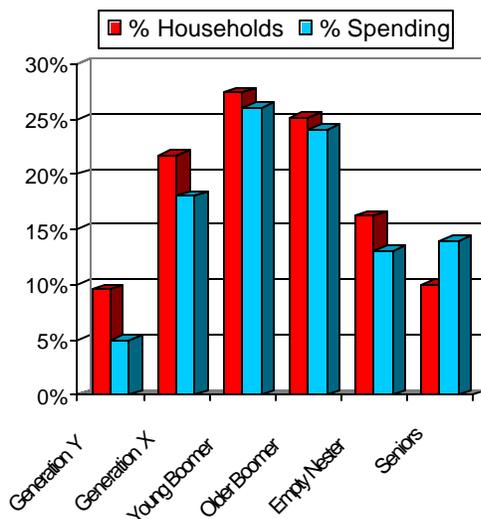
# Business

Ideas for Expanding Retail and Services in Your Community

## Consumer Spending by Age Group

American households spend \$4 trillion a year according to the latest figures from the 2000 Consumer Expenditure Survey. This equals approximately \$38,000 per household. However, the demographic composition of each household helps determine exactly how much is spent and for what products and services.

Often the age of the person who rents or owns the home (the householder) can indicate how that household spends its money. Summarized below are descriptions of six age categories of householders as reported in a recent consumer spending special report published in *American Demographics*.\*



### Generation Y

Householders born between 1977 and 1994 (average age of 21) represent 9.5% of the market. This segment looks small, but is really much larger as most of this group still lives at home. Generation Y spending priorities are related to education, personal appearance and fun. About 90% of those living away from home are renters, so the home is not a spending priority. The following is a sample of some of the spending priorities in this age category. An index of spending (relative to a U.S. average of 100) is also provided.

Education	329
Rented Dwellings	304

Apparel, children under two	200
Footwear	178
Alcoholic beverages	170
Cars and trucks, used	147
Apparel, men 16 and over	144
Tobacco and smoking supplies	138
Television, radios, sound equip	131
Vehicle purchases (not outlay)	130
Other apparel product/services	129
Food away from home	125
Maintenance and repairs	125
Gasoline and motor oil	124
Furniture	120
Telephone services	113
Apparel, women 16 and over	113
Cars and trucks, new	112
Vehicle finance charges	111

### Generation X

Householders born between 1965 and 1976 (average age of 30) represent 21.7% of the market. This segment is characterized by new careers launched and families started. Their spending priorities are more serious than those of Generation Y and are diffused among food, housing and transportation. As their lifestyles are busy, this segment spends significantly more than others on personal services such as domestic help and babysitting. They are also big spenders on their kids.

Apparel, children under two	200
Personal services	178
Rented dwellings	170
Apparel, boys 2 to 15	133
Apparel, girls 2 to 15	133
Household operations	122
Cars and trucks, used	121
Furniture	120
Vehicle purchases (not outlay)	118
Cars and trucks, new	112
Pensions, Social Security	112
Footwear	111
Transportation	110
Alcoholic beverages	110

### The Younger Boomers

Householders born between 1956 and 1965 (average age of 40) represent 27.4% of the market. They spend a larger portion of their budget on their homes

and kids. Most householders now own their home instead of rent. They often devote a portion of their budget to diversions outside the home to keep their growing families busy.

Other vehicles	200
Apparel, girls 2 to 15	167
Mortgage interest and charges	138
Apparel, boys 2 to 15	133
Personal services	133
Pensions, Social Security	118
Owned dwellings	117
Fees and admissions	114
Tobacco products	113
Entertainment	112
Household operations	111
Pets, toys, playground equip	111
Apparel, women and girls	111
Furniture	110
Equipment and services	110

### The Older Boomers

Householders born between 1946 and 1955 (average age of 49) represent 25.1% of the market. These householders are interested in upgrading their home, getting the kids out of the house, and going on vacation. While they are saving money for retirement, they also are also paying a large amount toward their children's college expenses.

Housewares	150
Education	147
Other lodging	123
Life insurance, other insurance	120
Personal insurance, pensions	118
Pensions, Social Security	118
Apparel, women 16 and over	113
Mortgage interest and charges	112
Apparel, men 16 and over	111
Apparel, women and girls	111
Vehicle insurance	110

### The Empty Nesters

Householders born between 1936 and 1945 (average age of 59) represent 16.2% of the market. These are the best financial years for many as many of their kids are out of college and health costs have not increased that significantly. With mortgages being paid off, these consumers often spend more on insurance, upgrading furniture, new appliances and automobiles.

Laundry and cleaning supplies	167
Housewares	150
Life insurance, other insurance	150
Miscellaneous household equip	137
Postage and stationery	133
Other lodging	131
Other Entert. supplies, services	130

Drugs	127
Cars and trucks, new	126
Fresh fruit	125
Reading	125
Property taxes	123
Major appliances	120
Medical services	120
Health care	119
Public transportation	118
Household furnishings/equip	117
Housekeeping supplies	115
Tobacco products	113
Health insurance	112
Personal insurance/pensions	111

### The Seniors

Householders born 1935 and earlier (average age of 75) represent 10% of the market. While fixed incomes often mean tighter budgets, these consumers spend money maintaining what they have already accumulated. As they spend more time at home, they also spend more on food-at-home. Health care costs such as drugs, health insurance, medical services and supplies are also significantly more.

Drugs	282
Health insurance	235
Health care	226
Cash contributions	223
Other household expenses	189
Postage and stationery	167
Medical services and supplies	167
Fresh fruit and vegetables	150
Reading	150
Property taxes	147
Life insurance, other insurance	140
Household operations	139
Fresh milk and cream	133
Sugar and other sweets	133
Laundry and cleaning supplies	133
Utilities, fuel, other services	128
Public transportation	127
Cereal and cereal products	125
Bakery products	125

Analysts can use age of householders as a starting point in the study of local demographics and consumer demand. Differences among communities can help explain why certain types of businesses are supported in one community but not another. However, age is only one demographic attribute. Income, employment, education and other market characteristics should also be considered.

Source: "The Power of the Purse," supplement to *American Demographics*, July/August 2002.

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