

Shape of things to come

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THE age-old saying is that the future belongs to the young. However, in terms of new potential markets, the business sector ought to consider changing demographics, in nation and state, because the future for the merchants of goods and services may very well be with the old.

Recent figures from the U.S. Census Bureau reveal that, as a population, we are getting older. In the latest census, taken in 1980, the median age (half above, half below) for the nation was 30 years. In Rhode Island, we stood at 31.7, making us the third oldest population in the country. In 1986, census samples of the population indicate that the nation's median age has climbed to 31.7, while Rhode Island has increased to 33.2, now sixth oldest in the country.

In the period from 1980 to 1986, considering movement into and out of the Northeast region, there was a total out-migration of about 386,000. The population increase of 1.8 percent for the northeast during this time, compared to the national rate of 6.4 percent, resulted from births exceeding deaths and out-migration. Since migrants tend to be a younger population, out-migration from the region leaves behind a proportionately older population.

An increasing median age also means an increasing number of older persons, now numbering more than one in every five Americans. Since this "mature population is so large and covers such a long age range, demographers have subdivided

them into four categories: "older," ages 55 to 64; "elderly," 65 to 74; "aged," 75 to 84; and the fastest growing segment of all, the "very old," — 85 and more. This last group will more than double its current 3 million in the next 30 years.

The U.S. Bureau of Labor recently released a study of spending habits of the population for 1984, and the data for this mature population were analyzed in a Dow Jones publication.

The "older" mature population tends to be different, because its members are often still working and have two incomes, whereas the other mature members are usually retired and living on fixed incomes. Thus, overall, the mature population household has an income only 82 percent of the average income of all households, but the "older" household income is 10 percent higher than the national average.

Incomes may be lower, but the mature household has assets some 30 percent higher than the average household, with only the "very old" below the national average. Further, the mature have 20 percent higher-valued homes than the average and save a higher proportion of their income than the younger population.

With average lower incomes, the mature household generally spends less than the average household, but this is not always the case. Being old and having special needs, i.e., keeping warm, having medical problems, requiring medicines, etc., the mature spend more on fuels, utilities, public services, health care, personal care (women more than men), newspapers and, surprisingly, contribute more than the average to

charities and religious and political organizations.

Household size for the mature is also smaller, at 2.1 persons per household, as compared with the national average of 2.6. This is a result of their children having left the nest of the "early" mature population and the death of a spouse in the "late" mature group. This explains, in part, why 55 percent of American households consist of only one or two persons.

It must also be remembered that the future elderly, i.e., the baby boomers currently aged 25 to 40, will dramatically increase the numbers, as well as likely be better educated, have at least two retiree incomes, have better health, live longer and be concerned with quality of life.

Basing its actions on the present large size of the mature population that numbers 52 million, a segment of which is in a better position to buy goods to satisfy their needs than the average population; with more of the mature having above average assets, and with the large increase expected from the baby boomers in another 15 years, the business community would be well advised to find out more about this population — how it relates to the goods and services they need and what businesses can do to satisfy those needs and desires.

The numbers of the mature population already have an impact on the market and future numbers will have an even greater impact. Will the business community be ready?

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