

Older consumers in the community shopping centre: small baskets, but very full

The huge significance of the aging consumer in convenience shopping centres in the Netherlands

The effects of greying are described on a regular basis and so is the impact it will have on retail. Research agency Q&A wrote in 2016 that the higher the proportion of over 65s in a community, the greater the fall in volumes and turnover (Source: Q&A, 2016). And on the basis of a recent survey ABN AMRO estimates that greying could cost Dutch retailers 2% in turnover in the next ten years (Source: ABN AMRO, 2022). This is apparently because senior citizens expect to have less spending power.

I frequently visit the convenience shopping centres in the Altera Retail portfolio and the impression I get is different. What I see is indeed a lot of older consumers, who have – and also take – much more time for their visit to their community shopping centre. In the Netherlands, the visit to the community shopping centre is shifting from being a necessary evil to a social event, as the shopping expedition can be combined with a cup of coffee at the sandwich shop or a chat with a local. This means that the visits become more frequent as the consumer gets older. Only youngsters visit the community shopping centre almost as frequently. However, this is generally schoolkids who go there for a sandwich, a cake or a can of energy drink during their lunch break.

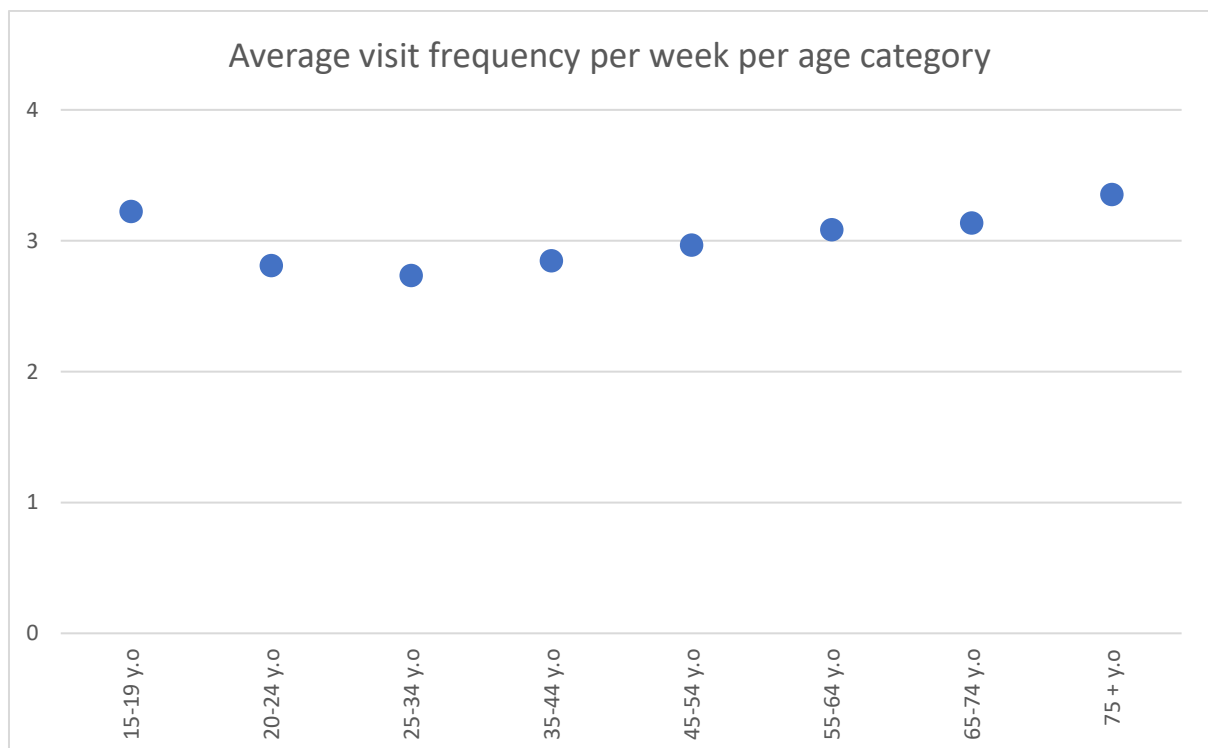


Figure 1. Average visit frequency per week per age category (Source: Strabo 2023, based on a survey of Altera convenience shopping centres in the Netherlands)

Of course, a higher visit frequency does not say anything about the older consumer's spending behaviour; as is so often alleged, the baskets are not particularly full. However, if we want to draw conclusions on the spending behaviour or the impact on turnover, it is important to consider who those items in the shopping basket are for. For instance, someone of around 35 might well be able to spend more than someone of 75 but is probably doing the shopping for the whole family. So on balance, it is possible that the 75-year-old consumer spends more per person in the household than the 35-year-old.

On the basis of data obtained from the regular consumer surveys that research agency Strabo conducts on our behalf at our convenience shopping centres, Strabo has established what the spending behaviour per person in the households is. The data from around 5,000 respondents at a total of 15 convenience shopping centres was amalgamated and analysed. The heads of roughly 28% of these households are over 65, which is virtually the same as the average in the Netherlands (29%; source: CBS 2022).

To calculate the average spending per person in a household, the spending of each of the age categories is adjusted to allow for the average size of the age category in question, based on data from CBS (source: CBS, 2022). It emerges from the calculation that as from the age category 35-44 the older the consumer is, the higher the spending per person in a household (Figure 2). So the smaller baskets of the older consumer are indeed being undervalued, the reason being their higher visit frequency and the smaller size of their household. In fact, older consumers are very valuable for the turnover of a community shopping centre.

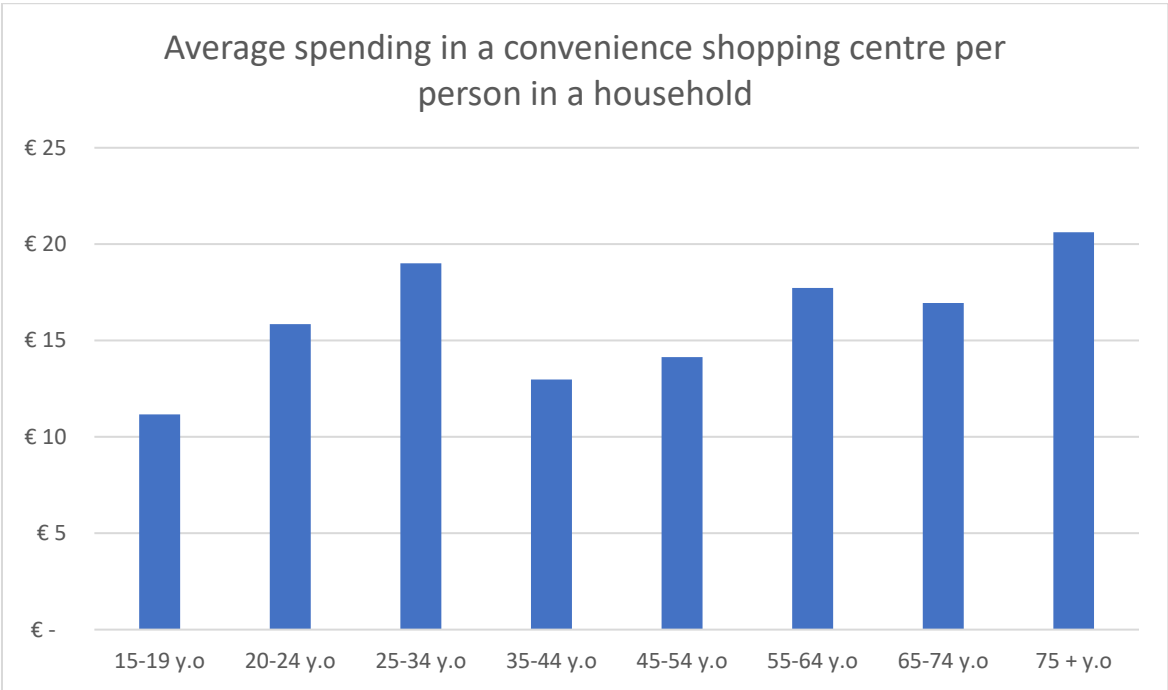


Figure 2. Average spending in a convenience shopping centre per person in a household per age category (Source: Strabo 2023, based on surveys of Altera convenience shopping centres in the Netherlands and by CBS)

When we look more specifically at the spending behaviour of visitors to convenience shopping centres, we see that age also plays a part in choosing what amount to spend at what shop. It is very clear that the older the consumer, the more is spent in fresh food stores. Age has a slightly negative effect on spending at drug stores and perfumeries, however. With the exception of over 75s, who actually spend more than the average there. For supermarkets there is no discernible link between age and average spending.

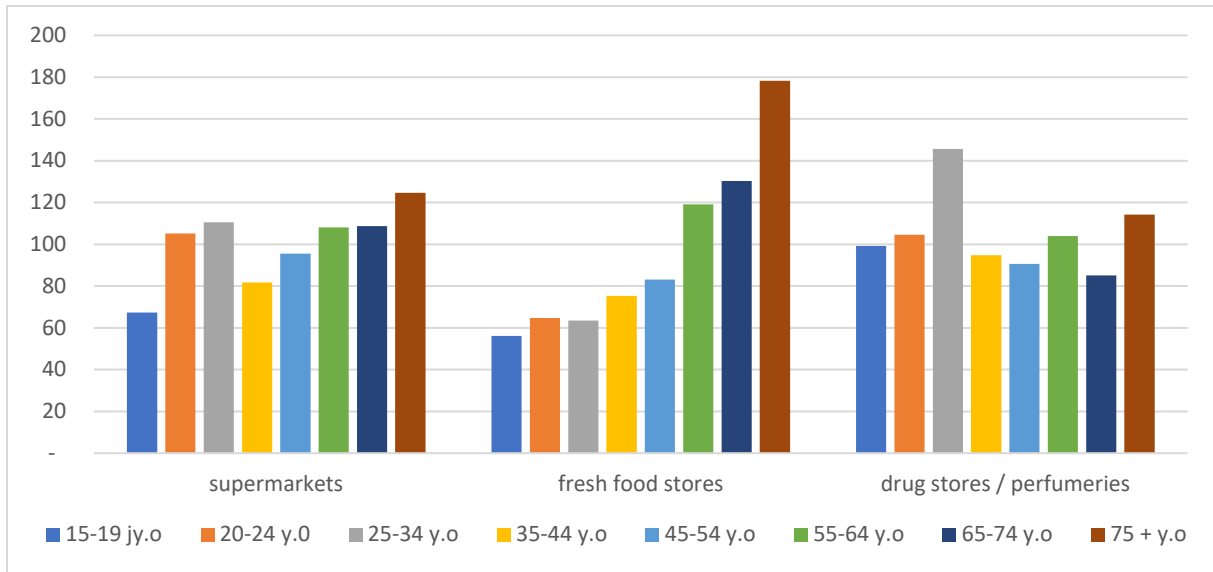


Figure 3. Indexed spending per person in a convenience shopping centre per age category (Source: Strabo 2023, based on surveys of Altera convenience shopping centres in the Netherlands and by CBS)

It emerges from the Strabo surveys that greying is not necessarily a threat to convenience shopping centres in the Netherlands; in fact, it offers potential for turnover growth. According to Strabo it is, however, important that where there is greying in a catchment area, the convenience shopping centre is well prepared for the needs of older consumers. They need to be able to continue visiting the community shopping centre with ease, so accessibility (rollator friendly) and initiatives such as neighbourhood buses and taxis and adequate toilet facilities become more important. For that reason, we at Altera are giving it priority.