Encore consumption: Investigating trends in the apparel expenditures of older consumers in the United States

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Abstract:

Employment among workers aged 65+ has increased considerably since the 1990s, and by 2020, older individuals will account for approximately 25% of U.S. workers (Hayutin et al., 2013). Despite controlling large amounts of disposable income, a mere 10–15% of all advertising dollars are aimed at older consumers (Brady, 2013). This research investigated the effect of employment on older consumers' expenditures. Results indicated that older consumers' annual expenditures have increased over time, and employment impacted consumption levels. The study contributed to the understanding of a largely untapped consumer segment, and added to the body of knowledge by examining apparel-specific consumption by older consumers.

Keywords: Encore consumption | Older consumers | Apparel

Article:

1. Introduction

The percentage of older individuals employed beyond retirement age (65+) has increased considerably since the late 1990s. The general population in the United States experienced a 59% increase in employment between 1977 and 2007, whereas the increase for those 65+ was a staggering 101% (Bureau of Labor Statistics, 2008b). Employment of older workers has been facilitated by higher life expectancy and better health, resulting in older individuals engaging in "encore careers," defined as "purpose driven work in the second half of life" (Freedman and Segal, 2008, p. 4). According to US News, expectations of retirement income sources are changing: 65% of individuals polled stated that they expected to derive income from a job while in retirement (Brandon, 2014). In fact, researchers have found that 50% of those nearing retirement were considering embarking on an encore career after age 65 (Freedman and Segal, 2008). Therefore, the present study investigates if workers aged 65+ who are engaging in encore careers are also engaging in consumption after retirement, which is defined here as “encore consumption”.

The vast increases in encore careers are set to expand further, as 74.9 million Baby Boomers will enter retirement age at a rate of 10,000 individuals per day between 2010 and 2030 (Cohn and Taylor, 2010, Fry, 2016). Increases in the size of the older population due to aging Baby Boomers, coupled with interest among this demographic in post-retirement employment are likely to lead to a dramatic shift in the U.S. workforce. In fact, by 2024, the labor force participation rate of Americans aged 65–74 is projected at 32%, comprising 8% of all workers (Drake, 2014).

Greater participation in the workforce has paralleled increases in the income of older consumers (Searcey and Gebeloff, 2015). In 2009, households comprised of older individuals had 47 times more assets than younger households, with home equity comprising a significant component of this metric (Fry et al., 2011). Nielsen research indicated that older consumers control 70% of the disposable income in the United States, though a mere 10–15% of all advertising dollars are aimed at this demographic (Brady, 2013). Despite the burgeoning size and significant spending capacity of the older population in the United States, retailers prefer to focus on younger consumers, fearing they will be seen as an "aging" brand if they target older generations (Lockwood, 2014). This lack of focus on older consumers is particularly notable in the apparel industry, where fashion is often associated with the "new and young" (Lockwood, 2014, p. 4).

There is limited coverage of older consumers’ apparel consumption and older consumers’ behavior (Seo and Fiore, 2016) available in the extant literature. Most studies are limited to fit and quality issues perceived by older consumers (Felsted and Cohen, 2013; Shim and Bickle, 1993). Previous research has revealed that fit is paramount to older consumers’ decision to purchase apparel items (Thomas and Peters, 2009).

The few existing studies on older consumers’ income and consumption patterns reveal conflicting findings. Jackson (1992) found that income positively impacts apparel consumption; however, this study was over 20 years old and does not reflect the consumption levels of aging Baby Boomers. Jackson's (1992) findings are mirrored by other researchers’ results (Fadiga et al., 2005; Mumel and Prodnick, 2005) that indicate that apparel consumption increases with employment. Therefore, as older consumers increasingly take on encore careers, it is possible that this consumer segment could maintain or increase work-related apparel expenditures.

Foster (2016) stated that apparel is thought of as a "work-related expense," where consumption decreases as consumers move from employment to retirement (Foster, 2016, para. 8). Foster's (2016) findings indicated that expenditures on apparel traditionally decrease with age, however, this particular study only analyzed data over the period of one year. A study by Lee et al. (2014) indicated that there was large variation among older consumers in the amount spent on apparel; however, the study did not report employment status. Due to these studies’ conflicting findings, it is important to understand what differential impact age and employment have had on older consumers’ apparel expenditures.

Whether in retirement or in an encore career, older consumers will continue to control a large proportion of U.S. disposable income. Thus, it is essential to understand the consumption behavior of this large demographic and how it has been impacted by increases in employment. Apparel retailers could utilize this information to develop market expansion strategies (Armstrong and Kotler, 2013) to prepare for growth in the age 65+ workforce. Companies could target critical products and offer increased assortments to this consumer group, in order to gain strategic advantage in the marketplace (Levy and Weitz, 2012). Therefore, the purpose of the current research is to investigate trends in expenditures among older U.S. consumers in three age categories: ages 55–65, 65–75, and 75+, to further understand the potential impact of continued employment in this segment. Although this study primarily refers to ages 65+, we include the age range of 55–65, as these individuals are nearing retirement age. In addition, we report the expenditures of younger consumers in order to highlight the contrast between older and younger consumer expenditures, and to shine a light on any disparities between marketing focus and actual consumption dollars. As marketers, it is important to view trends pertaining to older workers and consumers within the larger U.S. consumer landscape. This research will contribute to the understanding of the consumption habits of the important older consumer demographic within specific categories, and will inform a larger study to aid retailers in developing targeted products to benefit older consumers.

2. Literature review

2.1. Older workers

2.1.1. Growth in numbers

According to the U.S. Department of Labor Statistics, “older workers” are defined as those aged 65+. The employment of these workers has been increasing drastically over the last three decades. The U.S. Bureau of Labor Statistics reports that between 1977 and 2007, participation of older adults in the labor force realized dramatic increases, with the employment of men aged 65+ growing over 75%, while that of women aged 65+ increased 147% (Bureau of Labor Statistics, 2008b). In addition, the rates of full-time employment of those aged 65+ have surpassed that of part-time (Bureau of Labor Statistics, 2008b). This segment's increasing employment numbers will have a direct impact on the U.S. economy, as the age 65+ demographic group will comprise one-quarter of the total workforce by 2020 (Hayutin et al., 2013).

2.1.2. Drivers of growth

Increased employment of older workers has been facilitated by greater life expectancy and better overall health. According to the U.S. Census Bureau, workers 65+ retiring in 2014 can expect an extra 5.3 years of life expectancy compared to workers retiring 10 years prior and an additional 8.5 years of life compared to those retiring 20 years prior (U.S. Census Bureau, 2011). The U.S. Social Security Administration (SSA) has been adapting their policies to reflect the fact that Americans are living and working longer. The current retirement age for U.S. workers is 66, and is gradually being adjusted to 67; however, individuals can receive 93.3% of their benefits at age 65 (SSA, 2016). While some workers are still choosing to retire from the workforce at a “traditional” retirement age of 66 (U.S. Social Security Administration), there is a movement towards "encore careers," or careers after retirement (Dalton, 2014). In fact, two-thirds of workers polled stated that they expect some form of income derived from employment during their retired years (Brandon, 2014).

2.1.3. Employment sectors

Older workers are employed in a variety of fields. The MetLife Foundation's Encore Career Survey found that older workers are employed in fields such as education, health care, government, non-profits, and for-profit businesses (Freedman and Segal, 2008). The current population survey confirms this trend, with 38% of those aged 55 and over working in education and health services followed by 13% in wholesale and retail trade (Bureau of Labor Statistics, 2015).

2.1.4. Benefits of continued employment

Researchers extol the benefits of encore careers (Freedman and Segal, 2008; Unsun and Richardson, 2012), and Islele (2013) calls older entrepreneurs the "new engines of a new economy" (p. 1). New community support has emerged for encore career seekers (Goggin, 2009), and both the American Association of Retired Persons (AARP) and the U.S. Small Business Association (SBA) provide resources for older workers looking for employment (Dalton, 2014, Selzter, 2012). Unson and Richardson (2013) noted the benefit of economic growth that comes from furthering employment beyond retirement age, and older workers gain in the form of greater life satisfaction (Freedman and Segal, 2008). In a qualitative study of older workers in the U.S. and New Zealand, Unson and Richardson (2013) found that the top reasons older workers were motivated to enter encore employment were satisfaction, learning, financial security, self-esteem, interpersonal needs, and helping others. In their study of generational consumers, Eastman and Liu (2012, p. 94) observed that Baby Boomers’ career motivation is driven by “self-fulfillment and personal growth,” in addition to finances. Freedman and Segal (2008) found that one-third of respondents aged 65+ reported the need for continued income and health benefits as the primary drive for a longer career life.

2.2. Older consumers

2.2.1. Market

It is anticipated that older consumers will constitute one-fifth of the total population in the United States by 2050, and this segment possesses a large portion of total wealth and discretionary income (Lee et al., 2012). Still, older consumers currently represent an underserved market (Greco, 1986, Lockwood, 2014), as retailers assume that these consumers purchase less clothing on average than other potential customers. Retailers' dismissal of older demographics may be misguided; however, since these consumers have less price hesitation than other consumers (Lumpkin and Greenberg, 1982) and are willing to purchase from—and pay higher prices to—a retailer that specifically targets their needs (Kozar and Damhorst, 2008; Gelb, 1980, as cited in Tongren (1988)).

Kim et al. (2007) observed that older consumers would emerge as a major market force, as they have characteristics including wealth, education, and savvy for technology. The authors noted that the "New Elderly" (p. 316) would radically break the stereotype of older consumers as being resistant to change, gullible, and introverted. Instead, these consumers would exhibit an extroverted lifestyle, and would seek out experiential retailers and service providers (Kim et al., 2007). Older consumers now seek out retail venues that provide lifestyle experiences and convenience, and they consume products to promote health and youth. Since these consumers have put off major life events such as getting married and starting a family, they may even consume non-traditional products that relate to children (Kim et al., 2007).

However, there is still some empirical support for retailers overlooking older consumers. Economists suggest that income and expenditures follow a concave pattern over a person's life cycle, peaking around age 45, and then begin to decline (Gourinchas and Parker, 2002). Although some evidence suggests that expenditures decrease as consumers get older, some research has found the opposite. Jackson (1992) found a direct correlation between age and apparel expenditures, in that as age increased, so did older consumers' apparel purchases. Foster (2016) indicated that the amount that those 55–64 spent on clothing was not significantly different from those aged 65–74. These conflicting studies suggest the need for additional investigation to clarify older consumers' opinions, needs, and consumption habits in the US market.

2.2.2. Needs

There is a significant difference between what older consumers want from retail and what retail managers think they want (Lumpkin and Hite, 1982; Pearson, 2017). Older consumers reported dissatisfaction with apparel products offered to their age group, citing issues such as lack of proper fit, retailer misunderstanding of age appropriate merchandise, and lack of fashionable styles (Birtwistle and Tsim, 2005, Felsted and Cohen, 2013; Shim and Bickle, 1993). Additionally, Seo and Fiore (2016) found that the physical retail environment was not meeting the needs of older consumers. The researchers found that fitting rooms lacking in universal design features caused stress for older consumers.

2.2.3. Expenditures

It is likely that increasing rates of employment will influence levels of clothing consumption for older workers, as researchers have shown that employment is related to increased apparel expenditures (Fadiga et al., 2005; Mumel and Prodnick, 2005). Fadiga et al. (2005) analyzed spending patterns of Americans from 1990 to 1999, and found that employment led to increased expenditures on women's apparel, but did not impact apparel consumption for men. Mumel and Prodnick (2005) segmented older apparel consumers in Eastern Europe based on their active or retired employment status. The researchers found that those who were employed and socially active spent more on clothing per month and had higher frequencies of apparel purchases, although these differences were not tested for statistical significance.

2.2.4. Income

Older consumers have not been immune to economic and social events that have occurred during the period 1997–2014, and these occurrences have contributed to the current status of consumption. The National Retail Federation states that in the early 1990's, consumers in the United States witnessed the explosion of the number of tech companies, along with the launch of Amazon in 1994, which set the foundation for today's domination of the retail market by Internet players (Shultz, 2011). Political and financial uncertainty also increased with fear of Y2K computer meltdowns, along with contested Presidential elections in 2000 (Shultz, 2011), and consumers reacted by retracting their spending. The 9/11 terrorist attacks and resulting market collapse of 2001, and the 2008 Recession further exacerbated consumer fears, as large portions of the U.S. population witnessed their savings and home equity disappear rapidly (Shultz, 2011). This series of events severely curtailed consumers' spending patterns, as they thought about retirement and maintenance of wealth. Political instability, such as the 2013 government shutdown and 2016 Presidential elections, continued to influence the post-recession consumer. In 2013, a survey by the National Retail Federation discovered that one-third of consumers would change their spending habits (Thorne, 2013), while in January 2017, the organization reminded members that governmental instability and policy decisions had the potential to impact consumer confidence (NRF, 2017).

Older individuals may face barriers to increased income from employment. The U.S. Bureau of Labor Statistics reported that labor force participation for individuals aged 65+ increased, while all other age categories decreased during 2010 (Bureau of Labor Statistics, 2010). However, older workers experienced an age bias in terms of wages. It was estimated that employed older workers make 87% of the median earnings compared to those aged 16 and older (Bureau of Labor Statistics, 2008a). In addition, older consumers' income possibilities seem to have been severely curtailed by the effects of the 2007–2009 economic recession. Johnson (2009) illustrated how older workers were adversely affected by the recession, as they realized losses to both their employment and the value of retirement savings accounts. However, this age cohort did have some durability of wealth through maintenance of home equity (Fry et al., 2011). As the present study investigates older consumers who were entering retirement during the period 1997–2014, it is important to consider that these events may have had adverse impacts on older consumers' encore consumption.

2.2.5. Motivations

Appearance is an essential tool in communicating one's role in the society (Wicklund and Gollwitzer, 1981), and researchers have noted the importance of identity in older women's clothing choices (Birtwistle and Tsim, 2005, Peters et al., 2011, Thomas and Peters, 2009). Thomas and Peters (2009) investigated influences of self-concept on older workers' apparel consumption and found that consumers based purchases on physical attributes, but were also influenced by family, peer groups, and co-workers. A respondent stated that she used clothing "to effectively communicate that she is a member of an executive board" (Thomas and Peters, 2009, p. 1033). Thus, increasing rates of employment may influence the apparel expenditures of older consumers, due to the use of clothing in communicating professional and economic status. Belleau et al. (1994) found that 66% of surveyed older individuals agreed that clothing should indicate one's social and economic position. Therefore, it is possible that clothing expenditures will be influenced by the new roles that older workers take on in their encore careers.

2.3. Growth opportunities

There is a strong indication that encore careers will become increasingly important as Baby Boomers enter retirement, since those in this generational segment highly identify with work, and have the health and well-being to continue an active lifestyle (Trowbridge, 2015). Studies have indicated that Baby Boomers have the willingness to spend at retail, the income to fuel their motivations, and have been more insulated to financial market instability compared to other generations (Lee et al., 2014). Despite this, many brands have indicated unwillingness to consider this generational cohort as a serious and attractive consumer base, and have not taken steps to tailor products to older consumers' needs. The resulting marketplace void has much potential for first-mover retailers who are seeking a largely untapped consumer arena. Brands that seize upon this opportunity would develop a loyal base of older consumers attracted to products tailored to their needs. In order to construct effective strategies, retailers need to develop a clearer understanding of shifts in older workers' consumption habits and employment since the mid-1990s, which marks the beginnings of the Boomer retirement cycle and increases in older worker employment. In addition, brands need to delve deeper into the wants and needs of older consumers. Therefore, we propose the following research questions:

RQ1: What are the trends in older consumers' annual expenditures compared to other age groups between 1997 and 2014?

RQ2: What are the trends in older consumers' annual expenditures of apparel products compared to other age groups between 1997 and 2014?

RQ3: How is employment of older workers related to annual expenditures of apparel since 1997?

RQ4: How is older workers' income related to annual expenditures of apparel since 1997?

3. Method

3.1. Sample

Secondary data from the Bureau of Labor Statistic's (BLS) Consumer Expenditures Survey (CEX) was used to address the research questions. The BLS reports expenditure data from a nationally representative sample of 6900 U.S. households each quarter, resulting in reports of annual expenditures from 27,600 households each year. The BLS targets the U.S. civilian non-institutionalized population by drawing a sample from the U.S. Census Bureau's Master Address file from the 2010 census (BLS, 2016).

3.2. Instrument and procedure

The BLS reports data on expenditures based on two instruments: an interview survey and a diary survey. The interview survey data are collected through four in-person and telephone interviews occurring every three months over five quarters. In the interview survey, information is collected on demographics, income, employment, and the purchase of durable goods. An additional sample of households fills out the diary survey: a weekly survey of all purchases made for two weeks. The diary survey captures the expenditures on smaller goods such as food, beverages, and personal care products. The BLS integrates data from the two surveys.

3.3. Data used in the current survey

Variables from the integrated secondary data set of the CEX that were explored for the current study included total expenditures and total apparel expenditures and expenditures for women's apparel, men's apparel, footwear, and apparel gifts. The BLS defines apparel gifts as apparel that is bought for persons outside of the household unit, such as gifts of clothing for grandchildren. Income after taxes and employment, operationalized as the number of earners per household, were also explored in relation to expenditures. Healthcare expenditures and size of the household unit were included as covariates.

Historical expenditures were analyzed from 1997 to 2014. The initial year of 1997 was chosen, as this represents the time during which employment rates among U.S. older workers began to rise significantly. Since the late 1990s, employment rates have risen exponentially among older workers, and this trend has continued through 2014, the latest year for which data is available. Thus, the 17-year period examined in this study was deemed appropriate to capture the complete phenomenon of rising employment rates among older workers in recent years.

Expenditures were divided into three age groups of older consumers: 55–64, 65–74, and 75 and older. Additional age groups of younger consumers were included in the analyses so that the expenditure trends of older consumers could be viewed against those of younger consumers. All age groups were based on those reported by the BLS for consumer expenditures. The BLS reports the age of the household unit as that of "the person, or one of the persons, who owns or rents the home" (Foster, 2016, para. 2). Age 55 was chosen as the lower boundary of older consumers based on the age when older workers begin to enter encore careers ("Encore.org," n.d.). In addition, these age ranges addressed the significant baby boomer demographic. As boomers enter an age bracket, that bracket experiences a 20-year swell in population (Hayutin et al., 2013). Therefore, the most significant impacts on both older persons' employment and apparel consumption will likely be seen as the boomers move into the older age categories. As of 2016, baby boomers were between the ages of 52 and 71 (Becton et al., 2014); therefore, the chosen age ranges will largely capture the effect of the baby boomers as they enter the 55–64 age bracket in 1998 and fully comprise it by the latest release of the consumer expenditures survey in 2014.

3.4. Data analyses

After adjusting for inflation, linear regression models were fit to the data, addressing research questions one through four. Data were checked for potential violations of the assumptions of regression, including autocorrelation among residuals, which can be problematic for time series data because residual error terms tend to be correlated over time. The Durbin-Watson statistic was used to test for the presence of autocorrelation. If the test statistic indicated issues with autocorrelation or if residual plots indicated violations of homoscedasticity, Newey-West estimates (1987) of the covariance matrix were used in the regression analyses to guard against the errors that occur with these assumption violations.

4. Results

4.1. Annual expenditures

With regards to RQ1, “What are the trends in older consumers’ annual expenditures compared to other age groups between 1997 and 2014,” the time series data revealed a significant upward trend in the overall expenditures of consumers aged 65–74 ($b=435$, $t=7.09$, $p<.000$) and those aged 75 and older ($b=337$, $t=9.39$, $p<.000$) since 1997. No other age group exhibited a significant increasing linear trend over the time period (RQ1). A significant quadratic trend was seen in the expenditures of those aged 55–64 ($F[2,15]=17.09$, $p<.000$). Expenditures for this age group peaked in 2007, and then declined through 2014. On average across the seventeen years, the 45–54 age group had the highest expenditures, followed by the 35–44, 55–64, 25–34, 65–74, 75+, and under 25 age groups. Although, on average, older consumers had lower overall expenditures than younger consumers, expenditures for consumers aged 65+ were on the rise over the time period. The 65–74 age group exhibited a significant upward trend in expenditures between 1997 and 2014; however, these increases were largely due to the rising costs of healthcare. When healthcare was included as a covariate, the increasing trends in expenditures were no longer significant for this age group. However, this was not the case for the upward trend in expenditures seen for those 75 and older. The positive trend in expenditures was still significant after controlling for healthcare expenditures.

4.2. Apparel expenditures

Addressing RQ2, “What are the trends in older consumers’ annual expenditures of apparel products compared to other age groups between 1997 and 2014,” all age groups, except those aged 75 and older, exhibited a significant downward trend in total apparel expenditures between 1997 and 2014 ($p<.001$). This is not unexpected given the significant downward pressure on apparel prices that occurred due to the phase-out of the Multi-Fiber Arrangement starting in 1995, which increased the flow of low-cost imported apparel into the U.S. (Kunz and Garner, 2016). However, total apparel expenditures declined less steeply for those aged 55–64 and 65–74. No significant downward trends were found for consumers 75 and over (Table 1).

4.2.1. Women’s apparel

A similar downward trend in women's apparel expenditures was seen between 1997 and 2014 (Fig. 1). These negative trends were significant for all age groups but those in the under 25 ($b=-7.61$, $t=-1.50$, $p>.05$) and over 75 ($b=-4.01$, $t=-1.19$, $p>.05$) age ranges. Consumers aged 45–54 saw the greatest declines in women's apparel expenditures since 1997 ($b=-30.82$, $t=-7.16$, $p<.000$), followed by consumers aged 55–65 ($b=-16.80$, $t=-4.30$, $p<.000$), 35–44 ($b=-20.72$, $t=-4.17$, $p<.000$), and 25–34 ($b=-14.23$, $t=-3.99$, $p<.001$). Those aged 65–74 saw the lowest significant declines in women's apparel expenditures over the period ($b=-4.01$, $t=-4.01$, $p<.001$). Focusing on the total dollar amount of expenditures on women's apparel in 2014, consumers aged 65–74 outspent all consumers under age 44 in this category.

Table 1. Regression estimates for total apparel expenditures over time (1997-2014).

Apparel Expenditures	Age	*F*-ratio	Estimate (*b*)	*t*-value
	Under 25	11.52	-22.47	-3.39**
	25-34	91.95	-57.15	-9.59***
	35-44	89.13	-57.24	-9.44***
	45-54	91.68	-73.82	-9.58***
	55-64	50.37	-45.89	-7.10***
	65-74	33.31	-25.68	-5.77***
	75 and over	4.01	-13.13	-2.00

** < .001.
*** < .000.

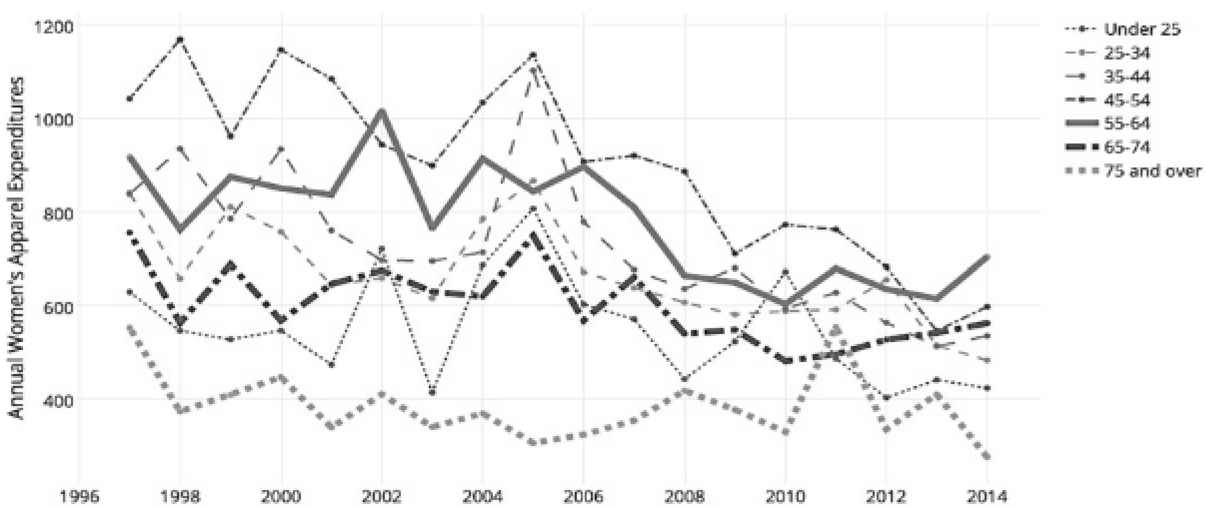

Fig. 1. Trends in women’s apparel expenditures by age group.

4.2.2. Men’s apparel

The most significant declines in men's apparel expenditures were seen for the 25–54 year old age groups. Consumers in the age range of 45–54 saw the greatest decreases (b=-30.82, t=−7.16, p<.000) with household expenditures of men's apparel declining from $662.65 (1.01% of total expenditures) in 1997 to $432.18 (.67% of total expenditures) in 2014. Men's apparel expenditures also declined significantly for those aged 25–34 (b=-11.98, t=−6.20, p<.000), and 35–44 (b=-8.08, t=−5.02, p<.000). Decreases in men's apparel expenditures were also seen for consumers aged 55–64 (b=-7.66, t=−4.13, p<.000) and 65–74 (b=-9.66, t=−3.31, p<.001);

however, these declines were less steep than for consumers aged 25–54. Significant downward trends were not indicated for those under age 25 (b=-4.96, t=−3.14, p>.05) nor for those aged 75 and over (b=-1.95, t=−2.15, p>.05). These trends have caused the disparity between high and low expenditures on men's apparel to become much smaller over time. The difference between the highest and lowest expenditures in 1997 was $489.65, but $332.23 in 2014. By 2014, consumers aged 55–64 had the second highest expenditures on men's clothing with average annual spending amounting to $370.44. Although consumers aged 65–74 had lower average expenditures on men's apparel than most other age categories in 2014 ($244.02), these levels were on par with those seen for younger consumers under age 25 (Fig. 2).

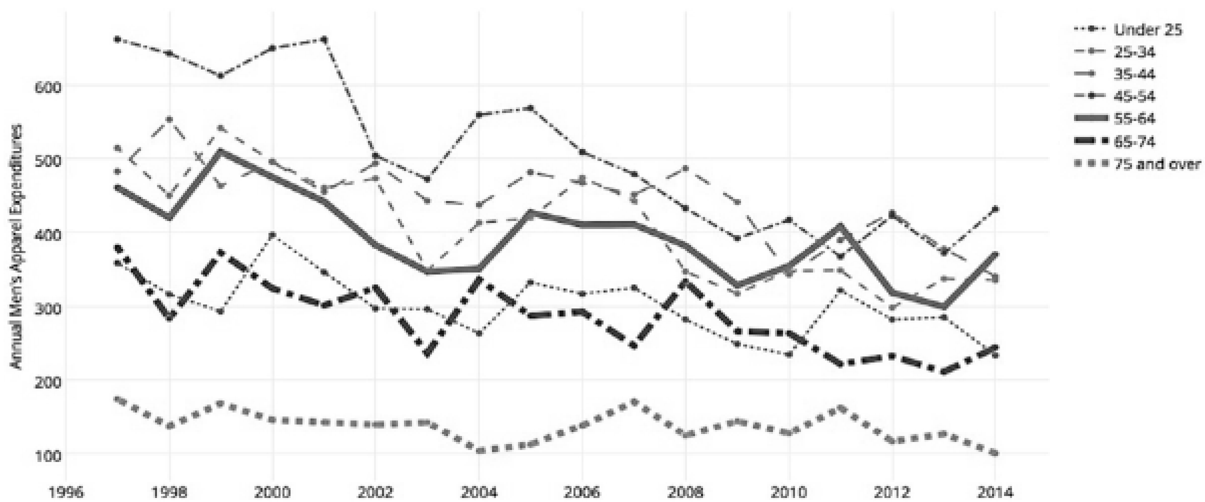

Fig. 2. Trends in men’s apparel expenditures by age group.

4.2.3. Footwear

Footwear expenditures for those aged 65–74 (b=-4.21, t=−2.23, p>.05) and 75 and over (b=-.81, t=−.56, p>.05) did not significantly decline between 1997 and 2014. There were also no downward trends indicated for those consumers aged 25 and under (b=-4.76, t=−1.91, p>.05). Footwear expenditures did decline for those aged 25–34 (b=-9.84, t=−5.17, p<.000), 35–44, (b=-6.07, t=−4.20, p<.000), 45–54 (b=-6.52, t=−3.47, p<.001), and those aged 55–64 (b=-8.19, t=−4.00, p<.001) (Fig. 3). In 2014, older consumers spent less overall on footwear than those aged 25–54.

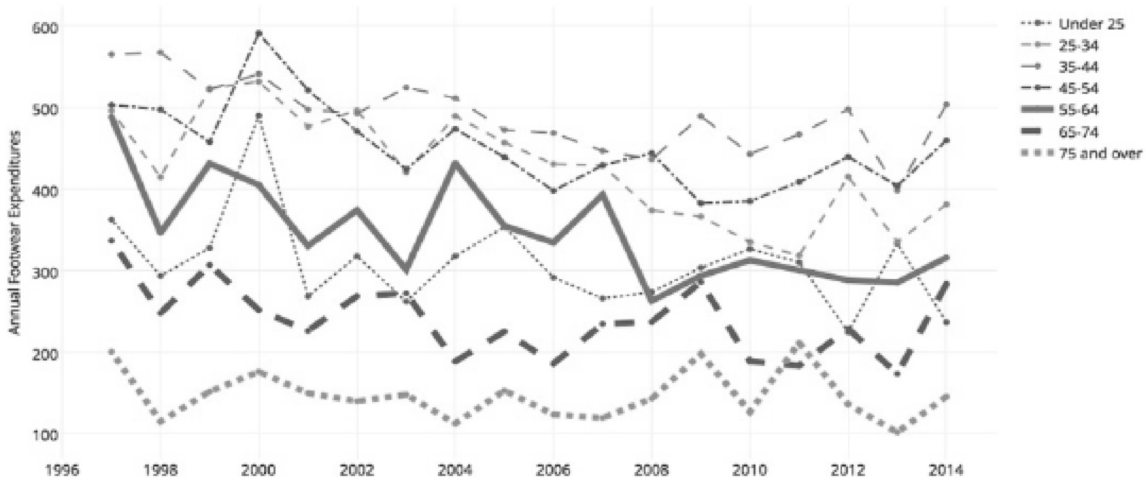

Fig. 3. Trends in footwear expenditures by age group.

4.2.4. Apparel gifts

Expenditures on apparel gifts declined over time for all age groups, except for those aged 75 and over (Fig. 4). These decreasing trends were the most significant for the 25–34 (b=-8.25, t=−4.92, p<.000) and 65–74 (b=-7.04, t=−4.13, p<.000) year old age groups. Apparel gift expenditures for those aged 75 and over were relatively stable across the period of study (b=-1.41, t=−.80, p>.05). In 2014, consumers aged 55–74 had the highest expenditures on apparel gifts.

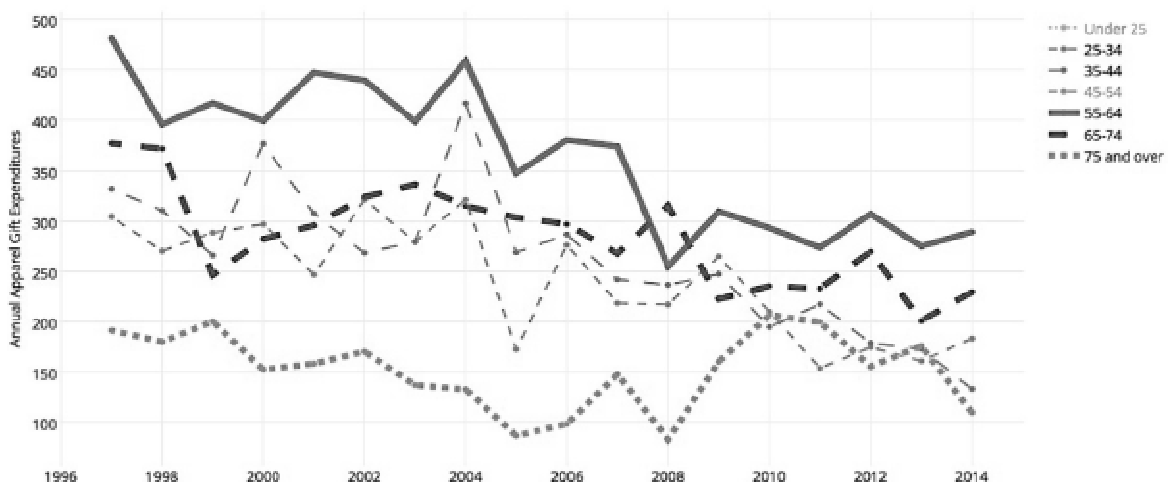

Fig. 4. Trends in apparel gift expenditures by age group.

4.2.5. Employment, income, and expenditures

Focusing on the age groups (65–75 and over) that currently overlap with the SSA's definition of retirement age, income and employment (operationalized as number of earners in the household) were regressed on total annual apparel expenditures. This was undertaken to address the relationship between older worker employment and income and expenditures on apparel posed in RQ3 and RQ4. The average size of the consumer household was included as a covariate in the regression model. The model was estimated; however, variance inflation factors indicated issues with multicollinearity, which could cause unreliable regression estimates. Multicollinearity occurs when variables are highly correlated. In the current data set, number of earners and size of household ($r=.96$) were highly correlated. Thus, to capture the effect of employment, while controlling for household size, employment was re-operationalized as the percentage of workers per household, and income and employment (percentage) were regressed on apparel expenditures, solving the issue of multicollinearity. The analysis revealed that the percentage of employed workers in the household significantly predicted apparel expenditures for households aged 65 and over between 1997 and 2014 ($b=417.70$, $t=6.88$, $p<.000$), irrespective of income. Income also significantly predicted apparel expenditures, however, this relationship was marginal ($b=-.001$, $t=-2.31$, $p<.05$). Thus, for consumer households aged 65+, the percentage of employed workers per household was more significantly predictive of apparel expenditures than income.

5. Discussion

The retail marketplace is constantly evolving, and marketers must search for additional avenues for revenue growth, which is ideally achieved through the discovery of untapped markets where retailers can gain a foothold and establish dominance (Levy and Weitz, 2012). The identification of such markets can be accomplished through astute analysis that reveals voids that are not readily apparent. Therefore, it is important to look beyond obvious current market expansion opportunities to underserved segments that could be tapped via targeted marketing and product assortments. The current research has revealed that the U.S. apparel market for older consumers may be one such niche.

The present research indicates that the largest opportunity for brands seeking to serve older consumers is the 75+ age segment, as these individuals have steadily increased their overall spending and maintained their apparel expenditures over time, with healthcare costs included. Despite the promising trend seen in apparel expenditures by these consumers, few brands or retailers target this demographic (Lockwood, 2014). This may explain the low overall yearly apparel expenditures for this age group (Nam et al., 2007, Seo and Fiore, 2016). However, brands are beginning to take notice of this potentially lucrative niche market. In 2015, Kate Spade featured 93-year-old style icon, Iris Apfel, in the brand's spring advertising campaign and New York Times fashion columnist Vanessa Freidman stated that there is an "economic imperative […] for luxury brands to chase mature consumers" (Bazilian, 2015, para. 6). A Financial Times article noted that individuals in the 75+ age category experience physical changes, such as overall shrinkage in body size (Felsted and Cohen, 2013). Consumers in this category may be consuming apparel in an effort to replace clothes that no longer fit, which is evidenced in studies conducted by Birtwistle and Tsim (2005) and Shim and Bickle (1993). Retailers who wish to capitalize on this segment must consider the all-important factor of fit, and should take steps to consider older consumers' experiences with their clothing during this time by conducting research such as focus groups and surveys with individuals in this segment.

While comparing trends in older consumers' expenditures to other age groups for the period 1997–2014, the current research revealed that the disparity between the expenditures of older and younger consumers has decreased over time. For women's apparel, older consumers aged 65–74 outspent all other age groups in 2014, and for men's apparel, those aged 55–64 had the second highest expenditures. Furthermore, the differences between older consumers and the younger age categories in expenditures on men's apparel were negligible. Thus, older consumers have shown that they have the levels of demand to be taken seriously by retailers. These findings reinforce other researchers' observations (Birtwistle and Tsim, 2005, Felsted and Cohen, 2013, Seo and Fiore, 2016; Shim and Bickle, 1993) that retailers do not feel motivated to pursue older consumers, and that apparel marketers have little appreciation of older consumers' buying power.

However, despite high levels of expenditures on women's and men's apparel, footwear expenditures for older consumers were lower over the time period than for the younger age groups. This may point toward a lack of suitable footwear for older consumers in the marketplace, as apparel retailers may not be sensitive to the changes that the aging human body undergoes (Felsted and Cohen, 2013). As Menz and Morris (2005) discovered, the footwear market does a poor job at offering older consumers products that fit properly and are appropriate for their lifestyle. This is especially true in the women's shoe category, where high-heeled styles that have the potential to cause falling hazards are prevalent (Koepsell et al., 2004, Menz and Morris, 2005). This product void points to a major opportunity for footwear brands that are aiming to capture greater market share. Footwear retailers may wish to consider introducing diffusion lines that cater to older consumers' needs, by applying customization approaches in-store, such as those used in Nike's ® ID product. Footwear that is tailored to older consumers' needs may result in greater profits and a new, loyal customer base for retailers.

Apparel gifts were highest among consumers aged 55–74. This may be attributed to older consumers becoming grandparents within this age range, and the subsequent need to purchase apparel products for their grandchildren. Szinovacz (1998) found a prevalence of grandparenthood for the 55+ age group, while Leopold and Skopek (2015) found a mean age of grandparents in the U.S. to be 66.3 years. This phenomenon may also be explained by gifts purchased for colleagues and friends who are retiring, as the traditional retirement age of 65 is at the center of the 55–74 age range. Marketers may want to consider tailoring advertising messages and specialized assortments in various merchandise categories to older consumers who are looking for gifting options.

Older consumers' resources have remained stable, much due to timing of the real estate market and an increased interest in working past retirement. However, the present findings indicated that older consumers purchase apparel less so based on their income, but instead due to employment. These results mirror those of studies conducted by Fadiga et al. (2005) and Mumel and Prodnick (2005). This translates into less price sensitivity on the part of older consumers who have the ability to afford well-made, workplace appropriate products that are pricier than mass-market alternatives, as noted by Lumpkin and Greenburg (1982) and Kozar and Damhorst (2008). Additionally, the findings indicate that demand for apparel is equally strong across both women's and men's merchandise categories, and that employment only serves to enable demand of apparel products, which partially supports Fadiga et al.'s (2005) findings that apparel expenditures increased due to employment.

The above factors speak to a specific opportunity for more classic brands that offer both women's and men's apparel products such as Brooks Brothers, and better-end department store private label brands, such as Nordstrom, to further develop collections that older consumers view as fashionable and a good value. Collections will need to be developed that bridge work-to-leisure, and that retain a styling to reflect older consumers' active outlook. The fast-growing athleisure market may also be another expansion opportunity for brands to consider, as such companies' current main target is a younger consumer. Older consumers who live active lifestyles would most likely react favorably to active wear that caters to their specific needs in relation to fit and styling.

With the increasing shift in the U.S. economy from manufacturing to tertiary jobs, more individuals are working in careers that are less physically taxing, and are both home and office based; this is coupled with the fact that American are living longer and healthier lives ("Life expectancy," 2012). The U.S. Social Security Administration has acknowledged this phenomenon by adjusting the (Life expectancy at birth, 2012) official retirement age upwards from 66 to 67 years (SSA, 2016). Older Americans who would traditionally opt to enter idle retirement lifestyles, due to not being able to perform physical work tasks now have the possibility of continuing to work—even on a remote basis. Accompanying older individuals' continued engagement in activities and employment will be a need for apparel to suit a number of occasions, and such clothing products need to be tailored to this customer bases' unique needs (Felsted and Cohen, 2013, Trowbridge, 2015). This shift in the nature of employment will prove to enhance the encore career trend going forward, and if this is the case, retailers would be prudent to note this as a marketing phenomenon, not a passing trend.

6. Conclusion

This study contributes to marketers' understanding of a large and mostly untapped retail consumer segment, and adds to the body of knowledge by examining apparel-specific consumption older consumers. The bulk of existing studies address older consumers' perceptions of fit, quality (Felsted and Cohen, 2013; Shim and Bickle, 1993), and shopping environment (Seo and Fiore, 2016). Available literature on older consumers' consumption only addresses overall expenditures, does not investigate trends due to increased employment, or is dated. The current research provides a more comprehensive analysis of trends in older persons' income, employment, and consumption in specific product categories over a span of 17 years.

The present study was effective in obtaining a more robust picture of older consumers' annual overall expenditures (RQ1), annual apparel-specific expenditures (RQ2), and the relationship between employment and income levels on apparel consumption (RQs 3 and 4). Trends in older consumers' annual expenditures from 1997 to 2014 (RQ1) revealed that those consumers aged 65–74 and 75+ exhibited a notable positive trend in their overall spending, and there was a positive relationship between the percentage of employed workers in a household (RQ3) and apparel expenditures for the same age group in the same time period. This may be indicative of the fact that there are increasing numbers of older workers who are consuming apparel products that are work appropriate. These findings mirror those of Fadiga et al. (2005) who found that increased employment is related to apparel expenditures, as well as Mumel and Prodnick (2005), who observed that older individuals who are employed tend to consume an increased number of apparel products. It is also illustrative of the larger numbers of older workers participating in the U.S. workforce (Drake, 2014), who have increasing incomes (Searcey and Gebeloff, 2015) that they are willing to spend in a discretionary manner (Brady, 2013).

Analysis of specific product categories (RQ2) revealed that older consumers aged 65–74 spent the most of any age group on women's apparel in 2014 and had the lowest declines in expenditures over time. Consumers aged 75+ exhibited no declines in women's apparel expenditures over the time period. Expenditures on men's apparel also declined over the time period; however, consumers aged 55+ had the lowest declines in expenditures. Declining expenditures on apparel were expected given that clothing is less expensive to purchase in 2014 compared to 1997 due to decreased labor costs. However, for both men's and women's apparel, the expenditures of older consumers are declining less steeply than the expenditures of their younger counterparts, suggesting older consumers are increasing or spending more on their apparel purchases over time. Additionally, older consumers aged 65–74 remained consistent consumers of footwear over the time period and had the highest expenditures on apparel gifts in 2014. These findings may illustrate strong apparel consumption patterns of older consumers that may be indicative of a need to replace clothing that fits no longer, due to physical changes that impact clothing fit (Felsted and Cohen, 2013, Birtwistle and Tsim, 2005; Shim and Bickle, 1993), and illustrates findings of a positive relationship between employment levels and older persons' consumption of apparel (RQ3), irrespective of income (RQ4), across merchandise categories.

As the Baby Boomer generation retires, they continue to live active lifestyles, and engage in both work and leisure activities, and their spending reflects this trend. As this generation highly identifies with work, encore careers have become a viable option for older workers to maintain both their income and lifestyle. The resulting spending that occurs on apparel and other products due to this employment is a trend that is only likely to intensify going forward. Retailers who incorporate this market segment into their strategic plans will benefit in the long run from extra sales and loyal older customers who feel that they are having their needs met through products customized to their wishes.

7. Implications, limitations, and future research

This study serves to bring retailers' attention to a largely untapped and growing market segment—older individuals engaging in encore careers. By understanding the potential of these consumers, marketers stand to take advantage of market expansion and development opportunities, thus increasing overall sales and market share. This research also serves to benefit older consumers, who are largely ignored in the marketplace. Marketers who embrace this consumer group will develop larger assortments that are better tailored to older consumers, thus benefiting this segment.

Although the CEX reports expenditures from a nationally representative sample of households, there are some limitations to the data. The interview and diary surveys are subject to recall bias as participants may not fully remember their exact purchases over the time period. Additionally, expenditures are reported for households, thus a more accurate picture of expenditures could occur at the individual level.

This study will inform further research on detailed categories of expenditures for consumers aged 55+. Given the influence of employment on apparel expenditures, categories such as tailored suits, accessories, and active wear, could be further explored. Additional methods of analysis, including forecasting and interviews, will also be investigated.

The current research examined apparel expenditures but, did not consider other major expenditures that older consumers regularly engage in, such as travel and entertainment. This could be a worthy area to delve into, as older consumers who live more active lifestyles may be purchasing apparel to use on travel expeditions or local activities. Future research could also investigate factors, in addition to employment, that drive apparel consumption for older consumers, such as branding or store attributes.

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