Introduction

Millennials, the segment of the population born between 1981 and 2000, are now becoming of age to hold significant spending power in the retail market. As a result of growing up in a world driven by the Internet and all of the devices that come along with it, Millennials, more often than not, are quite the technologically savvy individuals. This inherently lends this generation to unique consumer electronic (CE) shopping and spending behaviors.

While American adults age 50 and over are very similar to younger adults in many of their CE shopping and spending behaviors, there are a number of distinct differences, especially now that Millennials are factored into the marketplace. In order to meet all consumers’ CE needs and desires, it is important for CE device manufacturers and retailers to consider these unique groups of consumers as both age segments are sizable in their numbers and spending power.

This AARP sponsored analysis brief examines the results from CEA’s Millennials: The New Face of Retail study to provide insight into how the 50+ segment of the U.S. population differs from their 18-49 year old counterparts, which includes the oldest members of the Millennial generation.

CE Purchase Behavior (Past 12 Months)

- On average, U.S. adults ages 18-49 spent $790 on CE in the past 12 months. This compares to a somewhat lower $494 for those ages 50+.
- Average percent of CE spend that was spent online is relatively equal between the two age groups. Among those 18-49, the average percent is 38%, while the average for those over 50 is 40%.

Smartphones (31%), laptop computers (23%), HDTVs (22%) and tablet computers (22%) are the top CE products purchased within the past year by consumers ages 18-49. Topping the list for those 50+ are HDTVs (16%), smartphones (14%), laptop computers (13%) and tablet computers (13%).

Market Size

- Over 100 million people ages 50 and over currently reside in the United States. This segment represents nearly one third of the overall U.S. population.
- This age segment is projected to increase to about 135 million people by 2030 and constitute approximately 37% of the overall U.S. population (a 5% increase).
- The highest expenditures for this age segment compared to younger age groups include healthcare, personal care, and entertainment.

Source: U.S. Census Bureau / AARP

Figure 1

Base: Online U.S. adults (ages 18-49 n=650; ages 50+ n=491); U.S. adults who have purchased CE in the past 12 months (ages 18-49 n=451; ages 50+ n=372) | Q. Over the past 12 months, approximately how much money have you, yourself, spent on electronics products?
Q. And thinking of where you made these purchases, approximately what percentage of the total amount did you spend online?
Half of the most recent CE purchases were made at a brick and mortar store (54% 18-49, 49% 50+), followed by one third which were made online (37% 18-49, 35% 50+). General electronics stores (19% 18-49, 16% 50+) and mass merchants (14%, 18%) are the most common types of brick and mortar stores in which the most recent CE purchases were made. Among online shoppers, through a retailer’s website (26% 18-49, 25% 50+) is the number one online source in which the most recent CE purchases were made, although a number of consumers did purchase directly from a manufacturer’s website.

CE Pre-Purchase Behaviors

Among those ages 18-49, the Internet (62%) is the number one source for learning about new electronics products that are available for purchase. This is distantly followed by friends (45%), television (43%) and in-store material (40%). Similarly, those over age 50 also turn to the Internet (60%) as their number one source for learning about new electronics products that are available for purchase. Television is the runner-up with nearly half (46%) of 50+ consumers relying on it for information, followed by in-store material (40%) and friends (38%). Notably, those ages 18-49 tend to rely more heavily upon friends and co-workers as sources for learning information about new CE products while those over age 50 are considerably more likely to rely upon newspapers for the same type of information.

Following suit, once the decision has been made to further pursue and possibly purchase the CE product, consumers again turn to the Internet to guide them in their pre-purchase research. Regardless of age, the Internet is the top resource (56% 18-49, 67% 50+), followed by comparing retailer prices (47%, 54%) and going to a store that sells the product (42%, 52%). Of note, during this research process, younger consumers are significantly more likely to seek out someone who already owns the product in order to use it themselves, to visit the brand’s social networking page and to look for the product in a magazine. Consumers 50+, on the other hand, are significantly more likely to look up information on the Internet, to compare retailer prices and to go to a store which sells the product than are their younger counterparts.
• When consumers of all ages turn to the Internet for assistance in researching a possible CE product to purchase, general search engines are the most common source utilized (50% 18-49, 50% 50+). Retailer websites (45%, 50%), manufacturer websites (36%, 49%) and online consumer review sites (38%, 32%) are also sources commonly accessed in obtaining information about specific CE products online. Those ages 18-49 are significantly more likely than those 50+ to consult online consumer review sites, blogs and social networking sites for CE product information, which is expected given their general nature to be more socially active online. On the other hand, consumers ages 50+ are more likely to visit manufacturer websites.

• Among those consumers ages 18-49 who go to a brick and mortar store as part of their pre-purchase research, their primary goals are to actually see or touch the product (59%), to play with or use the product (53%), to talk to a salesperson about the product (44%) or to look at product packaging (44%). Those consumers over age 50 who go to a store as part of their pre-purchase research are again looking to see or touch the product (71%). Additionally, they often want to talk to a salesperson about the product (68%) or get a demonstration of the product (47%), significantly more so than their younger counterparts, suggesting a preference for personal contact over technology. Notably, younger consumers are more likely than those 50+ to go to a retail store to play with or use the product and read customer ratings and reviews. Additionally, younger consumers are also more likely to compare prices using a mobile device and to search for more information using a mobile device, which would be expected among younger consumers, especially Millennials, given their tendency to be more Internet and mobile savvy.

• Seeing and touching of CE products is of equal importance to consumers of all ages (71% 18-49, 69% 50+ “very” or “somewhat interested”). However, playing with or using the product in person is significantly more important to those ages 18-49 (65%) than it is to those 50+ (58%).

• When purchasing new CE, younger consumers express most interest in being able to experience using the product along with other devices they plan to use it with (52%). Additionally, they would like to be able to watch a video online to learn more about the product (47%) and receive recommendations on which products to buy next based on what they already own (42%). Similarly, consumers over age 50 express most interest in being able to experience using the product along with other devices they plan to use it with (44%), although significantly lower than that for younger consumers. This is followed by being able to watch a video online to learn more about the product (43%) and being able to watch a video in-store about the product (33%). In addition to conveying higher interest in being able to experience using the product along with other devices, consumers under age 50 are also significantly more likely than older consumers to show higher interest in receiving recommendations on which products to buy next based on what they already own, using expert shopping services, using a mobile device to scan the product’s barcode in order to watch a video and in renting a product before deciding to purchase it.
CE Purchase Behaviors

- When it is time to purchase CE, roughly two thirds of shoppers turn to brick and mortar stores (62% 18-49, 62% 50+) while the other one third go to online stores (36%, 34%). Regardless of age, general electronics stores such as Best Buy or Circuit City the most popular brick and mortar stores (26% 18-49, 25% 50+) followed by mass merchants such as Kmart, Walmart or Target (19%, 17%). While small, significantly more consumers ages 50+ will shop for CE at an office supply store such as Office Max, Office Depot or Staples (1%, 4%) when compared to those under age 50.

- Looking specifically at online sources, direct through a retailer website such as Amazon.com or BestBuy.com is the first choice among those turning to the Internet to make CE purchases (27% 18-49, 25% 50+). Yet again, while small, significantly more 18-49 year olds will shop for CE online at a free classified ad website such as Craigslist.com (2%, 0%) when compared to those 50+.

- Why do certain consumers prefer to shop for and purchase CE from a brick and mortar store? Primarily because they like to see the product they are going to buy in person (61% 18-49, 79% 50+). These consumers also like knowing they can take the product back to the store where they purchased it if need be (56%, 69%), along with being able to take the product home with them right away (51%, 67%) and not having to pay for shipping fees (51%, 62%), all of which are significantly more important to those over age 50 in terms of reasons to shop brick and mortar.

- The majority of those who prefer to shop for and purchase CE from online sources do so primarily for pricing and convenience factors. Top reasons include: lower online price (57% 18-49, 75% 50+), ease of comparing prices (56%, 63%) and wider variety of products online (52%, 61%). Those over age 50 are considerably more likely to prefer purchasing CE from an online retailer because of lower online prices than are their younger counterparts.

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**Figure 7**

**Reasons for Shopping Brick and Mortar Stores**

<table>
<thead>
<tr>
<th>18-49</th>
<th>50+</th>
</tr>
</thead>
<tbody>
<tr>
<td>I like to see the products I am going to buy in person (61%)</td>
<td>I like to see the products I am going to buy in person (73%)</td>
</tr>
<tr>
<td>I like knowing that I can easily take the product back to the store where I purchased it (55%)</td>
<td>I like knowing that I can easily take the product back to the store where I purchased it (69%)</td>
</tr>
<tr>
<td>I like being able to take the product home and use it right away (51%)</td>
<td>I like being able to take the product home and use it right away (61%)</td>
</tr>
<tr>
<td>No shipping fees (51%)</td>
<td>No shipping fees (62%)</td>
</tr>
<tr>
<td>I enjoy the experience of going to a store in person (41%)</td>
<td>I enjoy the experience of going to a store in person (58%)</td>
</tr>
<tr>
<td>Sales people help me select the right product or answer questions I have (33%)</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 8**

**Reasons for Shopping Online**

<table>
<thead>
<tr>
<th>18-49</th>
<th>50+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prices are usually lower online than in a store (57%)</td>
<td>Prices are usually lower online than in a store (75%)</td>
</tr>
<tr>
<td>Comparing prices of the same product at different stores is easy to do online (50%)</td>
<td>Comparing prices of the same product at different stores is easy to do online (83%)</td>
</tr>
<tr>
<td>There is a wider variety of products online (52%)</td>
<td>There is a wider variety of products online (61%)</td>
</tr>
<tr>
<td>It is more convenient than purchasing products in person (47%)</td>
<td>It is more convenient than purchasing products in person (58%)</td>
</tr>
<tr>
<td>Products are rarely out of stock online (29%)</td>
<td>Products are rarely out of stock online (30%)</td>
</tr>
<tr>
<td>I don’t like going to crowded stores in person (23%)</td>
<td>I don’t like going to crowded stores in person (30%)</td>
</tr>
<tr>
<td>I have to drive a long way to stores that sell electronics products (18%)</td>
<td>I don’t have to talk to a salesman (27%)</td>
</tr>
<tr>
<td>I don’t have to talk to a salesman (22%)</td>
<td>I have to drive a long way to stores that sell electronics products (21%)</td>
</tr>
</tbody>
</table>

**Base:** U.S. adults who primarily shop for electronics at brick and mortar stores (ages 18-49 n=356 ages 50+ n=247)

**Q.** Which of the following, if any, are reasons why you primarily shop for electronics products at a brick and mortar store?

**Base:** U.S. adults who primarily shop for electronics online (ages 18-49 n=205 ages 50+ n=135)

**Q.** Which of the following, if any, are reasons why you primarily shop for electronics products online?
Regardless of age, when it comes to making a decision about a CE purchase, consumers place highest importance on price (83% 18-49, 95% 50+), quality (82%, 94%), product features (81%, 91%) and ease of use (80%, 90%). Consumers ages 18-49 are more concerned with environmental friendliness of CE products and with friends already owning specific devices than are those over age 50. On the other hand, consumers over age 50 tend to place higher importance on price, quality, product features, ease of use, warranty and previous experience with brand.

Summary

In the past year, consumers young and old alike have purchased many of the same CE products and accessories.

Friends, television and in-store materials also serve as common learning sources. While those ages 18-49 tend to rely more heavily upon friends and co-workers as sources for learning about new CE products, those over age 50 are considerably more likely to rely upon newspapers.

Once the decision has been made to purchase a specific CE product, the Internet again serves as a common source of information in pre-purchase research initiatives. Regardless of age, general search engines, retailer websites, manufacturer websites and consumer review sites are the most common Internet sources turned to. Those ages 18-49 are significantly more likely than those 50+ to consult online consumer review sites, blogs and social networking sites for CE product information, which is expected given their general nature to be more socially active online. On the other hand, consumers ages 50+ are more likely to visit manufacturer websites than are their younger counterparts.

Many consumers also rely upon a visit to a traditional brick and mortar store for their research efforts as well. These consumers are often looking to actually see or touch a product, talk to a salesperson or even use it before making the purchase. Notably, younger consumers are more likely than those 50+ to go to a retail store to play with or use the product and read customer ratings and reviews. Younger consumers are also more likely to compare prices using a mobile device and to search for more information using a mobile device, which would be expected among younger consumers, especially Millennials, given their tendency to be more Internet and mobile savvy. Consumers ages 50+ are significantly more likely than their younger counterparts to go to a retail store in order to actually see or touch the product, to talk to a salesperson about the product or get a demonstration of the product than are their younger counterparts, suggesting this generation still prefers personal contact over technology.

When it is time to make a CE purchase, more consumers turn to brick and mortar stores than online retailers. Approximately two thirds of consumers shop for CE at brick and mortar stores and prefer to do so because they can see the product they are going to buy in person, they know they can take the product back to the store where they purchased it if need be, they like being able to take the product home with them right away and they like not having to pay for shipping fees, all of which are more important to those over age 50 than younger consumers. Those shopping online prefer to do so in order to get the lowest prices, for ease in comparing prices and the wider variety of products to choose from. Older consumers, specifically, are significantly more likely to purchase online for lower prices than their younger counterparts.

At the end of the day, the final factors in making CE purchase decisions come down to price, quality, product features and ease of use, no matter the age of the consumer. While younger consumers are more concerned with environmental friendliness of CE products and with friends already owning specific devices, those over age 50 tend to place higher importance on price, quality, product features, ease of use, warranty and previous experience with brand than do those under age 50.
Methodology

The report described herein was designed and formulated by the Consumer Electronics Association (CEA)®. Data from this analysis brief was sourced from CEA’s Millennials: The New Face of Retail study. The quantitative study was administered via internet web to an online national sample to an online national sample of 1,250 U.S. adults and teens (13-17) between September 18 and 24, 2012. The margin of sampling error at 95% confidence for aggregate results is +/− 2.8%. For Americans 50+ the sampling error is +/− 5.3%.

CEA members can access CEA’s Millennials: The New Face of Retail study at http://members.CE.org.

Non-members may purchase the full study which includes analysis and data crosstabs at http://mycea.ce.org/

About CEA

The Consumer Electronics Association (CEA) is the preeminent trade association promoting growth in the $204 billion U.S. consumer electronics industry. More than 2,000 companies enjoy the benefits of CEA membership, including legislative advocacy, market research, technical training and education, industry promotion, standards development and the fostering of business and strategic relationships. CEA also owns and produces the International CES - The Global Stage for Innovation. All profits from CES are reinvested into CEA’s industry services.

About AARP

AARP is a nonprofit, nonpartisan organization with a membership that helps people age 50 and over have independence, choice and control in ways that are beneficial and affordable to them and society as a whole, ways that help people 50 and over improve their lives. Since 1958, AARP has been leading a revolution in the way people view and live life.

About AARP’s Innovation@50+ initiative:

The Innovation@50+ initiative aims to spark entrepreneurial activity across public and private sectors. Anchored by the AARP social mission – to enhance the quality of life for all as we age – the initiative enlists the expertise of visionary thinkers, entrepreneurs, the investment community, industry and not-for-profits to spur innovation to meet the needs and wants of people over 50.

On the ground, the initiative catalyzes research and helps shape a marketplace ethos by promoting core, unifying principles such as "design for all." It stimulates new business models that reflect the broad transformation in how the 50-plus life is being re-imagined. Lastly, the initiative prepares 50-plus people to communicate with, access, engage and thrive in a new "longevity economy."

For more information please visit: www.aarp.org/innovation50plus