

Balandynowicz - Panfil, Katarzyna

## Article

# The Role of Older People as Consumers - the Comparative Analysis of Old and New Member States of European Union

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**KATARZYNA BAŁANDYNOWICZ – PANFIL\***

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**The Role of Older People as Consumers – the Comparative Analysis  
of Old and New Member States of European Union<sup>1</sup>**

**Abstract**

*The aim of this paper is to investigate differences between the role of older people as consumers of goods and services in Old and New Member States of European Union. An ageing of society process causes changes in the structure of consumers of goods and services, in size and age respectively and therefore should be comprehensively considered. The consequences of an ageing process have been illustrated with an example of the tourism market.*

*To reach the goal of this paper statistical analysis has been carried out, particularly in order to examine the differences between EU New and Old Member States<sup>2</sup> with respect to dynamics of population ageing and characteristics of older customers. Most of the recent scientific literature considering the specific influence of demographic processes on customers behaviour has been reviewed.*

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\* Ph.D., Institute of International Business, University of Gdansk

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<sup>2</sup> EU Old Member States (EU-15, OMS countries): Belgium, Denmark, Ireland, Luxembourg, Germany, Spain, Portugal, France, Italy, United Kingdom, Finland, Sweden, Greece, Netherlands, Austria.

EU New Member States (EU-12, NMS countries): Poland, Slovakia, Slovenia, Czech Republic, Malta, Lithuania, Latvia, Estonia, Hungary, Romania, Bulgaria, Cyprus.

*The key findings prove that an ageing of societies process is significant for each European country. However EU-12 societies are generally younger in comparison to EU-15. On the other hand EU-12 societies are exposed to higher risk of rising dynamics of demographic changes. In a consequence, the increasing role of older people as customers brings also essential changes in relation between supply and demand on each markets. What is highly important, older customers needs are evolving due to their increasing purchasing power, higher education level and better consumers awareness. For instance, these relationships can be observed on tourism services markets where older people are becoming a significant and more attractive group of consumers, due to the level of their tourism expenditures. Moreover, the study described clearly considerable differences between older customers behaviour in EU Old and New Member States: in the purchase frequency of tourism services, in the length of holiday trips and in the level of expenditures. In the subsequent years, a higher homogenisation of purchasing habits of older people in European countries is expected.*

*This paper contributes to the most current European scientific discussions on an importance of older people for a development of economies from the perspective of their impact on goods and services markets. Furthermore, especially in a context of insufficient optimization of companies strategies, which are still directed to a shrinking group of young buyers and the lack of knowledge about changing needs of older customers need to be highlighted and analyzed to bring new solutions for producers, retailers and whole markets.*

## **1. Introduction**

The increasing role of older consumers on European markets of goods and services is strictly connected with general demographic trends of ageing of societies.

The boundary, which is separating different age groups between young and old customers is widely discussed in the literature. Depending on the author and the purpose of the division, its exact age value varies between 45 and 75 years old. Differences in approaches stem from the research areas of the conducted analysis. For example, when marketing strategies of cosmetic products are taken into account, the age of 50 is being selected in most cases. By contrast, conscientiously research in the field of medical care services for elderly define older people as those who are at least 75 years old. Due to the rising life expectancy the age level, which is used as a boundary for classifying people between young and old is increasing. As a result in recent years more interest in

scientific researches is directed toward people from the so-called 'older-older' group, which consists of people at the age of 75+ or even 80+ (Rosset 1959, pp. 107-134; Kurkiewicz 1992, pp. 55-56).

The age level of elderly is not absolutely clear even in statistical datasets, hence it becomes one of the most crucial limitations for deeper comparisons. This problem reveals not only in comparative studies between groups of countries or individual countries, but also in different studies prepared and published even by one institution, e.g. Central Statistical Office of Poland (CSO 2011). Widely recognized classification implemented in European statistics (Green Paper 2005, p. 4) divide age groups in society in the following categories:

- children – 0-14 years;
- young people – 15-24 years;
- young adults – 25-39 years;
- adults – 40-54 years;
- older workers – 55-64 years;
- elderly people – 65-79 years;
- very elderly people – 80 years and more.

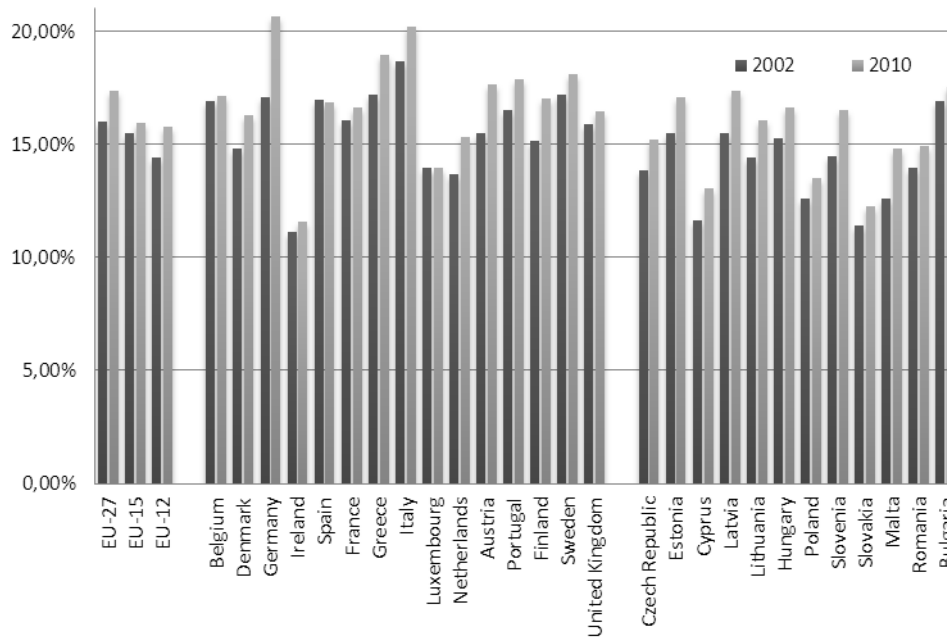
Because the aim of this paper requires statistical analysis, it is highly important to choose the correct boundary of elderly people. Most statistical datasets are based on economical activity and that is the reason why age of 65 is the most common term of elderly. The same threshold is accepted in this study, whereas it is possible. However, as it will be clarified in subsequent paragraphs, the classification where only one variable – the chronological age – is taken into account is an oversimplification and can lead to numerous inaccuracies. Categorizing by age groups is often misused in order to obtain so called homogenous cohorts, members of which can afterwards by similar features and behaviours. Notwithstanding, modern societies, as a result of progressive processes of cultural change, go beyond the accepted roles where people no longer behave as they are expected for their age. This phenomena is called 'age intricacy' and is a result mainly from changes in an area of a life-style of social groups (Styś 2006, pp. 10-12). That is the reason why some more categories should be taken under consideration when describing an older consumer's behaviour and its impact for goods and services markets. This point of view is also a part of this paper.

## 2. Ageing of societies process

An ageing of society process can be described as a growing participation of older people in population. To illustrate the significance of this process a proportion of people aged 65 and over is presented on the Figure 1.

Figure 1 illustrates that an ageing of society processes is a common tendency for almost every EU Member State. An average percentage of share of older people in population in 2010 for 27 countries of European Union amounted 17,38% and it was more than 1,3 percentage point higher comparing to 2002. The only exception in this statement is Spain, where a slight decrease of the elderly share in population was noticed since 2002. However, demographic projections, also for Spain, predict the growth of the index above the level of a base year.

**Figure 1. The share of people aged 65+ in total population (in %)**



Source: own calculations based on: (Eurostat 2011).

According to the graph above, there are significant differences between countries in the process dynamics of ageing of societies. The youngest society is in Ireland (11,60%) and the oldest is in Germany (20,66%). There are also differences in the level and dynamics of the older people share between EU New and Old Member States. UE-15 notes on average the index level of 15,93%

compared with 15,76% in twelve New Member States. This disproportion was even greater in the year 2002 (15,47% to 14,39%) due to the higher dynamics of demographic changes in EU-12, which nearly equalized values in both groups of countries. As set out in long-term demographic projections, the ageing process will continue in future decades all over Europe.

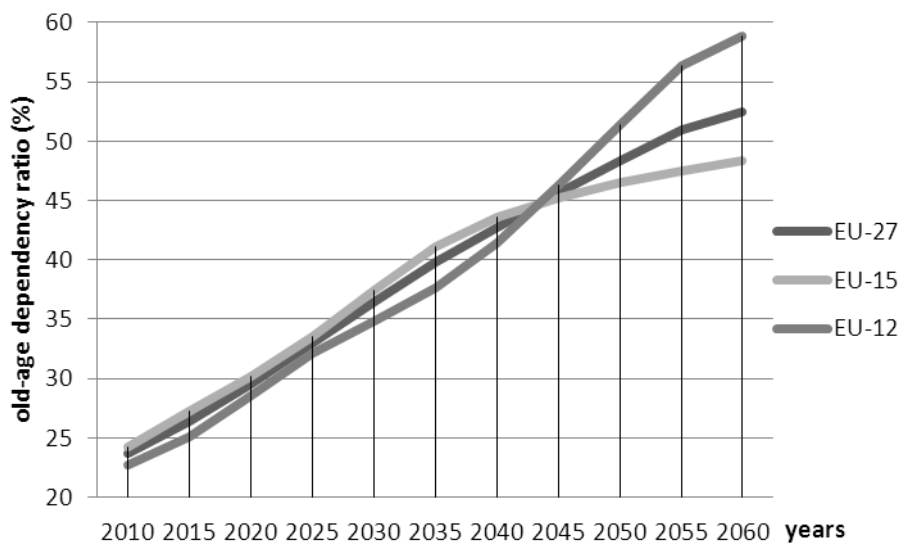
All mentioned above dissimilarities arise from several sources. First of them are so called baseline demographic conditions in each country. Among them the level of fertility, mortality and migration balance are said to be the most important factors. In addition, an indirect impact on visible differences is created by a close connection with so called 'demographic transition model'. The basic interpretation of this model demonstrates the significant impact of country development change from pre-industrial to an industrialized economy on birth and death rates. Each stage of demographic transition varies in a pace and main sources of transformation. Firstly, higher income brings new solutions in a food supply and health care systems. Next improvements are noticed in the area of work conditions as well as in the increasing urbanization process and contraceptive technologies development. All these factors lead to modification of a lifestyle and the work valuation by society members and in consequence lead to change in the concept of a family and child-raising. In addition, changes in age structures have an impact on the size of population. First stages of demographic transition bring higher dynamics in population growth rates because of significant decrease in children mortality as well as in the older people cohort. Because of further amendments the society reaches the moment of stagnation and later starts the process of shrinking and ageing of population. Some theories suggest that there are only four stages of a demographic transition, however new socio-economic circumstances brought new interesting observations. According to newest researches, countries with the highest levels of national wealth (measured by HDI – Human Development Index) experience the reversed negative trend. It is a sign that by intensify efforts to promote fertility it is possible to increase number of children in societies. It can be called as a fifth or even the sixth stage of the society transition (*Active...* 2003, pp. 29-32; Myrskylä et al. 2009, pp. 741-743).

One of the main indicators, which give a measure of an ageing of societies process is median age. In 2010 the median age of the EU-27 population was 40,9 years, meaning that more than a half of European Union citizens were aged 40 years and over. This index differs among the Member States starting from 34,3 years in Ireland to 44,2 years in Germany. This variation is a consequence of earlier observations in the degree of population ageing in particular countries of the EU. Again, in OMS countries the level of the demographic indicator explained above is higher than in EU-12. The median age of total population in

EU-27 rose steadily in analyzed period - in total more than 3 years since 2002 (*Demography Report 2011*, pp. 61-63).

The ageing process in Europe should be considered by the measure of younger age cohorts participation in population. The general tendency among European countries is accruing analogy: the larger share of older people in a society the smaller part of people aged up to 20 years. Particularly this statement is a truth for Germany (with the lowest proportion of young people) and for Ireland (with the highest share of 0-19 year olds) (*Demography Report 2011*, pp. 60-61). Those observations confirm that an ageing of society is largely determined by a low level of fertility rates and dynamic changes in age structures, which manifest itself not only in the rising number of older people but also in a decline in numbers of younger cohorts (both adults and children). Moreover, an increasing role of older people can be corroborated by an old-age dependency ratio, which shows the relative size of the old population (65 and over) to working age population (15-64 years).

**Figure 2. Old-age dependency ratio**



Source: own calculations based on: (Eurostat 2011).

The demographic transformation of an European society, illustrated by Figure 2, leads to significant changes in proportion of selected age groups in population. According to the previous findings, an increase in old-age dependency ratio is projected. However, these changes will not proceed with equal force everywhere. Relatively equal, but rapid growth in all 27 European countries in 2010-2060 is a result of two different, overlapping trends. Old

Member States will exceed the average value of analyzed ratio of EU-12. It will be observed by the year 2040 when the tendency is going to be reversed. These disparities are the consequence of a decreasing dynamics of a deterioration of the indicator in countries from the first selected group and a very rapid increase in its value noticed in NMS countries, ranging from 2035. All presented phenomenon have an important impact on the possibility of an economic growth, a public finances stability or pension systems effectiveness. In 2010 in the EU-27 had about 3,5 person at working age for every person aged 65 years and over. Between 2050 and 2055 this index is going to double and that means, commonly speaking, that no longer 3,5 persons, but only 2 persons will have to work for one retired person. Of course, this interpretation shouldn't be treated so directly, but it certainly shows projected burdens of development posed by demographic changes.

The analysis of demographic processes requires taking into account also the speed of projected changes. The changes occurring too rapidly and a presence of a need of extensive socio-economic adaptations put very strong demands on state policies. The necessity of constant changes monitoring must affect an amendment of implemented and planned public strategies, which in turn will be a significant measure of state actions effectiveness. Adding uncertainty of demographic projections to those considerations and difficulties in an estimation of their impact on societies and economies, it draws a complete picture of challenges faced by particular countries. Three groups of countries can be distinguished by their susceptibility of population changes (*Demography Report 2011*, pp. 64-65):

- countries that will experience a slow pattern of ageing, start with a temperate old to older population: Sweden, Belgium, Denmark, France, Luxembourg, Netherlands; slower ageing will help these states to become relatively younger compared to others
- countries that are already relatively old and are projected to age at a moderate rate: Germany, Austria, Spain, Italy, Slovenia and Greece as well as Ireland (this same age pattern but a lower level of a start point of ageing); they will experience modest ageing of population processes but only in first decades in the future (till 2040)
- countries with the highest rates of population ageing, mainly from 2040 onward: Poland, Slovakia, Bulgaria, Cyprus, Hungary, Lithuania, Latvia, Malta and Romania; currently with a comparatively low proportion of population age 65+ is projected to increase slowly until 2020 and to grow rapidly in next decades.

New Member States are included mostly to the last group of countries with the highest expected dynamics of changes in age patterns. In the future,

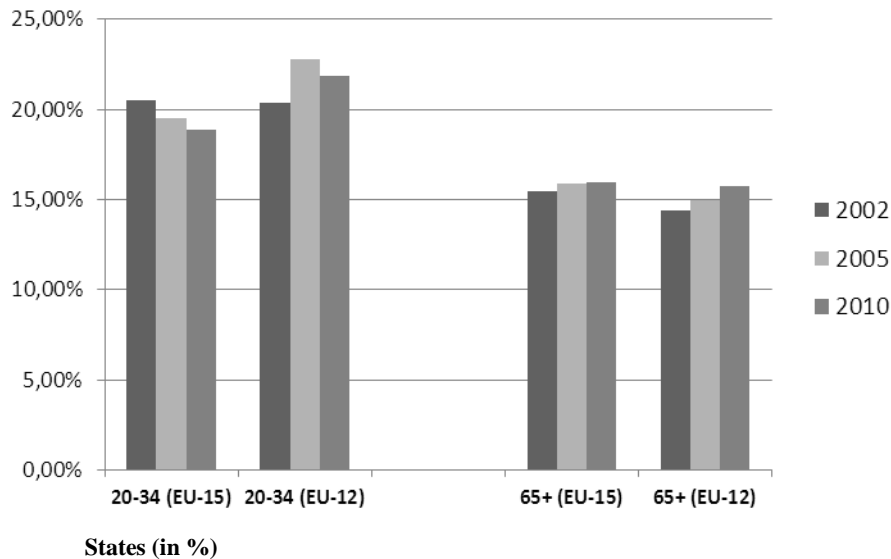


different dynamics of ageing in each country will result in much greater diversity in the level of ageing of populations across EU-27. This statement stays in line with earlier findings, that the most rapid transformation in an age structure of societies occur in EU-12 and those countries will struggle with the biggest socio-economic problems. Moreover, NMS countries are often characterized by a lack of experience in taking effective efforts to meet demographic challenges, what puts them even in a difficult position.

### 3. Characteristic of ageing consumers

Since in the literature the marketing's fixation on the 20-34 age group as the best target for successful business is often highlighted, it seems reasonable to consider simultaneously an evolution of a participation in population of people aged 65 and over to those aged 20-34 (Fig. 3).

**Figure 3. Participation of people aged 20-34 and 65+ in population in Old and New Member**



Source: own calculations based on: (Eurostat 2011).

Comparing two selected age cohorts from Figure 3, some observations can be made. First are differences between proportions of younger and older age groups in societies. Those aged 20-34 are a greater part of societies both in New and Old Member States than those aged 65+. Taking into account the observed

changes of this index during the analyzed period it is visible that in EU-15 countries the gap between older and young is narrowing, which is a consequence of an increasing participation of people aged 65+ and a dynamic decline in participation of a younger age cohort. However, this trend can't be confirmed in NMS countries, where the dynamic growth of a significance of older people is not accompanied by a comprehensible trend for those aged 20-34. The explanation leads again to the demographic transition model and a classification of each countries groups to a different stage of the transition. In general, Old Member States, as more economically developed countries, are also more advanced in demographic changes, which can be observed in earlier shrinkage of children generation and young adults. Conversely, countries included to EU-12 as less developed both in economic and demographic processes are in earlier stages of age structure changes and presumably are going to reach the comparable level to EU-15 in the nearest future.

Differences in the role of older people as consumers between Old and New Member States of European Union require to include absolute and relative sizes of each age group. Moreover it is necessary to consider additional characteristics of older buyers, e.g. purchasing power, level of education, health condition, mobility or household conditions. Some of these factors are investigated in the next paragraphs.

First indicator is describing an economical situation of older customers and it is a percentage ratio of people at risk of poverty and social exclusion in population (Tab. 1). This index is often used to show both a significant disproportion between Old and New Member States as well as changes of its level in time.

**Table 1. People at risk of poverty and social exclusion (as percentage of total population of age cohort, in %)**

		2005	2006	2007	2008	2009	2010
<b>Less than 65 years</b>	EU-27	25,7	25,4	24,4	23,7	23,4	24,1
	EU-15	21,6	22,0	21,6	21,6	21,5	22,4
	EU-12	40,8	37,9	34,8	31,3	30,4	30,6
<b>65 years and over</b>	EU-27	25,6	24,8	24,5	23,2	21,7	19,8
	EU-15	21,8	21,6	21,9	20,9	19,5	18,0
	EU-12	42,1	39,2	36,4	34,0	31,7	28,3

Source: (Eurostat 2011).

Data presented in Tab. 1 describe general observations from European Union and indicate that as a whole, people aged 65 and over are less exposed to poverty than younger cohorts of European citizens. Statistically one of four

persons aged up to 65 years lives on less than 60% of their country's average household income. Among older people such low level of income affects every fifth person. Moreover, during six years of the conducted analysis, the poverty ratio for older people was systematically decreasing from 25,6% in 2005 to 19,8% in 2010, while a declining tendency for younger generations is less spectacular (only about 1,5%). In addition in the year 2010 the opposite tendency could be observed among the young people. The observed changes can be taken as a sign market decision makers that older customers are not only an important, but also an economically attractive group of buyers.

Additionally, what is needed to be highlighted, there are significant differences between Old and New Member States in the exposure on the risk of poverty. In the EU-12 countries the level of this indicator is much higher. It means that, when an average household income are taking into account, inequalities between particularly countries are much more visible. For instance, the biggest risk of poverty of older people is in Bulgaria together with almost the lowest level of income, which is much lower not only in comparison with an average for EU-27, but also with the group of EU-12 countries.

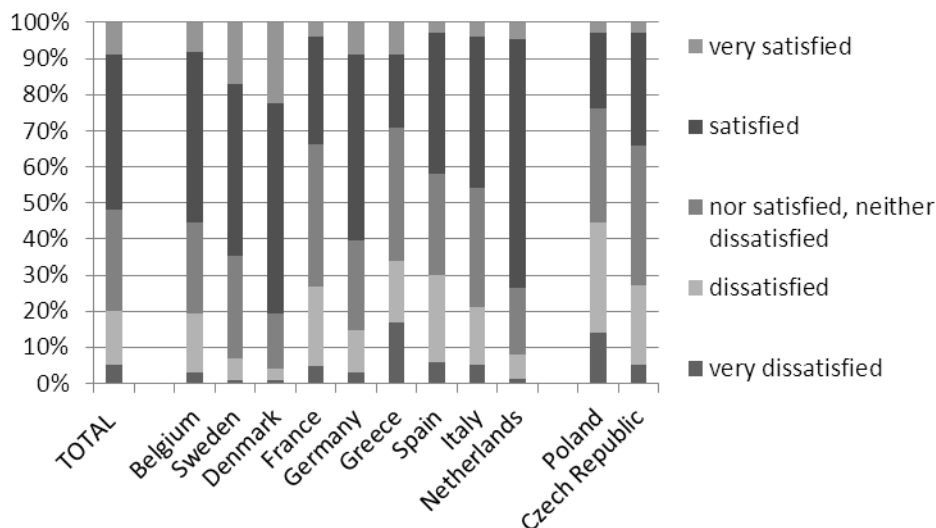
However, dynamic analysis provides more optimistic conclusions. At the beginning of the period (2005) the observed divergence between countries were much higher and were reaching about 20 percentage points. In 2010 it was not more than 10,3%, thus fewer people, both aged less and over 65 years, are exposed to poverty risk in NMS countries. Nonetheless, substantial differences between all European countries are persistent, e.g. at risk of poverty is about 6% of society in Luxembourg and Netherlands and 56% in Bulgaria (Eurostat 2011).

Additionally, some general findings from researches on household income satisfaction among people aged 50 and over can be drawn. This one of the top important component of economic well-being confirms variations between Old and New Member States (Fig. 4). Approximately 7000 older adults were asked in 2006-2007 about the level of satisfaction with the total income of their household (Bonsang, van Soest 2010, p. 6). Generally, more respondents were satisfied and very satisfied with their household income (52%) than dissatisfied and very dissatisfied (20%). About one third of respondents were not conclusive in an evaluation of their income. Considering differences between countries, Poland needs to be pointed out as a country where the biggest share of respondents were dissatisfied and very dissatisfied with the level of their incomes. In this same time, correspondingly, there the lowest percentage of satisfied and very satisfied people was noticed.

The figure (Fig. 4) also shows that Denmark, the Netherlands and Sweden unambiguously ranked in the first, second and third place report the highest income satisfaction. When income satisfaction is compared with monthly

household's net income (corrected for PPP) a strong positive relationship is noticed. Except France, it is common for each investigated state that higher average household income corresponds with higher income satisfaction. In this comparison, Poland and Czech Republic were marked by both the lowest proportion of satisfied and the lowest level of household's net income (Bonsang, van Soest 2010, pp. 6-9). However Poland and Czech Republic were the only two NMS countries, that were included in the described study, thus it does not allow for generalizations. Nevertheless, it is a important finding that disproportions within EU-27 are recognized and older citizens from New Member States are more affected by shortfalls in incomes, compared with EU-15 (see also: Puente 2005, pp. 1-6).

**Figure 4. Distribution of reported income satisfaction by country (in %)**



Source: (Bonsang, van Soest 2010, pp. 25-26).

Before commenting on the uneconomical elements of older consumer's characteristic, it is worth noting that living arrangements of people aged 64 and over can bring some additional information about differences in living conditions between Old and New Member States. Four situations of living of older people are generally investigated in statistical researches: alone, without a partner but with other people, just with a spouse or a partner, with a spouse or a partner plus other people. It can be said that EU-12 societies are generally more similar to Southern European countries where older people live with others much more often than in Scandinavia and Northern Europe. However,

comparing Old and New Member States as separate groups it is obvious that living with other people is much more accepted in EU-12. Increased values in all categories of common residence with third parties are crucial especially for older widows and widowers or a single in NMS countries, where this ratio is twice the average values of EU-15 countries. Slightly smaller, although still important difference occurs in the case of living with spouses. Lowest differences between two analysed groups of countries are reported in terms of people living alone (*Income and living...*2010, pp. 92-94).

This investigation also highlights the impact of a type of a household and families conditions on customers behaviour of older people. Especially it is related to an autonomy of purchasing decisions or sources and types of opinions about willingness to buy goods and services. More importantly, close connections between older customers and their families lead to abnormalities in the structure of consumption needs, comparing with decision-making and economically sovereign people that are living alone.

Next area of interest in older consumers characteristics is the level of education. Well educated society generates more aware consumers behaviours. The mechanism of that is simple: the higher development stage of society customization of societies gives higher levels of an identification of their needs and possible variations of satisfying them as well as advanced skills of making optimal purchasing skills. As a result – better education creates more demanding customers. Companies and sectors should adopt to new circumstances what can lead to developing new products, advancing of technology, and general improvement of a functioning of markets. Although, much uncertainty remains these conclusions give a sufficient basis to investigate an education level of older people.

Analyzing a percentage of persons with upper secondary and tertiary education attainment, there are no sufficient evidence confirming differences between Old and New Member States. It is true, that to the group of countries with the highest level of well educated older citizens (more than 80% of people aged 55-64 years) belong mostly countries from EU-12, e.g. Baltic States, Czech Republic and Slovakia. The Germany is the only exception. The countries with the lowest level of this indicator are Malta and Portugal (less than 20%). However, taking a closer look gives an opportunity to investigate that a theoretical border lies rather between north and south of Europe or between men and less educated women (*Active ageing...* 2011, pp. 128-132) than between New and Old Member States. General calculations leave no doubt in this regard: 57,9% people aged 55-64 years in EU-15 and 57,0% in EU-12 have upper secondary and tertiary education. More importantly the significant growth of well educated people participation can be observed in Europe. The process is

directly connected with an increasing share of students in younger age cohorts, who are becoming seniors over time (Eurostat 2011).

Higher level of education of European seniors can be also confirmed by a significant increase of Internet users among them. During the last five years (2006-2011) an average proportion of persons aged 55-74 years using Internet at least once per week has doubled in European Union. In most countries every fourth older person joined to silver surfers in this period and in this same time used this communication channel to e-mail correspondence or to find needed news and information. Naturally, the disproportion between the share of Internet users in overall population and people in older age is still high. However, in 2010 year 46% of UE-27 citizens aged 55 to 64 used Internet each week (65% of total population). Large differences are observed comparing these results with values for older age group (65-74 years) where only 25% of people are regular Internet users and 17% use it daily (Eurostat 2011).

Although, the level of education of seniors was comparable in Old and New Member States, dissimilarities in Internet use are highly noticed. On average every second person aged 55 to 74 years in EU-15 is a frequent Internet user. Those countries are characterized by a greater amount of variation – from 11% in Greece to more than 70% in United Kingdom, the Netherlands and Denmark. However, silver surfers in countries that joined the EU in 2004 or later are not more than only 26% total older generation (Eurostat 2011). Reasons of the divergence between two groups of member states could be: generally lower level of Internet accessibility for the whole population and/or for the older cohorts, and/or the a lack of appropriate skills in this area. Not considering causes of the described differences there is a need to draw attention to possible results of these tendencies, e.g. dissimilarities in a consumption basket (especially in an area of e-commerce or e-banking), an utilization of Internet to communicate with clients, or a level of development of companies, markets and sectors of economy connected with network activities.

Furthermore, most of older users are assessing that their Internet skills are rather low, however the number of individuals with an average perceived degree of skills is growing (*Active ageing...* 2011, pp. 135-137). These observations should be especially important for Internet services suppliers, e.g. Internet banking or online shops. The growing number of online purchasing seniors and their increasing Internet skills may be an important sign for e-commerce marketers that older people are becoming more attractive group of online consumers. However, the role of older customers is still undervalued in a comparison to their purchasing abilities.

#### 4. The role of older consumers in tourism

One of the core examples of a growing role of older people as consumers is a sector of tourism. General, tourism demands are highly conditioned by economic and political factors, especially when international trips are considered. A popular business myth says that only young people are a valuable target group of tourist services. This approach results in a strong undervaluation of an importance of older people for the whole tourism market.

However the group of older tourists has become a more important part of total holidaymakers in recent years. A lack of sufficient statistical data makes it impossible to conduct dynamic analysis but, data in most countries confirm the growing importance of older people among number of tourists. The highest observed rate of tourists aged 65+ in the number of total tourists was above 24% in Denmark in 2010. It means that every fourth tourist was in his/her retirement age. Denmark is also an example of a dynamic growth of this index – in 2002 it was only 10,5%. An opposite tendency can be indicated in United Kingdom with more than 7% decrease from 24,9% in 2002 year to 17,7% in 2010. In general, in EU-27 the overall trend in tourism market brings a positive correlation between a growing group of older citizens and an increasing share of older tourists.

Having the distinction between Old and New Member States, substantial differences in an older tourist behaviour can be discovered. First to mention are dissimilarities in a share of people aged 65+ in total population of tourists. According to available data for 20 EU countries in 2010, an average percentage of older tourists in EU-15 is almost two times higher (16,6%) than in EU-12 (9,2%). In this last group the highest value (above 15 per cent) was reached in Hungary and the lowest values (4% and less) were noticed in Cyprus and Lithuania. The dispersion between countries described above may be explained both by differences in purchasing power of older people in Old and New Member States as well as by a dissimilarities of consumer habits of an older age group of clients between countries, for example diverse structures of customers baskets. Similar conclusions can be formulated on the basis of statistical data not only related with a number of tourists but also with a number of longer holiday trips (4 or more overnight stays).

Taking into account tourist expenditures, it is clear that average expenses for holiday trips are lower for people aged 65 and over than for total population of tourist. However, dispersion between countries is significant. For instance, in Germany, taking into account an average expenditure for one night during a longer holiday journey, older people spend slightly more than traveller in all ages, but in comparison in Latvia they spend three times less (Tab. 2).

Despite limited availability of data, some general conclusions can be drawn on the basis of data presented in Tab. 2. Average expenses for one night during a holiday trip in Old Member States are higher than in NMS countries. This is true both for all travellers regardless of age. People age 65 and over are even more diverse in their tourist expenditure among two analyzing groups of countries. Those differences result in a greater variation in expenditures of older tourists per holiday trip as a percent of tourism expenses per one night of all travellers. In countries classified as EU-15 older customers are prone to spend more to meet their tourism needs, it goes altogether with generally higher spending on tourism in those countries. Moreover, in spite of the existing disproportions between their expenditures and tourists in all age, the level of their expenses in OMS countries is relatively comparable to population as total. In this group of countries the disproportion between spending of people age 65 and over and all age cohorts on one holiday night was not higher than 20. In contrast, the analysed proportions in New Member States remain. Except Slovenia, older people spent much less for one night of their holiday trip than younger ones (not more than 70% of tourists spending in all ages). Such significant differences must have an impact on tourist markets in every country. Lower expenditures lead to a lack of sufficient economic motivation among entrepreneurs for a dynamic development of new products and services in EU-12.

**Table 2. Tourist expenditure per one night of a holiday trip (4 nights and over) of people age 65+ and tourists in all age (in 2010)**

Selected countries	Tourist expenditure per night (in 1000 EUR)		Tourist expenditure per night age 65+/total tourists (%)
	Total tourist	Tourist age 65+	
<b>Old Member States</b>			
Germany	0,0687900	0,0688083	100,02%
Spain	0,0413300	0,0329742	79,78%
Luxembourg	0,2264100	0,2089534	92,29%
Netherlands	0,0561319	0,0490319	87,35%
Portugal	0,0408900	0,0328186	80,26%
Sweden	0,0702992	0,0594694	84,59%
<b>New Member States</b>			
Cyprus	0,0704684	0,0481517	68,33%
Latvia	0,0391100	0,0107572	27,50%
Hungary	0,0268707	0,0180143	67,04%
Poland	0,0204596	0,0142761	69,78%
Slovenia	0,0470000	0,0421434	89,66%
Slovakia	0,0517106	0,0278586	53,87%

Source: own calculations based on: (Eurostat 2011).



From a perspective of the aim of this paper, it is important to highlight one more conclusion. Tourism expenditures per night during longer holiday trips in European Union were generally greater in 2010 than in 2005. Own calculations based on available statistical data from Eurostat show that this tendency is irregular at least in two dimensions.

First are differences between countries, where a growth of expenses in New Member States seems to be more dynamic having it compared to EU-15 countries. One possible explanation of this phenomena is the starting point, which was significantly lower in the level. Therefore even a high increase of expenditures still does not allow to reach the level of tourism expenses of OMS countries. But on the other hand, observed differences may be related with a transformation of societies occurring in EU-12 countries. The higher economic development together with an increasing level of education and customer awareness result in changes in consumption baskets in favour of satisfying higher-order needs.

The second dimension of diversity between societies in analyzed area is dynamics of growth of tourism expenditures. For all countries presented in Tab. 2 total tourism expenditures per one holiday night increased on average during years 2005-2010 by 28% and for older tourist by 55% (Eurostat 2011). Such a comparison eliminates an effect of inflation and proves that older people are becoming an increasingly important and an attractive group of buyers of traveller services.

## **5. Conclusion**

The aim of this paper was to investigate main differences between Old and New Member States in characteristics of an ageing of society process and the role of older people as consumers of goods and services.

Countries of EU-12 are classified as a group with the highest expected age pattern changes. It means that these countries have relatively young populations comparing to OMS. However, the dynamics of ageing will have significant impact on the possibility of an economic growth, stability of public finances and on effectiveness of pension systems in NMS countries. An age structure of ageing societies is changing in a direction of increasing participation of older people among citizens. This leads to many challenges on labour market, but also in the process of fulfilling the needs of an ageing societies on goods and services markets.

Differences between Old and New Member States are evident both in specific needs of older consumers and the way of meeting them. In EU-12 older people are generally less aware of their customer's power and are not treated as a attractive group of clients. Significant differences are a result of diversity in a level of economic development and hence substantial disparities in GDP per capita, as well as the levels of disposal income and a structure of a typical basket of goods and services. This conclusion was also confirmed by a survey on European citizens conducted in March 2009. Respondents in countries that joined the EU in 2004 or later are less likely to agree with a statement that the development of products and services responding to the needs of older people will become a key driver of their national economy (*Intergenerational solidarity* 2009, p. 23).

An increasing role of older people as consumers is more visible in EU-15. For instance, tourism sector in Old Member States can be described by much higher expenditures in absolute numbers and in a relation to average expenses of total population. There is a wider offer for that age group of customers. Indicated differences in consumer behaviour e.g. the length of holiday trips or destinations of a travel are derived mainly from their habits. In the future older consumer behaviour, not only in tourism sector but also in other branches, are projected to an evolution in a direction of a homogenisation within the whole European Union.

In addition, it has to be emphasized that New Member States are highly heterogeneous. For example, while Cyprus is often much more similar to other countries from Southern Europe, three Baltic countries manifest convergence as well as Poland, Slovakia or Czech Republic. Cultural, geographical and religious factors have significant meaning in building these similarities. On the other hand, these sub-groups of countries are not constant and their classification significantly depends on an area of conducted analysis. For instance, in Slovenia, Slovakia and Poland, just as in Cyprus and other southern countries, an extended family is still the societal norm. That means e.g. young adults are leaving their family homes late and older people often live with their adult children. In that countries three-generational households are much more typical than in Czech Republic and Hungary where, in contrast, the structure of families has more in common with Nordic countries. In this case economic reasons had the major impact for a countries classification. In future, the growing income in New Member States will have an impact on household structures and living arrangements, which can evolve in similar direction to more economically developed countries (*Income and living...* 2010, pp. 97-98).

Moreover, gender differences should also be included in future analyzes, especially because of strong differences between genders in life expectancy and

higher proportion of women in older population. In consequence, it brings much higher share of widowed elderly women, who are more frequent beneficiaries of medical services and nursing homes. Living and income conditions of older women and men are diverse and result in a substantial incompatibility of a consumer behaviour between men and women.

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## Streszczenie

### **ROLA OSÓB STARSZYCH JAKO KONSUMENTÓW – STUDIUM PORÓWNAWCZE STARYCH I NOWYCH KRAJÓW CZŁONKOWSKICH UNII EUROPEJSKIEJ**

*Celem opracowania jest zbadanie różnic pomiędzy rolą osób starszych jako konsumentów dóbr i usług w gospodarkach starych i nowych Państwach Członkowskich Unii Europejskiej. Proces starzenia się społeczeństw prowadzi do znacznych zmian w liczbie i strukturze wiekowej konsumentów na poszczególnych rynkach dóbr i usług. Zjawisko to wymaga bliższych rozważań. Podstawową metodą badawczą zastosowaną dla osiągnięcia celu jest statystyczna analiza różnic pomiędzy krajami „piętnastki” i nowymi członkami UE. Rozważania zostały dodatkowo uzupełnione o przegląd najnowszej literatury w dziedzinie zachowań rynkowych starszych konsumentów.*

*Podstawowe wnioski płynące z dokonanej analizy potwierdzają występowanie istotnych rozbieżności pomiędzy obiema opisywanymi grupami krajów europejskich. Proces starzenia się społeczeństw jest jednym z kluczowych zjawisk demograficznych widocznych we wszystkich krajach europejskich. Generalnie, nowe kraje członkowskie są demograficznie młodsze, jednocześnie są bardziej narażone na wyższą dynamikę zachodzących zmian. Rosnący udział osób starszych w społeczeństwie prowadzi również do zaburzeń funkcjonowania rynków: zmiana struktury wiekowej nabywców, nowe potrzeby i konieczność ich zaspokojenia, adaptacja przedsiębiorstw do nowych warunków. Podkreślenia wymaga również fakt ewolucji potrzeb osób starszych, wynikająca m.in. z rosnącej siły nabywczej, wyższego poziomu wykształcenia oraz większej świadomości rynkowej. Przykładem w tym zakresie może być zachowanie starszych konsumentów na rynku produktów i usług turystycznych, gdzie wykazane zostały znaczne różnice pomiędzy starymi i nowymi Państwami Członkowskimi. Rozbieżności dotyczą w szczególności częstotliwości korzystania z usług turystycznych, długości wyjazdów wakacyjnych oraz poziomu ponoszonych na nie wydatków. Ponadto w opracowaniu wykazano, że osoby starsze stają się nie tylko coraz większą i bardziej znaczącą grupą konsumentów w Europie, ale również bardziej atrakcyjną z punktu widzenia ich zachowań nabywczych.*

*Studium porównawcze stanowi wkład do bieżącej dyskusji naukowej nad znaczeniem osób starszych dla rozwoju europejskich gospodarek w perspektywie ich roli odgrywanej na rynkach dóbr i usług.*