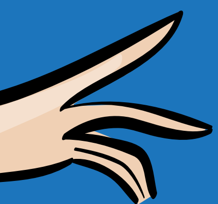


Gray Matters

AS BABY BOOMERS AGE, THEIR ROLE AS CONSUMERS CONTINUES GETTING STRONGER.

BY PAULA FELPS

LIKE MANY TEENAGERS TODAY, Linda Sunnenberg would rather send a text than talk on the phone, and she spends several hours a week on Facebook. She goes to the mall a few times a week with friends and usually sees at least one movie a week with them.

But Sunnenberg, of Cincinnati, Ohio, is no teenager; at 72, she is part of a growing demographic that is more tech-savvy and socially active than previous generations. She also often feels ignored by retailers.

"It doesn't seem like they care about older people," she says. "They cater to the younger people, but if you go to the mall during the week, you're going to see a lot of older people. You see a lot of groups of ladies shopping and even daughters taking their mothers out. We have the time and the money to buy things, so I don't know why stores don't do more for them."

In today's youth-crazed society, many retailers and brands are singularly focused on capturing the coveted youth demographic. But as the Baby Boomer population continues aging, youth-focused retailers might be missing the mark. Older consumers comprise a large – and rapidly growing – market, and they also represent opportunities that retailers will be able to capitalize upon for years to come.

> “This is a time when people are reinventing themselves. It’s a great opportunity for retailers, but unfortunately retail is still looking at a 1980s version of aging.”

“Today’s older population is far more youthful than it was in the past,” explains Ken Dychtwald, a California-based psychologist, gerontologist and author of 16 books on issues related to aging. “It used to be that someone who was in their 50s was considered past their prime. Today, people in their 50s are in ‘middle-escence’ – it’s a time of new beginnings and reinventing themselves.”

That active approach to later life has changed the way they shop, and it should subsequently change the way that retailers and companies market to them. Whereas it was once believed that the best time to market to consumers was in their youth – to create a customer for life – today’s consumers are more likely to switch brands throughout their lifetime. That makes marketing to a population that has more expendable cash – and more time on their hands to spend it – a logical decision.

“They are open to new products and solutions,” Dychtwald notes. “These are people who changed their majors in college, changed careers and 20 percent of them have changed their religion. The idea of picking up a new brand is not scary to them.”

While that brings more opportunities for retailers, it also brings more responsibility.

“The good news is, the companies that do a good job of marketing to the older segment are going to be able to win over their business,” he says. “The bad news for them is, they can’t rest on their laurels.” Instead, they’re going to have to keep looking for new ways to engage the older market segment to maintain their loyalty and continue getting their business.

ACTING THEIR AGE

Baby Boomers – the generation born between 1943 and 1960 – currently account for 31 percent of all adults and 37 percent of homeowners. They tend to be far less frugal than previous generations, and are more likely to be impulse shoppers – even for high-ticket items, Dychtwald says.

“They’re far less restrained with their spending,” he points out. “They’re going to buy the shoes, the car, the flat panel TV instead of putting it in savings.”

While that may come back to haunt them in later years, for the moment they are more inclined to, well, live in the moment.

“They are youthful and active and are in their peak earning and spending years,” Dychtwald says. “They aren’t hampered by physical challenges. They have the greatest amount of money to spend, they were less damaged by the recession than other demographics and they are the fastest-growing market. Yet retailers aren’t lining up to get their business.”

That’s a huge mistake, he says, and statistics back him up.

“The Grandparent Economy,” a study commissioned by the website Grandparent.com and conducted by Peter Francese of *American Demographics* magazine, indicates that today’s older population represents a significant opportunity for retailers. Spending trillions of dollars annually, they are, in Francese’s words, “a consumer force to be reckoned with – or at least finally recognized.”

According to his findings, households led by 55- to 64-year-olds have an average net worth of $254,000 – the highest of any age group. That age group also has enjoyed the greatest improvement in median family income during the past 10 years, rising by 12 percent. The only other demographic that comes close to that number is the 65- to 74-year-old age group, which saw its income rise by 11 percent.

A GRAND IDEA

Not only is the Boomer market more affluent than other demographics, it also is changing the image of what a grandparent looks like. Francese reports that in 1985, the majority of grandparents were over the age of 65. Today, the majority of the grandparent population falls between the ages of 45 and 64. More than half of the 18 million consumers between the ages of 55 and 59 are grandparents, and 75 percent of consumers age 65 to 74 are grandparents.

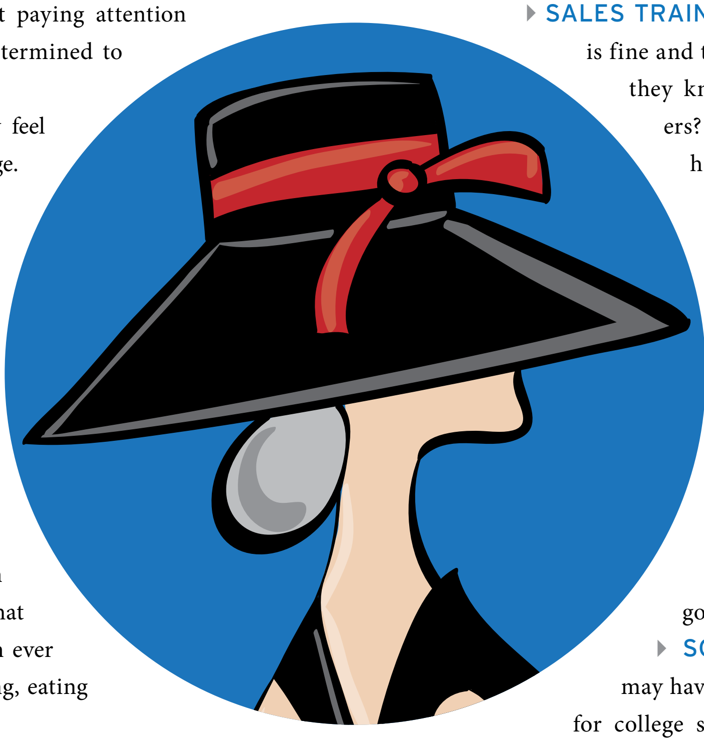
That’s good news for retailers, because grandparents are driving today’s economy. They’re nothing if not generous: Francese found that they spend more than $100 billion each year on entertainment, which includes camping gear, bicycles, boats and cameras. During the course of a year, they’ll drop $2 trillion on goods and services, which accounts for one-third of consumer spending overall, and their spending has grown at a rate of 7.6 percent every year since 2000. That’s almost twice the annual growth rate for consumers overall.

“Today’s grandparents may well be making purchases for four generations: themselves, their parents, their children and their grandchildren,” Dychtwald notes. “You can only imagine all the opportunities that are being missed because store displays or advertising are over-looking them. The key is to stop targeting their age and instead target their attitude and their lifestyle."

HITTING THE MARK

To do that, retailers have to start rethinking the notion of what a 50-plus shopper is. The 50-something market includes Prince and Oprah; move into the 60-plus market and you've got Stevie Nicks and Mick Jagger. They are younger, hipper and cooler than previous graying generations, and they aren't paying attention to a number. If anything, they're determined to outrun, outlast or outwit it.

"When people today pass 50, they feel 10 or 15 years younger than their age. But marketers are still trying to target to their age," Dychtwald says. "The truth is, there's no such thing as a 'typical' 50-year-old consumer, because there is such a huge variety in interests. Just because they've reached a certain age doesn't mean that changes. And that's what needs to be marketed to."



Instead of focusing on ages, Dychtwald recommends focusing on stages. Are they recently retired? That means they have more free time than ever before – time they can spend shopping, eating out or traveling.

Did the last of their children just move out of the house? If so, they are ripe for finding new activities or reacquainting themselves with old hobbies.

Have they just gone through a divorce or the death of a spouse? That's generally a powerful trigger for rediscovering themselves and the world around them. Or maybe they've just become a grandparent – which often results in a dramatic uptick in spending as they shop for the new baby.

"This is a time when people are reinventing themselves. It's a great opportunity for retailers, but unfortunately retail is still looking at a 1980s version of aging," Dychtwald says.

MAKING THE LEAP

Refocusing efforts includes three key areas, and all three are areas in which many retailers and brand marketers fall short.

- **MARKETING.** Too much of the material geared toward the 50-plus market is simply too "old." For example, Dychtwald says, he sees marketing material geared to 50 and 60-year-olds that features images of people who are clearly much older. That's an instant turn-off for the intended audience. "A 50-year-old is not the same as a 70-year-old, and a 70-year-old is not the same as an 85-year-old," he says. "You wouldn't market to a 13-year-old the same way you'd market to a 23-year-old, so why would you try marketing to 50-year-olds the same as 70-year-olds? It's not going to work."
- **SALES TRAINING.** Having a youthful sales staff is fine and their energy can be a bonus. But do they know how to talk to older customers? Investing in training programs to help them become more sensitive to the needs of this market can be valuable, but Dychtwald says an even better tactic is to hire older salespeople. "Particularly in areas like the luxury market, health and wellness or clothing, you need to have your customer base reflected by your sales staff. A 60-year-old shopper is going to enjoy a 60-year-old salesperson, and that salesperson is going to understand the customer."
- **SOCIAL MEDIA.** While Facebook may have been invented by college students for college students, it has grown far beyond its origins. Today, the social network population has exploded with users in their 50s and 60s, becoming the fastest-growing market segment on Facebook. "In many ways, social media is a better fit for people over the age of 50 than those under 50," Dychtwald claims. "They have more time to spend online, so social media is a dream come true. It's a mistake not to market to them that way."

The bottom line, however, is that marketers and retailers have to understand this market and reach out to them on their terms. They have to understand what interests these consumers and then use messaging that is age-appropriate.

"Consumers have to see themselves in that marketing message," Dychtwald says. "It has to be done with intelligence and sensitivity. So many people today are rushing to market with products for 20-year-olds, but the big winners in the long run are going to be the ones who learn to cross the boundaries of age and generations." **IS**