

Friday, May 29, 2009

## **Cashing in on aging boomers**

### **Retailers take note of sector that refuses to grow up**

**Sacramento Business Journal - by Kelly Johnson Staff writer**

Two decades ago, **Age Wave** think-tank founders Maddy and Ken Dychtwald couldn't get retailers or manufacturers interested in the 50-plus market.

"People wanted nothing to do with the mature market," said Maddy Dychtwald, senior vice president of the company in San Francisco.

Now, the consumer products and services industry can't stop thinking about the mature market, especially since a baby boomer turns 50 every 8½ seconds.

At 78 million people, boomers represent one-third of all adults in the United States.

They control half of the nation's wealth and, at least before the recession, were spending \$2 trillion on consumer products and services a year. Boomers were expected to account for about 40 percent of spending by 2015, according to a **Mc-Kinsey Quarterly** report in 2007.

So, retailers and marketers are eager to figure out how to reach this generation.

Some in the consumer products and services industry are getting it right, while many others still have much to learn — and lose, said experts who specialize in marketing to baby boomers.

Marketing to this 19-year generation is proving tricky. Although boomers are lumped together, they're a diverse group with divergent life experiences given that they range in age from 44 to 63. And like the rest of the population, they range from affluent to financially disadvantaged.

The way to market to boomers is by individual life stage segments — such as empty-nesters and grandparents — without mentioning age, consultants said.

"They refuse to be called seniors. That is the worst thing you can do to this group," said Alice Jacobs, a Roseville baby boomer who advises companies on generational marketing and teaches seminars and classes on the topic, including through UC Davis Extension.

Although generalizing of boomers should be done sparingly, older baby boomers refuse to grow up. They think old age starts around 75 or 80, said Matt Thornhill, founder of **The Boomer Project**, a marketing research and consulting firm in Virginia.

Boomers see themselves as vibrant and active. They like trying new services and products, despite the myth that they are brand-loyal, **AARP** spokesman Anthony Deluise said. The association of people 50 and older no longer uses “retired” in its name.

Boomers like print advertising because they want lots of information. Boomers also pay attention to new media, and will click on eye-catching Internet ads.

This generation also likes products, services and shopping experiences that make them feel special and pampered, consultants said. They don’t want to merely eat or buy things. They want to dine; they want experiences. This is especially true since the recession started.

Many boomers who are 60 had expected to retire over the next five years. Now, they will likely work an extra three to five years because of their hard-hit investments and pensions, Dychtwald said. The good news is they won’t be on a fixed income and will still spend.

But their free time will be more limited. More boomers will be working and raising children or grandchildren while also dealing with their own sick parents.

As a result, “experience over things become valued,” Dychtwald said. “There is a real shift going on right now on what people are valuing.”

Boomers in particular want to be responsible consumers.

“It’s not about buying stuff to have stuff,” Thornhill said.

### **Dining's mood lighting dilemma**

Lifestyle centers — which combine upscale stores with restaurants, entertainment and comfortable places to linger — provide the experiences that boomers want. Local examples are Sacramento’s Pavilions center and The Fountains in Roseville.

The Fountains was designed, and filled with tenants and marketed all with boomers in mind, property manager Gloria Wright said.

For its concert series, The Fountains includes music that appeals to boomers. Water features and a train ride are meant to appeal to boomers, including older boomers who are “so into their grandchildren,” Wright said.

Boomer-appealing apparel retailers include Draper’s & Damon’s, **Coldwater Creek** and Chico’s.

Malls have focused on boomers by clustering stores that target the demographic. They’ve added leather chairs and couches in the common areas, and indoor children’s playgrounds. “All making you feel special,” Jacobs said.

As for adding experience, Raley's supermarkets offer wine tasting and kitchen products retailer Sur La Table provides cooking classes. Nordstrom offers boomers the attention they crave with free personal shoppers who will do the chore on their behalf, while customer service representatives will book theater tickets or make dinner reservations for them.

But some aspects of boomer-oriented service are lacking at many restaurants. People age 50 and older require twice as much light as a 25 year old, Jacobs said, so restaurants dimming their lights to create mood just aren't working for boomers. Restaurants need to add table lights so their customers can read the menu.

Jacobs' own solution? "I carry a flash-light."

Noisy restaurants also aren't addressing the decline in hearing suffered by some boomers. Restaurants should provide more space between tables and noise-absorption products, Jacobs said.

### **Healthy outlook**

Many marketers of beauty care and wellness products are getting it right when it comes to boomers.

Dove, a brand best known for its soap, features boomers in ads and says beauty has no age limit. The company incorporates a cause-marketing program to build self-esteem and promote a wider definition of beauty.

Supermarkets and drug stores tried rolling out in-store health clinics, but mixed results have led some independent clinic operators to scale back their efforts.

Retailers also are adapting existing products or offering new products or packaging that targets boomers. Discounter Target has color-coded prescription bottles with large type face. Cobra has a global positioning system with oversized icons and text and back lighting to enhance visibility. Tropicana has an orange juice fortified with omega-3, thought to help heart health and other conditions. Nivea introduced an anti-cellulite cream, while beauty retailer Sephora offers numerous anti-aging beauty products. Makers of yogurt and all sorts of products are adding fiber.

Some products and services are created for the mature user, but have wide appeal, Thornhill said.

As boomers get older, they'll continue to defy aging with health club memberships and spas offering massage and other services, consultants said.

"We think boomers will spend money on maintaining vitality until they take their last breath," Thornhill said.

Boomers are redefining age, and the consumer products industry has taken notice.

"Everybody is watching them," Jacobs said.