

When We're 64

Get your brands and organizations ready for the monumental change in age demographics.

by Dr. Lawrence A. Crosby, Sheree L. Johnson, and John Carroll III



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Loyalty



Will you still need me, will you still feed me, when I'm 64?" Sir Paul McCartney crooned this 39 years ago, as he pondered his future and what is oft called one's golden years. He turned 64 years old this year, and ironically, his career appears to have only accelerated as he's aged. Sir Paul's continued activity—during what many still consider retirement age—isn't a unique phenomenon. In fact, it's said that today's **baby boomers define old age as starting at 80 years old. That is three years after the average person is dead!**

A massive change in global age demographics is driving this redefinition of "old." Several forces are compounding it, including increasing life spans, decreasing birth rates, and aging "bubbles" of large sub-populations such as the U.S. baby boomer generation. The statistics relating to this fundamental shift are staggering. For example: In Germany and Japan (with the second- and third-largest economies in the world) over the next 25 years, the proportion of the population more than 65

years old is expected to increase from 20% to nearly 50%. In the United States, the aging of the population will continue at a slightly reduced rate, particularly if immigration—which tends to introduce younger people into the populace—persists at current levels.

Indeed, age demographics are at the root of many hot topics that marketers are closely tracking.

- Wellness and health is a trend firmly based in aging and its effects.
- A large and growing group of wealthy elderly consumers is propelling emerging consumption of "new luxury": products and services that deliver higher levels of quality, taste, and aspiration than conventional ones.
- The number of students returning to school later in life, to develop self-enhancing knowledge and skills, is heavily influencing education.

Marketing leaders need to be at the forefront of (1) under-

standing the implications of these trends and (2) driving the organizational responses to this well-documented change in global age demographics. Building and maintaining customer loyalty, within large segments of often high-wealth and high-expenditure seniors, will be critical to the growth and profitability of brands across nearly all consumer industries. That said, doing so might not be as easy as it seems. For instance, noted trend spotter Faith Popcorn suggests that baby boomers won't acknowledge "old" at all. And she forecasts that terms such as elderly and mature will become insults. **Baby boomers will demand recognition of their special needs, but won't want to be treated like special people.**

So how can marketing leaders develop and sustain strong bonds with this increasingly large and powerful consumer segment? Using the traditional four Ps provides some important clues.

Product: Making it easy. "Ease of use" is a basic platform for supporting seniors' needs across a wide range of consumer products. LG, the South Korean design and manufacturing firm (of media products, home appliances, and telecommunications devices), recently debuted a mobile phone especially targeted to seniors. It features large, easy-to-read buttons.

Gretchen Anderson, senior design analyst at Frog Design (the

consulting firm behind many Apple, Sony, and other brand blockbusters), suggests that functionality needs to be addressed and that the use of natural materials and refined colors makes products feel more “human” to seniors.

Price: Buying into the future.

Establishing a strong, long-term relationship with seniors of the future requires engaging that generation today. For luxury goods providers, this means offering entry price points that allow a brand affiliation to be created and grown—until later prosperity allows the consumer to acquire within the higher price ranges. For example:

- Premium automobile manufacturers such as Mercedes capture their consumers early with mid-priced entry models while offering price portfolios that increase with spending power.
- In developing countries, basic consumer-product companies can offer trial sizes or sachets of cosmetics, personal care items, and other “luxuries”—so that as the population ages and prosperity increases, the full product portion at full price will be a natural choice.
- In India, the majority of shampoo sales by leading consumer-products companies are made in single-use sachets.
- In financial services, where pricing is frequently the product, providing early low rates (which lock in consumers for the long run) might be the route to capturing important market share that will last through the age demographics shift.

Place: Maintaining traditional channels and upgrading new ones.

A race to increase efficiency has driven many companies to push their customers toward using self-service channels, such as the

Internet and call centers. To date, the results for consumers often haven’t been considered successful alternatives to the experience of traditional channels.

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Furthermore, efficiency—in terms of how long it takes to complete a transaction—isn’t as important to seniors. They might regularly have more time to spare for such activity. As such, organizations with a multichannel approach (e.g., banks, insurance companies) must be careful to maintain sufficient capacity in personal, face-to-face channels such as branches.

As for the new channels, such as the Internet: Web usability guru Jakob Nielsen states that although the Internet enriches many seniors’ lives, most Web sites violate usability guidelines. This makes them difficult for seniors to navigate. In fact, current Web sites are twice as hard for seniors than non-seniors. By 2025, most seniors will be computer-literate; technophobia is less likely to be an issue. However, hardware and software specifically designed for seniors will become critical.

Promotion: Being ageist.

“The old language of aging no longer reflects people’s active lives,” advises Susan Moses of the Harvard School of Public Health, in a March 2006 issue of *Parade*. Accordingly, **savvy marketers will trade in the monikers of “senior citizen,” “elderly,” and just plain “old” for some of the new ones: “geri-active,” “seasoned,” or even “the gratefully alive!”**


Marketers should develop communications content and use media that particularly address the aging population. Aligning with the power players, such as the American Association of

Retired Persons, is an important aspect of partner marketing. It will become hypercompetitive as these organizations control the perceptions of their large memberships.

A less-crowded arena with potential is word-of-mouth promotion. This technique, commonly associated with youth-oriented marketing programs, is just as well-suited to seniors. They have developed broad personal networks over the years and are frequently seen as wise and trusted sources of information.

Destiny Awaits

It appears that there are plenty of opportunities and risks in managing the inevitable shift in age demographics. For those of you still not convinced of this subject’s importance, consider a final thought: It’s not only the stable and “mature” economies that will experience this generational imbalance. China, which many believe will have the largest economy in the future, will likely see the greatest changes of all. Indeed, the Chinese dragon will rapidly age as the consequences of the famous one-child policy play out dramatically. Accordingly, creating bonds with current Chinese consumers becomes ever more important.

Whatever the brand, product, or region, marketing leaders should be skillfully positioning their organizations for the gradual but striking transformations ahead. After all, as Auguste Comte, the father of sociology, stated: Demography is destiny. 

About the Authors

Lawrence A. Crosby, Ph.D., is CEO of Synovate Loyalty and is based in Scottsdale, Ariz. **Sheree L. Johnson** is the global director of strategic marketing for Synovate Loyalty and is based in Vancouver, British Columbia. **John Carroll III** is a vice president of Synovate Loyalty in Chicago.

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