Marketing Strategies for the Changing Silver Market

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Overview

- Global Aging
- Evolution of the silver market
- Corporate challenges
- Marketing guidelines
- Directions for cross-national research
Global Aging

• Aging in developed countries
About 13% of the population of the 29 leading industrial nations is now age 65 and older. By 2030 it will be 23%.

Share of 65 and older for the six top economies:
Global Aging

• Aging in developing countries
Percent Aged 65 and Over: 2000
Percent Aged 65 and Over: 2030

Figure 1-2.
Percent Aged 65 and Over: 2030

Source: U.S. Census Bureau, 2000a.
Global Aging

- Reasons
- Consequences
- The silver market
- Focus: baby boomers and their elders
Birthrate in the United States: 1940 to 2005

- Mature Market (68 million) 1946–64
- Baby Boomers (76 million) 1946–64
- Baby Busters (47 million) 1965–76
- Generation X
- Baby Boomlet Teens (26 million) 1978–84
- Preteens (19 million) 1985–89

Births per thousand women ages 15 to 45

- 1940: 80
- 1957: 122.7
- 1976: 65.0

Projected to 2005
Evolution of Marketing to the Silver Market

- Prior to 1980: Total neglect
- The 1980s: Trial-and-error marketing
- 1990s to present: Increasing commitment, knowledge, and caution
Corporate Responses and Challenges

• Should we market to older generations?

• Should older generations be treated differently?

• Should older generations be treated as a homogeneous market?
Corporate Responses and Challenges

- What are the most effective bases for segmentation?
- How do we market to older generations?
Some Guidelines

- Understand the needs of older consumers
- Rely on research
- Apply research findings
- Test before implementing strategies
- Seek feedback
Understand The Needs Of Older Consumers

- Aging processes
- Life circumstances
- Life-changing events
Changing Needs Due to Aging

- Biophysical changes
- Psychological changes
- Social changes
Changing Needs Due to Life Circumstances

- Cohort influences
- Historical and environmental influences
Life-Changing Events

- Unexpected
- Expected
Factors Affecting Consumption Habits of Older Consumers

- Life Circumstances
  - Cohort
  - Historical/environmental

- Aging
  - Physiological
  - Psychological
  - Social

- Life changing events:
  - Expected
  - Unexpected

Psychological States:
  - Needs
  - Motives
  - Perceptions
  - Values

Responses to Products and Services
Values of Generations Differ

• Values mostly held by baby boomers

Some examples:

– Self-indulgence/instant gratification

– Life satisfaction

– Youthfulness

– Personal fulfillment
How Changing Needs Affect Consumption Patterns

- Benefits sought in products
- Criteria used in choosing products
- Preferences for information sources
- Shopping habits
Rely on Research - with Age, Older Consumers:

• Become less price sensitive and deal prone
• Choose products based on quality and brand name
• Become more convenience-oriented
• Prefer “one-stop” shopping
• View shopping as a social event
• Complain less
• Seek personal attention
Shopping Habits Of Baby Boomer (BB) and Older Adults (OA)

- Use free samples (OA)
- Use of information on packages (OA)
- Brand and store loyalty (OA)
- Respond to ads (OA)
- Respond to sales or deals (BB)
Apply Research Findings—Some caveats:

- Cannot generalize across situations
- Cannot generalize across time
- Cannot generalize across generations
- Cannot generalize within generations
- Some strategies work in most cases
Market Segmentation

- Common bases used

- Gerontographics
  - Aging processes
  - Life changing events & circumstances
  - Four segments
Four Gerontographic Segments

- Healthy Hermits (38%)
- Ailing Outgoers (34%)
- Frail Recluses (15%)
- Healthy Indulgers (13%)
Life-stage Segments of the Mature Market

Note: Specific arrows indicate that people may move to the next stage in life due to physiological, psychological and social aging. Arrows pointing to the left denote psychosocial aging; arrows pointing to the right denote biophysical aging.

Sources: Moschis (1996) Gerontographics. Westport, CT: Quorum
Positioning

- Convenience
- Functionality
- Quality
- Dependability
- Personal Service
Product Development

• Universal appeal
• Minimize problems
• Ease-of-use
• Functionality
You're walking more than ever.

Save 20% on I Love Comfort walking shoes from Sears with coupon.

A long walk is good for your health, and now it's great for your pocketbook, too. I love Comfort walking shoes are available in a variety of styles and colors, and you'll find that the price is as comfortable as the shoe.

Now take a step toward comfort and style.
Promotion: Advertising

- Media
- Appeals
- Structure
- Models/Spokespersons
Drink to your health with Ensure.
Promotions: Other

- Samples
- Coupons
- Sweepstakes/contests
- Loyalty programs
Distribution

- Retail establishments
- Personal attention
- Special services
- Payment methods
Pricing

- Offer price reductions when products are similar/standardized
- Make price reductions temporary promotion offers
- Use premium pricing for drastically different products
- Price products/services “a’ la carte”
- Do not over-emphasize senior discounts
Implementation And Feedback

- Bases for evaluation
- Overall impact
- Continuous
Cross-National and Cross-Cultural Research

- Need for research
- Research issues
Proposition 1:

The ratio of differences in the consumption patterns within-generations is higher in older than in younger generations.
Proposition 2:
The older the generation of consumers, the greater the differences in their consumption patterns
Proposition 3:

Consumer needs driven by biophysical aging are better predictors of similarities in buying and consumption patterns than needs driven by psychological and social aging.
Proposition 4:

The greater the socio-political stability a country has experienced during the lives of its consumers, the smaller the difference in consumption patterns between generations.
Proposition 5:

There are greater intra-generational differences in consumption patterns of consumers in free, capitalistic countries than in countries that have “closed” political systems.
Closing Remarks

- Changing composition of consumer markets globally
- Corporate challenges, opportunities, and responsibilities
- Emphasis on understanding the silver market
- Effective strategies for reaching the silver market
- Need to understand consumers in different cultural settings.
THANK YOU