

# Marketing Strategies for the Changing Silver Market

by

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**Disclaimer**

This speech is based on information contained in *Baby Boomers and Their Parents: Surprising Findings about Their Mindsets, Lifestyles, and Well-Being*, by George P. Moschis and Anil Mathur. © 2007 Paramount Market Publishing, Inc., Ithaca, New York.

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# Overview

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

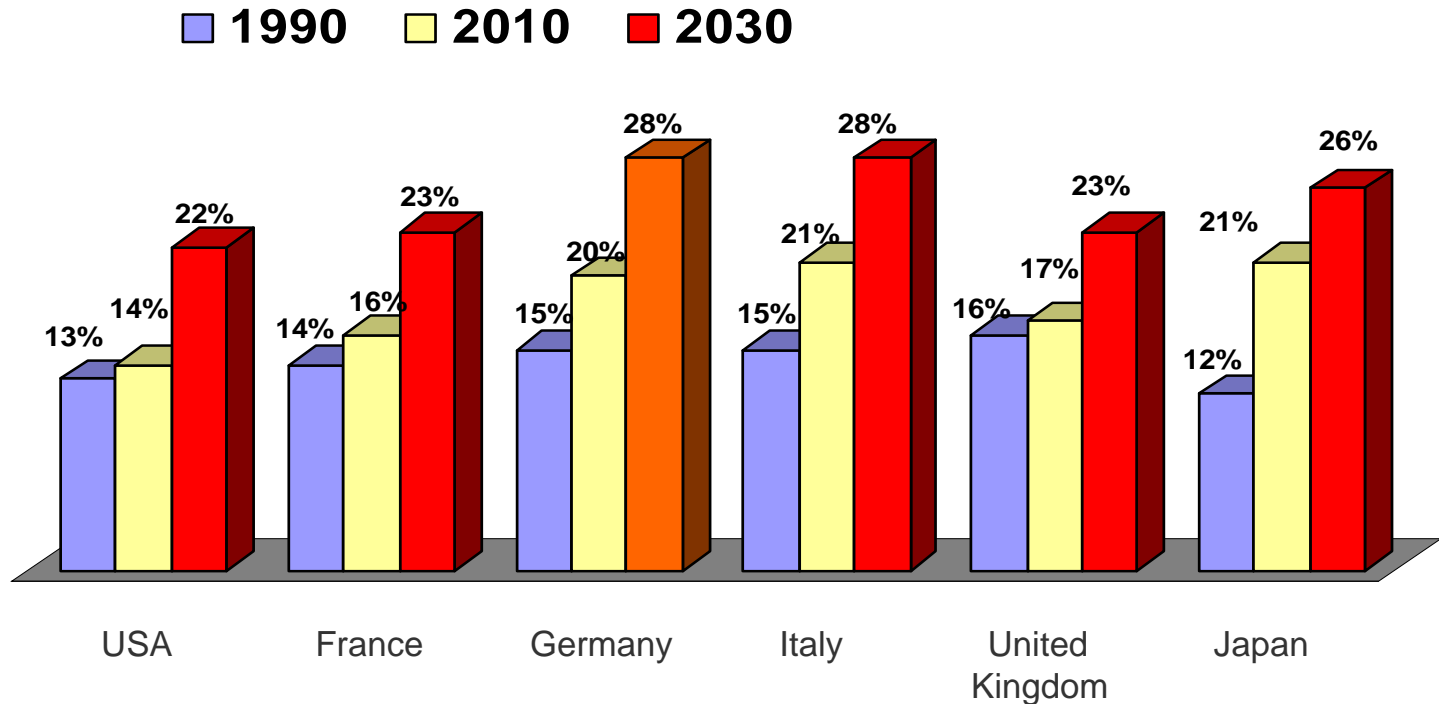
# Global Aging

- Aging in developed countries

# Aging Industrial Societies

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

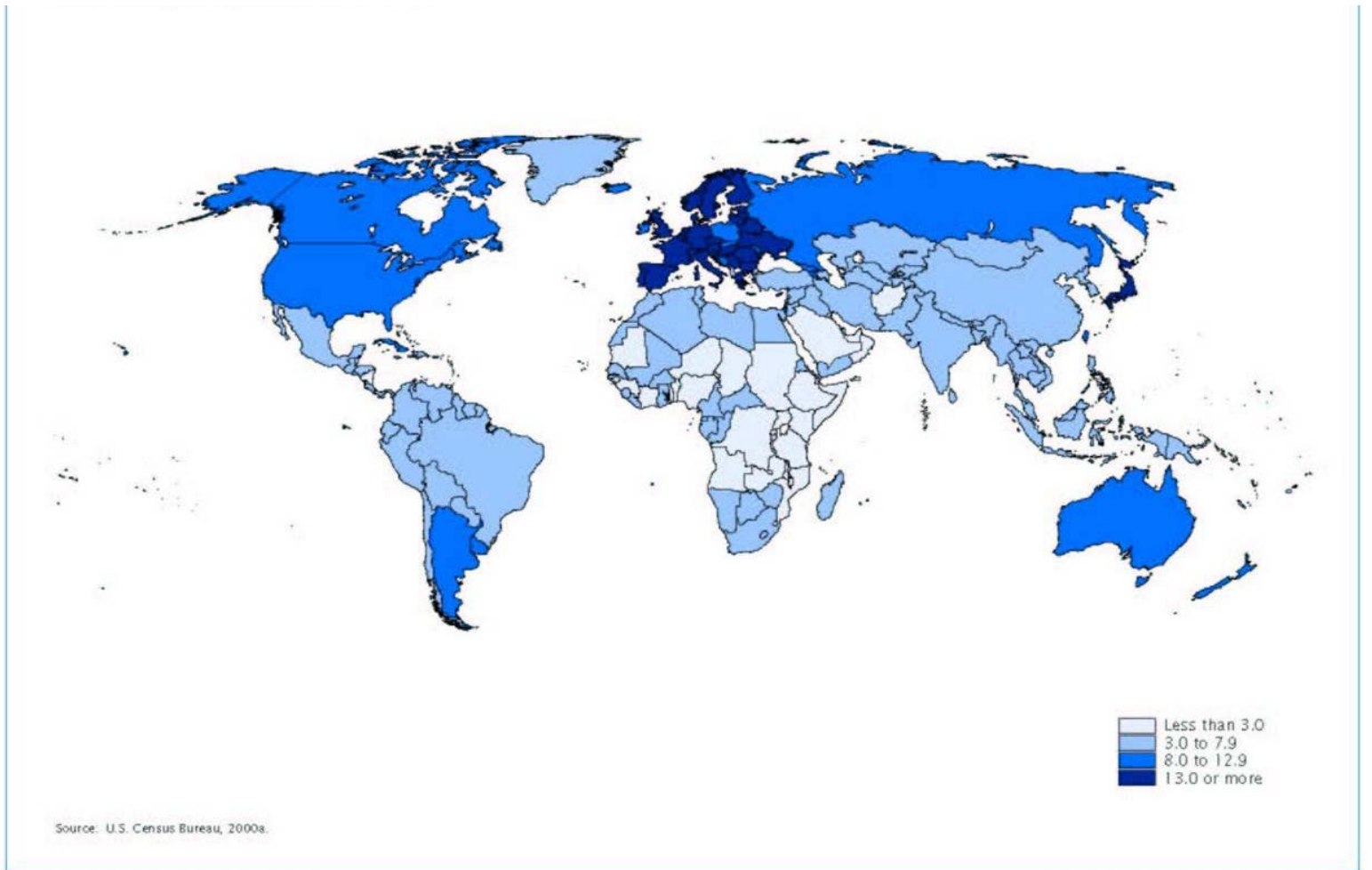
Share of 65 and older for the six top economies:



# Global Aging

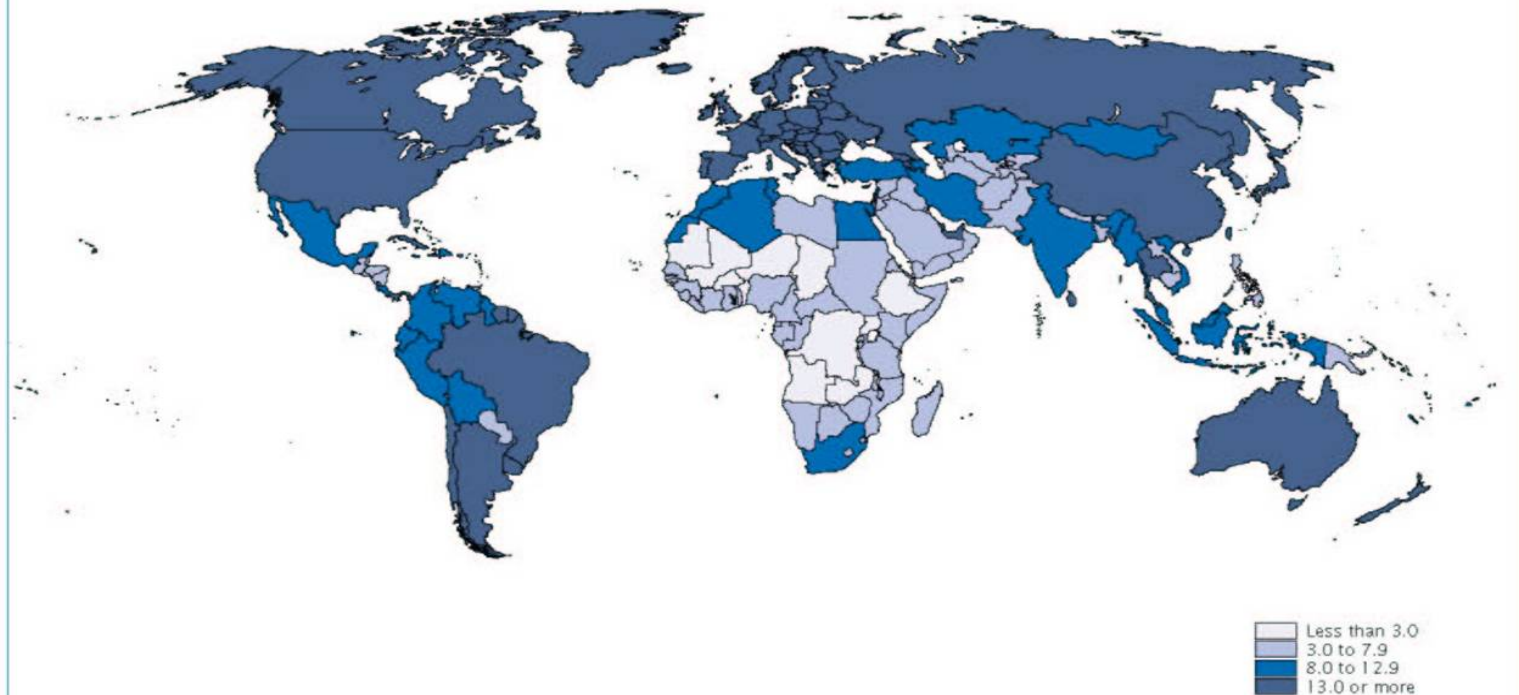
- Aging in developing countries

# Percent Aged 65 and Over: 2000



# Percent Aged 65 and Over: 2030

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



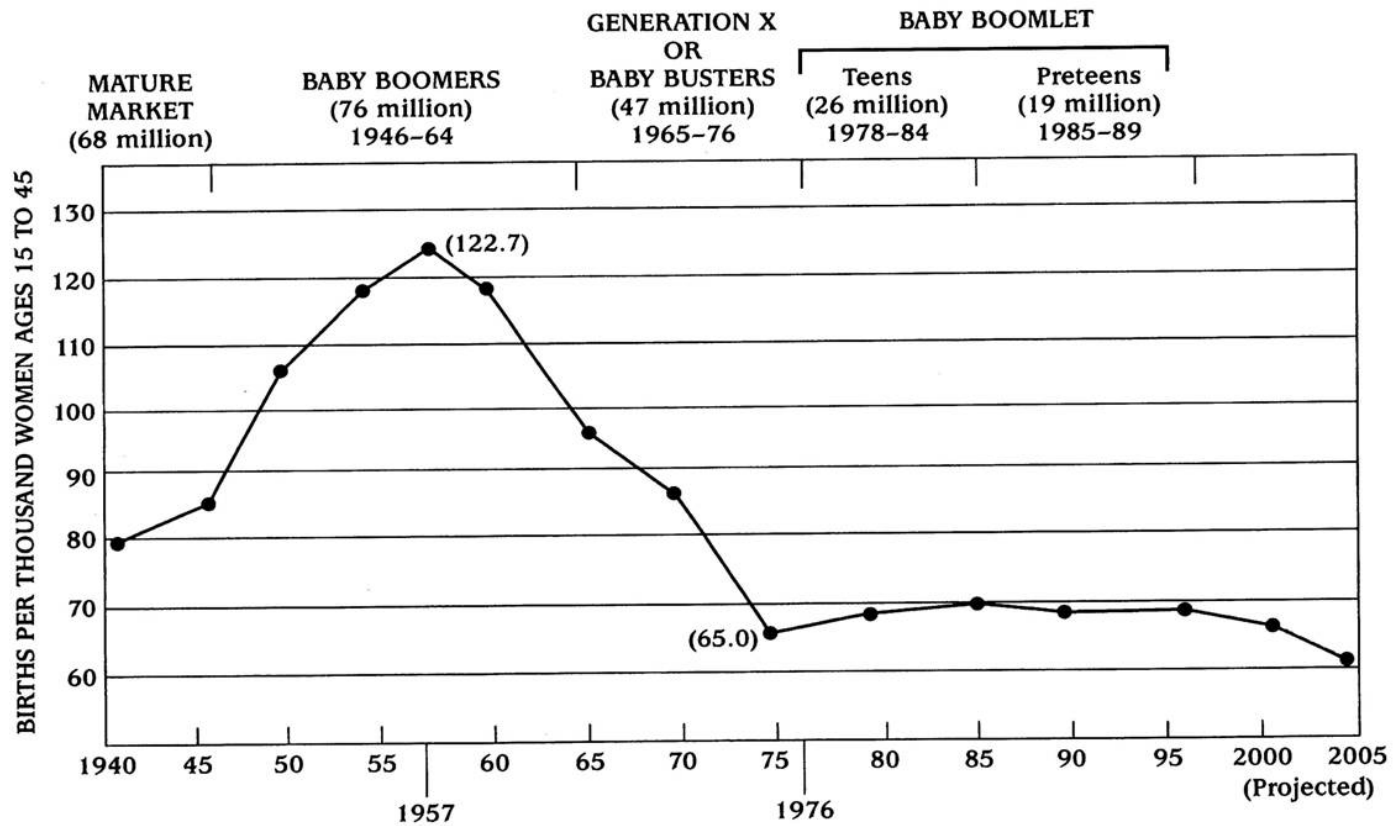
Source: U.S. Census Bureau, 2000a.

# Global Aging

- Reasons
- Consequences
- The silver market
- Focus: baby boomers and their elders



# Birthrate in the United States: 1940 to 2005



# 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

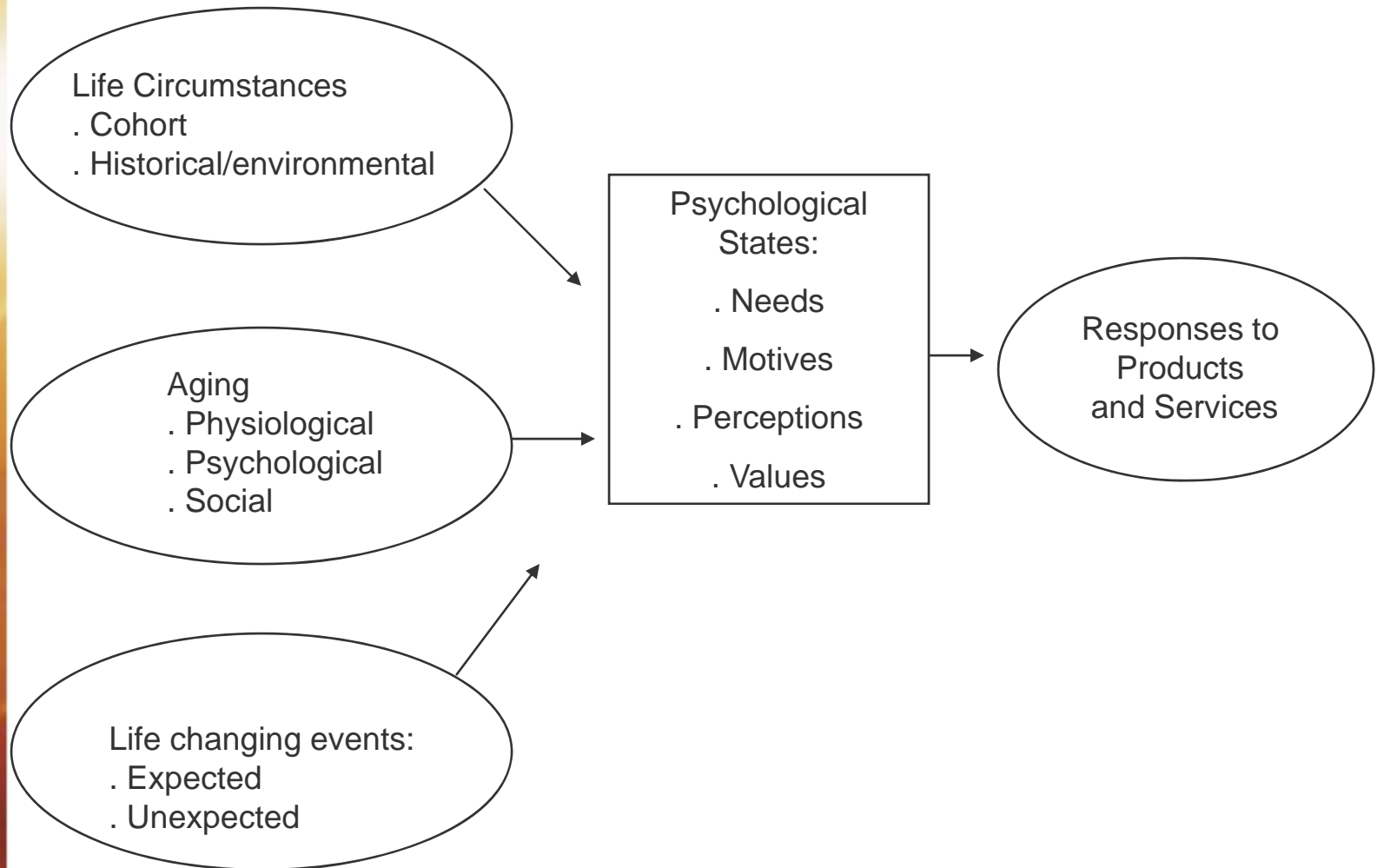
- Cohort influences
- Historical and environmental influences



# Life-Changing Events

- Unexpected
- Expected

# Factors Affecting Consumption Habits of Older Consumers



# 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

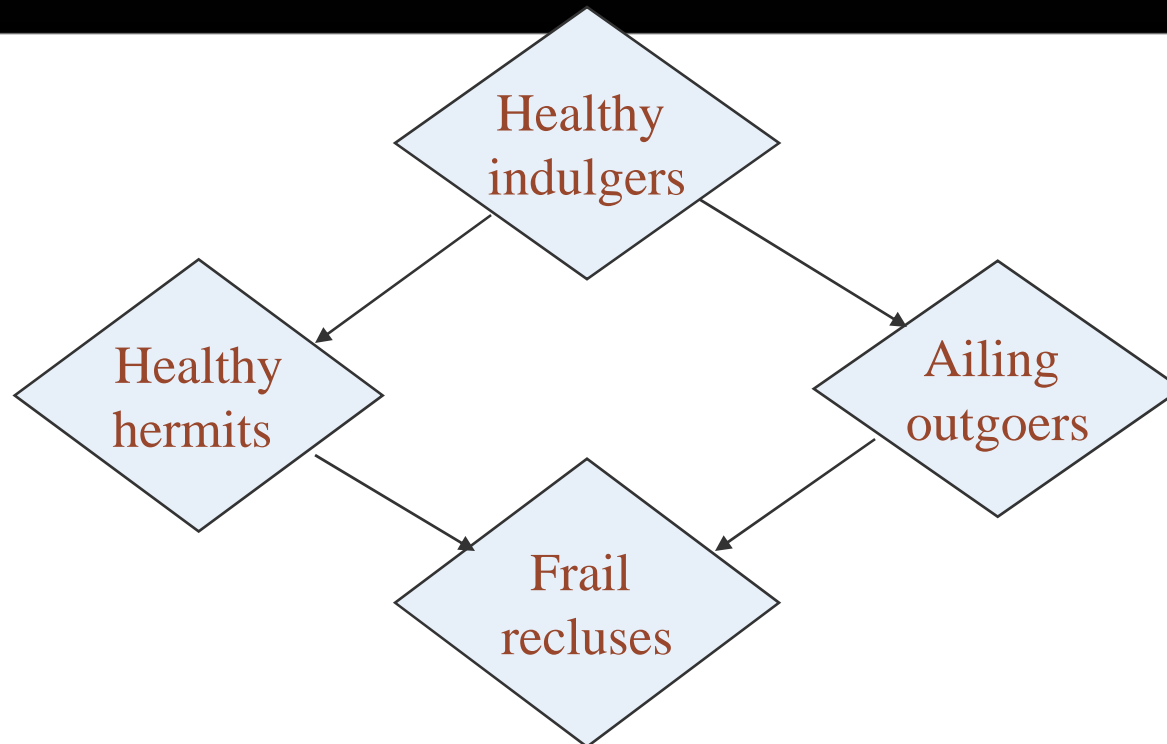
- Common bases used
- Gerontographics
  - Aging processes
  - Life changing events & circumstances
  - Four segments



# 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 good 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.

Womens

Womens

Womens

Womens

I ♥ COMFORT™

Save 20%  
on all regular priced  
I Love Comfort™  
walking shoes with coupon

8 1827305820

SEARS

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

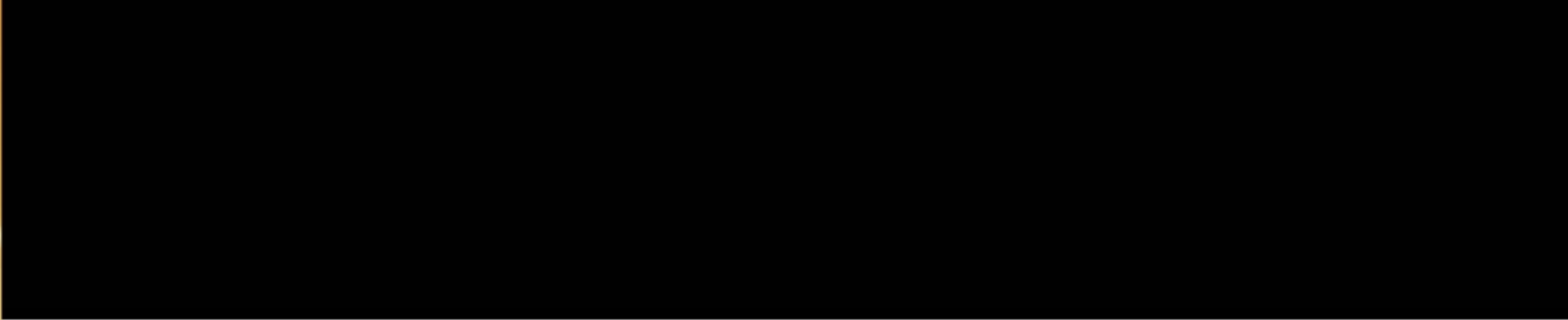


# Proposition 5:

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 difference cultural settings.



THANK YOU