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COVER STORY

Love Those Boomers

Their new attitudes and lifestyles are a marketer's dream



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When Vespa Motor Scooters came pattering back into the U.S. market in 2000 after a 15-year absence, managers at the Italian company figured their biggest customers would be twentysomethings looking for a cheap way to get around. But execs at parent company Piaggio noticed something odd as they scooted back and forth to their Manhattan offices: The most enthusiastic sidewalk gawkers were often aging baby boomers who remembered the candy-colored bikes from their youth. It turns out that boomers have lost none of their affection for Vespa. Better yet, now they can afford to buy top-of-the-line models with all the trimmings. Much to the company's surprise, consumers age 50 and older now buy a quarter of the scooters Vespa sells in the U.S. Managers figure that as they do a better job of

marketing to the group, that portion could grow to as much as a third. Those aging consumers may in many ways be the perfect customer for an indulgence like a scooter. "The boomers are particularly attractive because they tend to have free time," says Paolo Timoni, CEO of Piaggio USA. "They're less likely to be raising young children, and their careers are established and stable."

The massive postwar boomer generation that drove every significant cultural and marketing trend for 50 years -- from Howdy Doody to the Beatles and the Ford Explorer -- is defying marketers' expectations about how it wants to live and shop. As boomers head into their 60s starting next year, this generation, which grew up with the mass market and witnessed the rise of network TV and then the Internet, is once again forcing marketers back to the drawing board, this time to rethink the rules for reaching graying customers.

But it matters now because half of the 77 million boomers -- people born between 1946 and 1964 -- will be 50 or older this year. That's the age at which marketers traditionally lose interest in consumers, believing that their choices about which brand of toothpaste or which car to buy have long since hardened and that their biggest earning and spending years are behind them. In the network TV business, where marketers are still fixated on viewers 18 to 49, folks older than 50 are literally dubbed "undesirables."

Elsewhere, though, attitudes are changing -- and fast. With average life expectancy at an all-time high of 77.4 years, more and more Americans over 50 consider middle age a new start on life. Fewer than 20% say they see themselves stopping work altogether as they age, according to a recent Merrill Lynch & Co. () survey of boomers. Of those who plan to keep working at least part-time, 67% said they'll do so to stay mentally active, and 57% said to stay physically active. People now in their 50s may well work longer than any previous generation, with more than 60% of men age 60 to 64 expected to be in the workforce in 2012, up from about 54% in 1992, according to the Bureau of Labor Statistics.

The boomers' collective wallet will only get fatter as they continue working. As a group, people age 50 to 60 are flush, with more than \$1 trillion of spending power a year, about double the spending power of today's 60-to-70-year-olds. They're likely to be vigorous consumers as they empty the nest, take on new jobs, relocate, support children they had in their 40s, go back to school, start a second or third career, remarry, inherit money from their savings-minded parents, pursue new hobbies, and tackle the health issues of aging. "Marketers are slowly waking up," says

Matt Thornhill, president of the Boomer Project, a Richmond (Va.) consulting firm. "If you're going to expand your business, you will have to market to the aging boomer."

Pitching to folks beyond the traditional cut-off point of age 50 could help companies bridge the gap between the boomer generation and Generation Y, the group of 74 million teens and young twentysomethings that's almost as large as the boomers but hasn't yet reached its big earning-and-spending years. In contrast, the group in between the boomers and Generation Y, known as Generation X, comprises only about 50 million people. "Gen Y is a big market, and its spending power will be even bigger in the future. But what about the shopper today?" asks Greg Maloney, CEO of the shopping-center management business at real estate firm Jones Lang LaSalle, which is altering the store mix at some of its malls to include more boomer-friendly shops.

Figuring out how to reach the new fiftysomethings takes some effort. David G. Schreiner, vice-president for active-adult business development at Pulte Homes Inc. () and its Del Webb retirement-community division, suspected that many of the "retirees" living at his properties, where the average age of residents is 62, weren't exactly pursuing the tranquil lifestyles that the company had promoted in the past. Concerned that Del Webb might be misreading its customers, Schreiner last year dispatched staffers up and down the country to interview almost 100 Del Webb residents from Florida to Minnesota.

The reports from the field were even more colorful than Schreiner had imagined. One Florida retiree had gone back to work driving a boat at Walt Disney World and had recently gotten married...at the amusement park. A former telephone company middle manager living at a Del Webb development in Northern California described her life's mission as being "to teach all the world to dance." She leads countless classes and dance events at the retirement community and elsewhere. Another Del Webb resident took up propagating water lilies and breeding them in the many ponds that dot her development in Texas. Clearly these folks weren't just hanging around and playing bingo.

What does that mean for Del Webb's business? Years ago common areas in its communities had a "sewing room" or a "computer room." Now, given that residents might use an area for yoga one day and woodworking the next, rooms are simply named after local landmarks, such as the "Gila" room at the Surprise (Ariz.) development, named after a nearby river. Past Del Webb ads portrayed retirement as a reward for a lifetime of hard work and sacrifice; photos featured people contentedly lounging by the pool. Today, Del Webb presents retirement as a second life with ads showing seniors pursuing their hobbies, exercising, volunteering, or operating a home-based business. "We have to keep up with residents and make sure that we're not building shuffleboard courts," says Schreiner, 52. "The War Generation was far more predictable and consistent, but this generation gives you a bunch of paradoxes."

Vespa still works hard to create buzz among its 30-and-under customers. But it also is pursuing older buyers more aggressively. To increase Vespa's visibility among mature consumers, the company has just begun advertising on the Golf Course Home Network, a Web site aimed at affluent boomers seeking homes near golf courses. It's also pursuing cross-marketing deals with mobile-home makers and condominium developers that attract the 50-and-up crowd. To make its scooters more appealing to boomers, Vespa has ratcheted up quality and added a full line of high-end accessories including leather seats and decorative chrome bars that appeal to older tastes and wallets.

Even as companies bend over backward to address older consumers, 66% of people aged 50 to 60 still agree with the notion that, overall, "advertisers target people younger than I am," according to the Boomer Project. But today's boomers, with their numbers, spending power, and high-energy lives, will probably force their way on to marketers' radar screens and stay there. "Our generation still has more living to do," says Nancy Blaustein, 55, of Walnut Creek, Calif., an enthusiastic shopper for all sorts of merchandise from clothes and home furnishings to computer equipment and magazine subscriptions. "I'm not ready to wind down yet." For those companies targeting the boomers, here are five lessons:

I'M A GROWNUP, NOT JUST A BIG KID

Yes, our culture worships youth. But that doesn't mean boomers fantasize about being 20 again. In fact, that assumption has caused some notable marketing mishaps. In 2001, Mitsubishi Motor Sales of America Inc. began running ads featuring people in their twenties grooving to indie rock music. It turned out those ads alienated the 40-to-55-year-old customers Mitsubishi coveted. Much to the carmaker's dismay, in two years the average age of its buyers had dropped to about 35 from 40. That's bad news because 40-to-55-year-olds tend to have better credit scores and buy more expensive cars than 20-to-35-year-olds. Mitsubishi retooled the ads, casting fortyish actors.

"We literally had existing, valuable customers who were dropping us from consideration because they said they no longer saw themselves in our brand," says former Mitsubishi marketing chief Ian Beavis, now head of marketing at Kia Motors America Inc.

Gap Inc. (), too, thinks that aging boomers will continue to be a profitable segment of consumers so long as the company doesn't group them with shoppers half their age. Four years ago the core Gap brand tried to revive flagging sales in part by capturing the 50-plus consumer. An ad campaign using the tagline "For Every Generation" featured artsy black-and-white shots of famous older boomers, including actors Bill Paxton and Sissy Spacek. But the inclusive slogan and mature faces didn't make the Gap brand grown-up.

Most of the campaign still focused on younger celebrities, and Gap's clothes themselves remained too bright and skimpy for the boomer body. Sales continued to decline. San Francisco-based Gap is now launching a chain called Forth & Towne, selling careerwear and casual clothes aimed at U.S. women older than 35 (**BW -- Oct. 17**). "All their lives, the boomers have been catered to and felt special, and they would like to see something just for them," says Geoffrey E. Meredith, president of marketing consultancy Lifestage Matrix Marketing in Lafayette, Calif.

FIFTYSOMETHING CAN BE BEAUTIFUL

Companies have traditionally used models in their 20s with dewy skin to pitch products made for middle-aged women. The rise in Botox treatments and plastic surgery notwithstanding, many consumers experiencing their first liver spots and crow's feet are actually comfortable in their skins and pleased to see people who look like them in ads. "As you become older, you're clearer and more comfortable about who you are," says Lori Bitter, partner at JWT Mature Market Group, part of J. Walter Thompson Worldwide. "It's a reality of aging. We want the message at eye level. We may not want it sugar-coated."

Portraying advancing age has helped Unilever Group's Dove soap. About 18 months ago, Dove market researchers suspected that advertisers were stuck in the old habit of presenting only youth and slimness as attractive. To confirm that idea, they pored over video clips of commercials and leafed through pages torn from magazines, pasting them up into photo collages. And indeed, the result was a shrine to the slim, the full-chested, and the young. Then, because Dove is a global brand, the researchers trekked across the U.S., South America, Europe, and Asia to ask thousands of women of all ages what they thought of the portrayal of beauty in advertising. No matter the country, they repeatedly heard the gripe that "the images of beauty in ads are unrealistic and unattainable," says Dove marketing director Philippe Harousseau.

Capitalizing on that sentiment, Dove turned industry tradition on its head last October with print ads using ordinary looking women instead of glamorous models. Two of the six shots in the ad exult in advancing age. One shows a 46-year-old woman with deep lines around her jaw and eyes and a full mane of gray hair. The caption: "Why aren't women glad to be gray?" The payoff so far: In the nine months following the launch of the campaign, sales of Dove rose 3.4% from a year ago. That uptick sounds small, but it's huge for the static soap category, and it exceeds the growth in soap sales as a whole, according to Information Resources Inc., which doesn't include sales at Wal-Mart Stores Inc. () in its data. Why is the campaign working? "As you get older, fantasy and idealization are out, and reality and authenticity are in," says James J. Gilmartin, president of ad agency Coming of Age Inc. in Lombard, Ill.

Even cosmetics marketing, which has most adamantly equated beauty with youth, is starting to change. Procter & Gamble Co.'s () Cover Girl brand, where women older than 55 account for about 20% of sales, has just launched its first line of makeup aimed at older women. The name of the product, Advanced Radiance Age-Defying Makeup, hints that advancing age can be pretty. And while ads still show a stunningly gorgeous face, that face belongs to an older woman: 51-year old former supermodel Christie Brinkley. Cover Girl marketing head Anne Martin is betting that bringing back Brinkley, who represented the brand for two decades until 1996, will help Cover Girl recapture boomer women who were customers in the 1970s and '80s. Like many of today's fiftyish consumers, Brinkley is known for being energetic and active. "She represents the new 50-year-old," says Martin.

I'M NOT AS SET IN MY WAYS AS YOU THINK

Many marketers believe that consumers' brand preferences are locked in by age 40. That might have been true for previous generations. But today's over-50 crowd is just as likely, and in some cases more likely, as everyone else to try different brands within a product category. According to Yankelovich Inc., 33% of consumers older than 50 agree that it's "risky" to buy an unfamiliar brand. That's less than the 36% of respondents aged 16 to 34 and only a little

more than the 30% of people aged 35 to 49 who agree with that notion.

In some categories, older consumers are even more willing to brand-hop than younger ones. According to a 2004 survey by Leo J. Shapiro & Associates LLC for *DSN Retailing Today*, 48% of shoppers aged 50 to 59 said they would probably switch brands of consumer electronics, compared with 40% of all respondents. And 56% of people in this group would try another brand of health-and-beauty product, more than the 51% figure overall.

What gives? That flexibility stems from the fact that today's fiftysomethings came of age in the 1960s culture of unlimited possibility. "This group grew up in a time when novelty and experimentation were higher on the priority list than during the prior generation," says Yankelovich President J. Walker Smith. That attitude means a 50-year-old boomer just might try that new product or service. On the flip side, such open-mindedness also can make these consumers highly unpredictable. Honda Motor Co. () thought minivans were just for 50-and-under soccer moms and figured that its boomer customers, once free of the children, would move on to its fancier Acura coupes and sedans. But to its surprise, 40% of Honda minivan buyers are empty-nesters, mostly boomers over 50 who want roomy vehicles to cart around grandchildren, elderly parents, and Home Depot () hauls. Honda last fall introduced an upgraded Odyssey minivan full of leather and featuring zoned climate control and other pricey features wealthier older buyers covet.

I'M REWINDING, NOT WINDING DOWN

For previous generations, age 50 meant, bluntly put, the beginning of the end. But today's 50-plus crowd is far more likely to see the two or three decades ahead as a second life. Watching the kids leave home, for instance, need not bring on empty-nest syndrome. According to a survey last year by Del Webb, more than three-fifths of boomers say they're emotionally prepared for the kids to leave home, and more than a third believe their marriage will improve after the kids leave. "You'll have time to talk to your spouse more, fewer things to argue about, and you don't have to have sex in the middle of the night when you think the kids are asleep," says Carolyn E. Adams-Price, a Mississippi State University psychology professor who has studied empty-nesters.

Seizing on that idea, Pillsbury () last October began airing a TV spot that revels in sexy empty-nester coupledness. "We're in this experimental phase," says the male half of a fiftyish twosome snuggling on the couch. The couple savors Pillsbury's Oven Baked biscuits with dinner, and as the Pillsbury Doughboy dims the dining room lights the woman giggles: "There's only so much experimentation I can take...at least at the dinner table."

The strategy, Pillsbury says, is to associate the empty nest with a promising stage of life. "Marketing to this segment is all about portraying the empty-nester in a positive light," says Mark Toth, a marketing manager at Pillsbury, a unit of Minneapolis' General Mills Inc. () Pillsbury could be on to something: After only three years on the market, its frozen biscuits have the largest market share in that product category and sales are up since the campaign changed direction.

I WANT TO LIVE LONGER AND HEALTHIER

Health issues weigh heavily on the mind of the 50-year-old boomer. The top concern about retirement in a MetLife Inc. () survey was "becoming sick," with 31% of respondents citing that issue. Drug companies, of course, have always tried to cash in on the health concerns of older consumers. Now other kinds of companies are joining in.

But catering to health worries isn't as easy as it looks. Long known for Corn Flakes and sugary kiddie cereals, Kellogg Co. () in Battle Creek, Mich., in the late 1990s launched its "Smart Start" line, designed for older grownups. But it languished for years because the packaging, marketing, and product itself weren't aggressive enough in promoting specific health benefits. "The marketing and ads were generic in the way [they] talked about vitality and vitamins," says Mark Baynes, a senior vice-president for marketing. Last year, Kellogg set out to relaunch the line. Inside the company, staffers used the term "successful aging" as a rallying point.

This time around, Kellogg wanted to target older, health-conscious boomers who increasingly see themselves as amateur nutritionists. The revamped line includes three varieties: "antioxidant," "soy protein," and "healthy heart." Each pinpoints specific health claims. The front of the box from the antioxidant line, for instance, says the product can "help support a healthy immune system."

Kellogg doesn't soft-pedal the message. One ad says, for example, that "more and more women are hospitalized for

heart disease." Kellogg figures its audience can handle the no-nonsense tone. "They're more educated on the health risks, and if they have a second life to fulfill, they have to take control," says Baynes. Since the relaunch early this year, Smart Start sales have risen 48% from a year ago, while sales for cereals as a group slipped 0.2%, according to Information Resources.

It's clear that the boomers are more comfortable with their age than marketers give them credit for. "It'll be cool to be gray," says consultant Meredith. Once companies pick up on that, they'll start to see green amid the silvery tones.

By Louise Lee, with David Kiley in New York

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