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Milk for the World

World Innovation from KHS
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PET keg system installed
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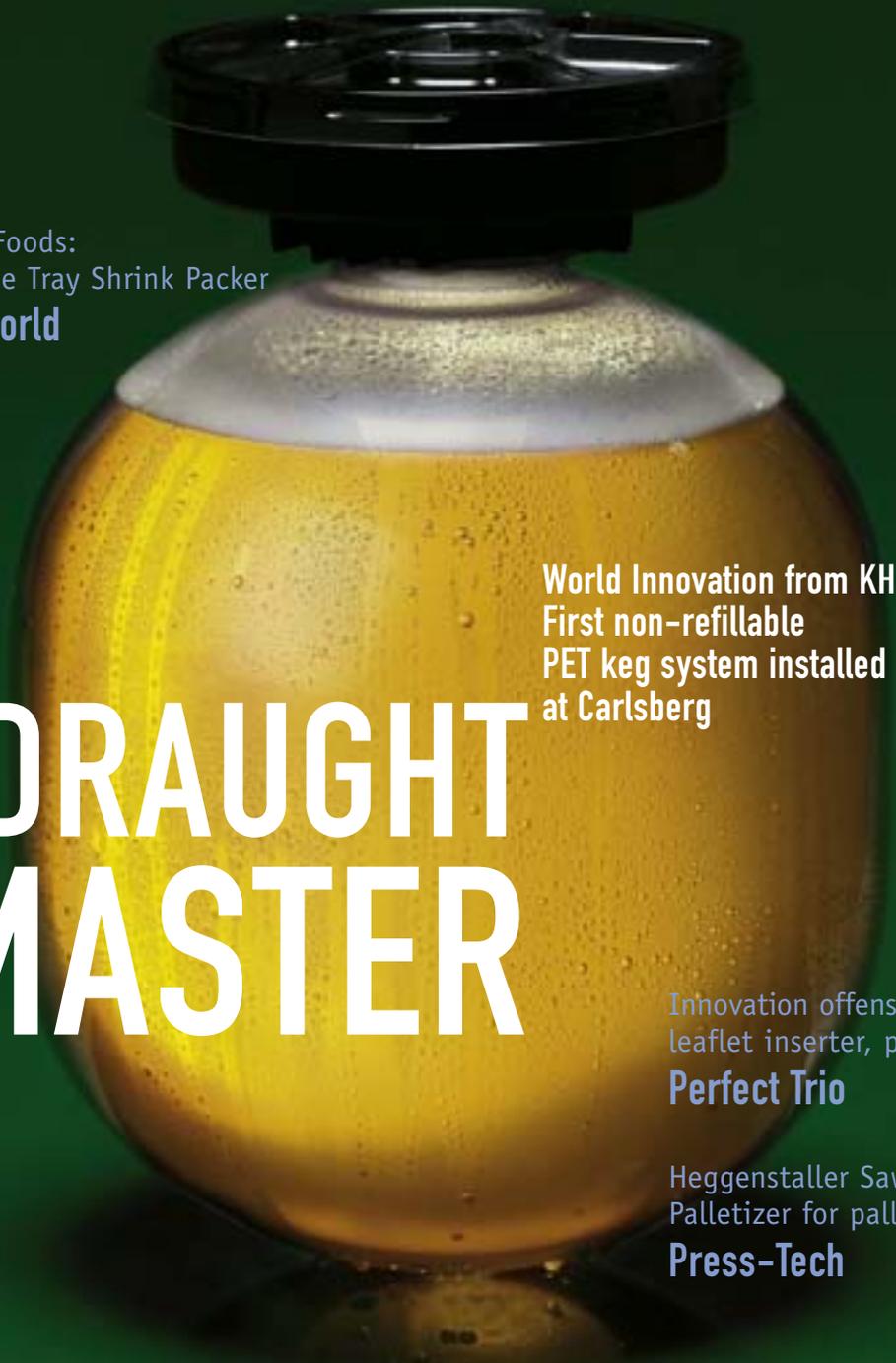
DRAUGHT MASTER

Innovation offensive: Partition inserter,
leaflet inserter, perforating station

Perfect Trio

Heggenstaller Sawmill:
Palletizer for pallet blocks

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Youthful seniors are a force to be reckoned with – focus on targeted marketing

Golden Oldies

“Lifelong is becoming longer and longer,” says Andreas Reidl, owner of A.GE, the Agency for Generation Marketing. Reidl knows what he’s talking about. The A.GE agency he established in 1996 was the first German marketing agency targeting seniors. Since then Reidl has been dealing with the over-50s generation, a target group still neglected by many producers of brand-name products. Long before A.GE was established, Reidl worked as a management consultant mainly focusing on the younger generation, until a very special experience taught him otherwise. Reidl: “A conversation during a seminar on the subject of business succession showed me the way.” One of the participants, the owner of a large German design agency, talked about his plans for the third period of his life. He said he wanted to buy a VW Bus and travel the around the world. He wanted to build a seminar hotel in Switzerland where he could share his knowledge. He wanted to take out an insurance, remodel his house and much more... Quote: “I’m prepared to spend plenty of money. After all, I worked all my life to earn it.” Reidl: “At this moment it dawned on me and I asked myself, why always focus on young adults as a target group...?” KHS journal interviewed Andreas Reidl.

KHS-JOURNAL: *Your Agency for Generation Marketing specializes in the over-50s generation. What makes this target group, which in the past has been rather neglected by industry, so interesting for you?*

REIDL: Let me start with a few statistics. Today, in Germany alone more than 20 million people are over 60 years old. These 20 million people spend around 308 billion euros every year, which equals nearly one third of total German spending power. If you look at the over-50s group, the figures are even more staggering. In Germany, the age group between 50 and 75 represents the most affluent section of society. Among other things, this is due to the fact that this target group is part of the so-called inheritance generation. According to a spending power study carried out by GfK,

the over-50s group can spend about 22,000 euros per year. This is approximately 2000 euros more than the under-50s target group. And another figure: According to Germany’s Federal Statistical Office, the age group between 65 to 74 has the highest disposable income with a consumption rate of 84 percent. By comparison, the consumption rate across all age groups is 75 percent.

- *The figures you mentioned refer to the German market. Is this situation transferable to other European and international markets?*
- * It depends on the similarity of the social security systems and the levels of retirement income. In Western European markets, the situation is roughly the same as in Germany or is moving in that direction. In contrast, Eastern European conditions including retirement income levels are still quite different from Western Europe. Nevertheless, here too changes are taking place and producers of brand-name products will have to adapt sooner or later.
- *Given that statistics speak such a clear language in many markets worldwide it is difficult to understand that producers of brand-name products don’t focus more strongly on the over-50s target group. What is the reason in your opinion?*
- * One of the reasons is no doubt the image associated with age. Marketing strategists largely still tend to write off the elderly as ‘invalids’ and regard them as non-consumers. This is a very misguided view.
- *What do you think is the correct image of the over-50s generation?*
- * The correct image is a very differentiated one. Moreover, there are no single images, but a wide range of images resulting from a combination of different variables. One particularly important variable for the over-50s generation is health. Other factors include family, former or current job, outlook on life, and of course mon-



Andreas Reidl, who holds a degree in business management, established the Agency for Generation Marketing (A.GE) in Nuremberg in 1966. He specializes in senior/generation marketing, marketing concepts, positioning. As an adjunct professor for over-50s marketing at Nuremberg University of Applied Science, he shares his extensive knowledge with the younger generation. Mr. Reidl's honorary activities, which enable him to remain in touch with the target group, include Managing Director of the Stiftung Dialog der Generationen; Chairman of the National Executive Board of Deutsche Senioren- presse Arbeitsgemeinschaft; member of the 'future team' of the Future Initiative of the German Ministry of Education and Research. Andreas Reidl is author and editor of numerous publications covering different aspects of aging and senior/generation marketing.

etary assets. A few words about the most significant variable: health. Contrary to the assumption of many producers of brand-name products, people up to 80 years of age are generally very healthy and are therefore very willing to spend money. Significant health problems usually tend to emerge beyond 80. Within the group of 100-year-olds, for example, only one third requires care while two thirds live in their own households. About half of the latter group is able to cope with all household chores alone while the other half needs assistance. This example shows that the image of older persons in need of care is overdrawn.

- *Is it possible to differentiate between consumer types in order to specifically target the over-50s generation?*
- * Of course. There are different typologies. We often use the differentiation developed at the Ernest Dichter Institute: Trend Jumpers, Trend Setters, Trend Blockers, and Trend Accepters. Trend Blockers are traditional, domestic persons for whom consumption largely revolves around the home and family. The biggest favor you can do the so-called Trend Blocker is to offer a product that has been successful in the market for 30 years and comes with a 5-year warranty. Trend Setters are quite different. They are older persons who always want to try out the latest the market has to offer immediately. Be it anti-aging medicine, Ayurveda, or a new cell phone – Trend Setters get in the act. Trend Jumpers generally jump on the bandwagon once a trend has prevailed and has been proven. Trend Accepters come in a little later. Once a product

has been tried and tested extensively over a longer period, they too join in.

- *This sounds as if producers of brand-name products are right in that marketing for the over-50s generation is not worth it due to the lack of flexibility within this group.*
- * Today, about 25 percent of the seniors are Trend Jumpers or Trend Setters, and around 40 percent are Trend Accepters. The Trend Jumper and Trend Setter groups will continue to grow in future, while the number of Trend Blockers will decline. This not only indicates that marketing aimed at seniors is already highly attractive but also that it will become even more attractive over time.
- *Producers of brand-name products often hold the view that successful advertising aimed at young adults is also very suitable for seniors. What is your opinion?*
- * I consider this as a very dangerous view. Older target groups have developed their views over the years and have 30, 40, or 50 years of experience as consumers. They don't blindly follow the offerings of the industry.
- *Anyone deciding to target the over-50s generation therefore has to deal with a complicated target group, is that correct?*
- * The target group of older consumers is experienced and enlightened, which makes them rather complicated for producers of brand-name products. They want to receive specific information. If 'their' brand product no longer appeals to them, older persons are often



“The senior target group is *far more critical* than the young adults group.”

prepared to switch even after years of brand loyalty. On the other hand, seniors are prepared to accept a higher price if they feel the product is worth it.

- *Could you give us a few examples for specific targeting of the over-50s generation?*
- * Specific targeting of the over-50s generation starts with the packaging. Information must be legible. It may be advisable to use a different font size or a different color scheme than for the target group of young adults. Another requirement is that products should be easy to open and resealable. In addition to proper product design, other important factors are branding and brand management. A recent GfK study shows that older consumers tend to buy high-quality brand products.
- *Your product design suggestions sound as if they might also be suitable for the target group of young adults.*
- * The same requirements actually do apply, although – and this is probably the main point – for a young target group they are usually not the decisive criteria for purchasing. While young adults tend to buy a product even if it is a little more difficult to open, older people don't. In this context, I would like to quote a per-

“Young people also tend to react *very positively* towards advertising campaigns showing older people.”

minent insight of the designers from the Royal College of Art in London: “Develop for the young and you exclude the old. Develop for the old and you include the young.” Example: Clear labeling of a technical device doesn't harm the young target group, but it benefits older people.

- *What about the relevance of the desired taste experience of the older target group for the food and beverage sector?*
- * The taste experience desired by young adults and older people is fundamentally different. Taste buds change as a person

grows older. For older people, the sweetness, saltiness, or acidity of food and beverages should be more pronounced. One option for targeting through taste experience would be to harmoniously integrate odors in the food or drinks that older people associate with their younger days.

- *Assuming a beverage company has developed a product precisely targeted at the over-50s target group. What media should be used for addressing that group?*
- * Older people generally prefer daily newspapers, advertisers, mailings, that is, all printed media. The fact that printed media have the edge over television and radio is associated with the information processing speed of the older generation. Studies have shown that processing of information in the brain becomes slower above the age of 40. If TV or radio commercials are not optimized for this target group, older people often find short ads difficult to understand. An important factor for properly designed TV and radio commercials is the choice of speakers. Older people find it more difficult to understand a speaker whose voice is in a higher frequency range and tend to find a deeper voice more appealing. These are only a few examples to demonstrate how accurately advertising campaigns for the over-50s generation have to be planned.

- *Let's talk about successful 'seniors advertising'. Can you tell us something about current communication approaches?*
- * Over the years, we have analyzed advertising campaigns and used the results to come up with four approaches for successfully addressing older target groups: the age approach, the competence approach, the lifestyle approach, and the generation approach. A campaign based on the age approach specifically addresses age as an issue and links benefits with it. Example: Cheaper train tickets are available for the over-60s group and are specifically advertised as such. The competence approach shows older people as competent users of 'their product'. Example: Cell phone users in a retirement home use their phones knowledgeably. The lifestyle approach is particularly suitable for the Trend Jumper and Trend Setter target groups. Example: A travel firm using witty and true-



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to-life spots showing older people traveling and their experiences. The generation approach is particularly popular. The purpose is to address several generations. Example: Internet use across the generations – from the small child to the great-grandmother.

- *How important do you feel is it to show images of seniors as a target group?*
- * It is very helpful. Having felt neglected for years, seniors generally tend to like being portrayed. Incidentally, young people also tend to react very positively to advertising campaigns showing older people, contrary to the often-voiced claims from producers of brand-name products.
- *Which of the communication approaches we have talked about would you recommend for the beverage industry?*
- * That depends. I would imagine that the competence approach might work very well for marketing a special drink with added aloe vera, for example. For a traditional product such as Pils, the lifestyle or generation approach might be more appropriate. The general rule: A detailed target group analysis should be undertaken before deciding which communication approach to use.
- *Do you think there is an example in the beverage industry for successfully addressing older consumers?*
- * I feel communication within the beverage industry is predominantly youth-driven. In my opinion, the Krombacher rainforest campaign is a successful example. It features Günther Jauch, who is well-liked by older people, promoting protection of the rainforest. Based on the fact that the older target group gives the most to charity, it is a successful campaign that targets consumers 'through the back door' so to speak. Several wine advertising campaigns are also very well done. They demonstrate successful use of the generation approach by including young adults when targeting older people.
- *From successful advertising campaign to the point of sale. What are the best positioning options for products designed for the over-50s target group?*
- * Different studies carried out in the United States and in Europe indicate that older people generally have restricted peripheral vision due to the fact that the head becomes less mobile with increasing age. Today's commonly used straight parallel shelves practically force consumers to notice products from the corner of their eye. Older people therefore don't register certain products at all. In the U.S.A., many outlets started placing products at an angle especially for the senior target group. And successfully. Another important aspect is that products targeted towards older people should be positioned neither too high nor too low.
- *What is your vision of the over-50s shop concept of the future?*
- * Jokingly, I would imagine a gas station concept without gas pumps but with plenty of integrated advisory service. Basically, a modernized form of the traditional neighborhood store. The shop should offer products for everyday consumption. At the same time, the shop concept of the future should act as a meeting point for the generations, for example by integrating an Internet cafe, an e-mail shop, etc.
- *Do you have a guideline for the future for producers of brand-name products?*
- * I would strongly recommend that producers of brand-name products should stop regarding over-50s marketing as a necessary evil, but as a chance for survival. I'm thoroughly convinced that in future the purchase decisions of the older generation – the only growing target group – will be the key factor for the success and existence of producers of brand-name products.
- *Mr. Reidl, thank you very much for this interview.*