

THE TWO TRILLION DOLLAR GREY MARKET

Today's older consumer is armed with money and a zest for life. Yet brands aren't clamouring for a piece of the action. By Kim Walker

It's the fastest growing, wealthiest segment of population across Asia-Pacific, yet marketers still largely ignore it. The 'older market' includes 'young' 50-year-old baby-boomers — who have two decades left to work and a penchant for aspirational products — and yet companies tend to limit their thinking to the needs of the 'older-old'.

When businesses do react to the ageing demographics it is often by making superficial changes to elements of their marketing programme. But is this the most effective strategy?

By 2018, the 50+ market will represent over 35 per cent of the population of most developed countries in Asia-Pacific. This is no longer a 'niche' market. The region includes countries that are the oldest (Japan), the largest (China) and the fastest ageing (Hong Kong, Korea, Singapore, Australia) in the world. China alone has a 50+ population larger than the entire population of the US and this will grow by 36.8 per cent over the coming decade.

As a direct consequence of declining fertility rates, the younger population segments are either stagnant or declining while the 50+ populations will see growth of 33 per cent in the 10 years to 2018.

MasterCard predicts the spending power of the retired (65+) population in APAC will exceed US\$2 trillion by 2015 — more than double the figure just 10 years before. Meanwhile, according to data from the Boston Consulting Group, a projection of spending power with demographic and GDP evolution shows that the 55+ age group will generate between 50 per cent and 80 per cent of growth in the US, Japan and Germany — the three largest G7 economies — between 2008 and 2030.

Business leaders are also beginning to recognise this trend. A recent global report from the Economist Intelligence Unit revealed that out of their survey among senior executives, about three quarters of companies believe there is a difference in the needs of older customers and that 71 per cent of the companies polled saw this as an opportunity.

The same study showed that surprisingly few (13 per cent) companies had not yet considered the implications of increased longevity for their business.

So, 50+ is a growing and largely uncontested market. Often populated by people with high levels of wealth and, after a lifetime of work wanting to enjoy life like never before. Yet an estimated 80 per cent of marketing effort is still focused on younger consumers. The question begs: why aren't businesses clamouring for a piece of this older action?

It is largely due to the lack of precedent. Few marketers have had experience marketing to older customers. According to the *United Nations Population Report*, "population ageing is unprecedented, a process without parallel in the history of humanity", so the naïveté can be forgiven.

The products and services that sell to older people can be divided into two types of offerings. 'Siloed' products and services, created specifically and solely for the older market, and 'age-neutral' ones, which appeal across ages. Silo offerings tend to garner much of the media limelight: robots that take care of the elderly, special phones with large buttons, retirement homes, adult diapers and the like. While silo products unquestionably represent a large, lucrative and growing market, it can be argued that the bigger opportunity exists with age-neutral products and services. After all, 50+ folks still buy cars, enjoy sports, invest, and seek entertainment.

Customers who fall into the 'older' bracket today are unlike previous generations. They are still economically active (most now working to 65 and beyond) physically capable, and with an average life expectancy to the mid-80s.

Most baby-boomers (now aged between 47-65) are in total denial about their age. Our *SilverPoll* survey — conducted among 14,000 people over 50-years-old across APAC markets — revealed that most of them feel five to 10 years younger than their chronological age.

In fact, global research suggest that the perception gap is even greater. For this reason, depicting



older people in advertisements is very delicate ground. There is also a sense, particularly among younger marketers, that attitudes and behaviour become homogenised as people age. This is not so.

First and foremost there are cultural differences. Our *SilverPoll* results reveal that within Asia-Pacific there are stark differences in attitudes to retirement. For example, 72 per cent of Australians answered in the affirmative when asked if they want to “reward myself for the years of hard work providing for others”, compared to 53 per cent for China, 43 per cent for India and 62 per cent in Hong Kong.

The family-centric tendencies of Asian cultures also influence retirement behaviour. In response to the question “Even in retirement my first priority will be to ensure the welfare of my family” only 14 per cent of Australians agreed completely, compared to 40 per cent of respondents in Japan and 34 per cent in China.

At the individual level, people do not suddenly change because of age. Studies in the US indicate that major life events such as the loss of a spouse or chronic illness have far greater impact on the consumption pattern of ageing consumers than simply getting old.

With the ‘denial’ psychology in mind, the most effective, simple rule for marketers should be to help their ageing customers ‘think, feel and look younger — for longer’. This can apply to just about every conceivable consumer category. For example, gaming can be used to stimulate the brain. The 50+ market is among the heaviest users of Yahoo games, while the Japanese video arcade business is being revived by attracting older players during the day. Similarly, by 2020, two-thirds of Harley Davidson owners will be over 60-years-old. Meanwhile, Marks & Spencer uses 62-year-old Twiggy as ad talent, and Shiseido has a skin-care line targeted at the 65+ woman.

Biologically, our bodies begin to age at around 27 years, but at around 50 the decline begins to accelerate. Usually, deteriorating eyesight and hearing are the first.

In a recent study by A.T. Kearney, 54 per cent of people in their 60’s complained they could not read product labels, even with their reading glasses on. Old sports injuries come back to haunt us. The dex-



Young at heart... today’s older generation wants to think, feel and look young for as long as possible

CASE STUDY Apple gets it right

Silver conducted an unsolicited audit of Apple stores in both Singapore and in London, measuring the customer experience in purchasing and using an iPad2.

The results were impressive for Apple. According to the Age Friendly (AF) Tool metric, the brand achieved a score of 4.4, out of a possible five, demonstrating that a brand can satisfy the changing needs of its older customers without losing its cool factor.

Pros:

Silver found that Apple’s communications are simple and clear,



Bridging the gap... companies like Apple have mastered ‘age-friendly’

often product focused. Where brand ambassadors are included, it is in a multi-generational, inclusive way. The brand also does a great job to make itself easy to find through search engines. The website is clear and uncluttered. It uses high contrast colours and little or no distracting Flash or animated banners. And there’s minimal use of potentially confusing jargon. Phone support was fast, helpful and easy to comprehend.

Cons:

The iPad instructions were minimal and only

supplemented by an online manual. This may be too much to ask of older customers, particularly 65+ who tend to be less tech-savvy. The website did not feature a side-by-side comparison. This would help overcome short-term memory issues when deciding between the different iPad models. The Singapore stores had no seating, which was not helpful for older consumers. In addition, staff in the stores tended to be quite young and in Singapore particularly, they were somewhat intimidated by an older customer.

GETTY IMAGES

“Marketers... must consider the entire journey customers make”

Kim Walker, Silver

terity of fingers and suppleness of the body might also begin to suffer. At the cognitive level, we sometimes find our ability to multi-task and to deal with complexity is not what it used to be. While ‘senior moments’ or short-term memory loss may become more common.

While the physiological effect of ageing is universal, somewhat predictable and relentless, attitudes and behaviours of mature consumers will differ from country to country (just as they do for any consumer group).

What cannot be denied is that the effects of ageing will impact on the way we engage as consumers. There is a need to modify the mature-customer experience to anticipate changing requirements in order to maintain their loyalty, remain relevant, and attract more of them.

Our *SilverPoll* survey revealed that a brand’s age-friendliness is critical in determining purchase decisions and choices for six out of 10 older consumers. It is important to remember that ‘age-friendly’ is an inclusive term, and that it is relevant to younger customers. Consequently, it is possible and sometimes preferable, to be ‘age-friendly’ without giving the impression the brand is positioned toward an older customer.

Age-friendly thinking begins with an understanding of the physiological effects of ageing and how they impact every facet of a customer journey. From the design of the product through all aspects of the sales and promotion process, concluding with the way the product is supported. Each customer touchpoint needs to be age-friendly.

Another reason that businesses are not clamouring for a piece of this growing and lucrative market could be that a short-term focus on ROI distorts business thinking.

The case of Apple (*see box*) and many others, suggests that companies who ‘get’ the ageing issue and meet their customers’ needs can gain massively at the expense of competitors.

But there’s even more compelling evidence. JP Morgan’s *Aging Population Index* tracks a selection of stocks with exposure to ageing consumers. These stocks span a wide group of sectors, including clothing, hotels and cruise lines, in addition to the usual suspects of health and wellness and pharmaceutical businesses. Such stocks have outperformed the S&P500 Index in six of the past eight years.

There is a need to wake up and smell the demographics. The population numbers don’t lie. Opportunities abound for businesses that seize the early-mover advantage in this market.

Marketers must stop reacting to the changing demographics by launching one-off projects that tackle specific aspects of the customer experience. Instead they must consider the entire journey customers make in the consumption of their brand. The marketing industry should strive to make the entire customer experience age-friendly. Those that take the first-mover advantage will reap the benefits. They will also be making the world a better place for us all, as we age. ■

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See <http://silvergroup.asia/>

46%
~~6%~~

Of Apple’s customers are aged 55+, nearly double the share of average home PC users

THE AGE-FRIENDLY METRIC

Employing an iPad app to test and map the sensory, physical and cognitive aspects of physiological ageing against 150 customer touchpoints, the Age-Friendly (AF) Tool, unique to Silver, traces a customer journey against the physiological effects of ageing scoring each step on a one-to-five scale.

Importantly, the process can audit the entire journey that the customer encounters including online, communications, retail environment, the actual product or service as well as the sales support. The subsequent processing enables companies to compare the age-friendliness of different products, and to see how their organisation compares with competitors and to industry norms.

Examples illustrate why it is so important to analyse the complete customer journey. In the UK, for instance, the Sky TV remote control device

received special commendation for its age-friendly design. But trying to find out more about the device (online or by phone) and then attempting to buy one, proved almost impossible. If eventually received, the instructions proved far too complex to follow.

Similarly, assessing outlets of a global fast-food chain in the UK and Singapore, it found that although they had a clean and systematised store layout, the lighting in the outlet (particularly at night) was below the level of lumens required for older eyes to read.

Each outlet was found to have distinct weaknesses. At one location there was no nutritional guidance and information about the salt and sugar content of the foods and drinks. At the other, the light levels created difficulty in reading the product literature. In both locations, the outlets were penalised for

background music that exceeded the decibel level that would be difficult for older ears to distinguish a conversation.

Another surprising case is Singapore’s main tourism website. People over 45-years-old represented 36.5 per cent of all tourist arrivals in Singapore in 2009, that is 36.5 per cent of a US\$10 billion market, and yet the main website is a casebook in poor usability for older web visitors.

Extensive use of distracting Flash video, confused and cluttered design, small font type reversed out of black, and much more, contributed to a poor overall score.

Even experienced direct marketers, in the lucrative financial sector, can get it wrong.

One scored low for its Platinum Card membership mailer. as the low contrast colours (white on silver) and small type made it very difficult to read.

