

# COMING OF AGE

I N C O R P O R A T E D

## Baby Boomer Marketing & Senior Marketing

### Challenge Your Current Marketing Approach

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By Jim Gilmartin

#### Marketing is in Crises

That's not news. The news is what is causing that crisis. Most know that these are harsh and unforgiving times in marketing. The ad business side of marketing had its worse year in history in 2001, and according to projections, further business decline in 2002 will give advertising its first -to-back negative growth years since the Great Depression. Everyone seems down on marketing. People are tuning out marketers' messages as never before. Consider some other random symptoms of marketing's problems:

- The rate of new product failures has risen to 80 percent or more, according to Bill Gorman's New Product News.
- Customer loyalty is withering by many accounts, making one company's customers easy pickings for another company.
- Customers trust has gone south, according to Roper Starch.
- Customer satisfaction has never been lower, according to the University of Michigan's American Consumer Satisfaction Index.

What is the source of the grim picture in marketing? Why does the rash of symptoms plaguing their art baffle so many people whose livelihoods depend on marketing? Why can't companies with mega budgets and talent solve their marketing problems? Why is it that with more information on customers than ever before in marketing history, companies are finding them tougher challenges?

A recent Saturn commercial illustrates some of what is wrong in marketing. It showed a Saturn weaving uphill and down in a desert-like landscape filled with German Shepard sized-ants fanning out across the barren stretch. Technically brilliant, the commercial was substantively empty. Silly. Asinine. The embarrassingly juvenile commercial reflected a total disconnect with Saturn's brand image. It may have tested well in focus groups, but focus groups can be as far removed from reality as computer-drawn ants.

There is a cornucopia of reasons given for marketing's problems, and certainly no shortage of ideas offered for their cure. Interestingly, explanations offered for marketing's travails generally exculpate marketers from any responsibility. Instead, marketing's problems are said to be the result of external conditions, like a well informed, more educated baby boomer and senior customers population (presumably marketers are among the better educated, so why should there

be a gap?). Other popular whipping boys include the astonishing range of choices that baby boomer and senior customers have, ad clutter which disorients the mind, and of course the Internet.

However, one condition that arguably is playing the greatest role in marketing's horrendous derailment is rarely mentioned: the aging of society that is driving historic changes in the leading views, values and behaviors in the marketplace. In the process, this is radically changing the rules of marketplace engagement.

Until marketers come to grips with this historic event, customers will continue tuning out their messages on a massive scale and client companies will continue being skeptical of their marketing agencies. Madison Avenue is suffering from a generation gap between itself and the older, more seasoned and autonomous baby boomer and senior customer's universe that has emerged. Perhaps nothing else has done as much throw marketing off course.

### **The Internet Changed the Rules Of Engagement between Company and Customer**

The most revolutionary change the Internet brought to marketing is giving shoppers the means to learn from each about a product or company. Customer reviews of books, CDs, cameras, computers and other products pose serious challenges to advertising because customer-to-customer testimonies ultimately have greater power to influence shoppers and buyers than traditional advertising.

Some people simplistically preach that the most basic rule of all in marketing is "Know your customer". However, how do you get to know your customer? Customers often are not the best experts about themselves. Ford fell into such a trap by following the guidance of customers who thought the minivan idea not a good idea.

### **Almost Everything You Thought You Knew about Marketing Is Wrong**

Almost everything you thought you knew about marketing is wrong! Customers now control most markets. Companies held more sway over markets and customers when they controlled information about themselves and their products. Boastful advertising cannot compete with tales of real life experiences told online by customers. Customers once had limited recourse when a company displeased them. Knowledge is power.

Regrettably, markets past don't offer much help for succeeding in today's markets. Lessons on marketing meted out in business schools and learned on the job in the marketplace reflect decades of experience in markets dominated by the views, values and behavior of people under the age of 40. That makes almost everything you thought you knew about marketing wrong. In 1989, the year that adults 40 and older became the New Customer Majority, the validity of many ideas about marketing, that were shaped by experiences in youth dominated markets, began to fade. But not necessarily their influence on marketing.

Ultimately, the biggest challenge in marketing today is overcoming the momentum of old ideas made obsolete by the Internet and the New Customer Majority. Consider the old idea that youth is the ideal human state. In service of this bad penny, marketing experts repeatedly remind us that aging boomers hate the idea of aging, so base your marketing to them on the values of youth. Many studies indicate that people generally adjust well to aging

Marketing suffers from a pandemic of chronic youth syndrome (CYS). The truth is, many people in marketing seem more afraid of aging than most aging boomers are – or at least older boomers who have had enough time to work through their earlier midlife qualms about it.

In yesteryear's markets, marketers learned through trial and error that selling the rational marketing triad of product features, functional benefits and monetary value worked. In yesteryear's markets, marketers learned through trial and error that marketing was also a game of persuasion. However, product centered marketing is dead; say Joe Pine and Jim Gilmore in *The Experience Economy*. Like many others, Pine and Gilmore say marketing is now more about the customer experience than the product.

### **Youth Dominated Markets of the Past Have Passed Into History**

Marketing's crisis owes much to the fact that too few people in marketing realize that New Customer Majority minds don't work the same as minds in the Old Youth Majority. Often marketing communications are tuned into the younger mind.

“Know your customer” is the first commandment of customer relationship management. CRM depends on databases and data mining to help companies “know their customers”. To “know your customer” includes understanding her in terms of her season of life. A 45-year-old is not just a 20-year older version of her 25-year-old self. The 45-year-old is typically less concerned about playing to the external world in her buying behavior.

Midlife developmental changes in behavior that members of the Customer Majority are experiencing challenges the view of marketing as a game of persuasion. The object of marketing has been to “capture” customers and overwhelm their wills. Power marketing is OUT. That's why so much marketing is not working. Adaptive marketing is IN. This oneness turns customers into co-creators of marketing success.

### **A New Marketing Challenge: Meeting Customers' Self-Actualization Needs**

More than thirty years ago, Maslow said in *Toward a Psychology of Being* that highly matured people reflect “polarities and oppositions” in their behavior; strive to simplify their lives; experience changes in values; become more autonomous, and avoid extremes. Identity is the biggest single factor in customer behavior. These observations are customer centric taglines. Nothing has had more influence on how marketing is done than those values. Because these values play well in the New Customer Majority, there is a growing generation gap between marketers and the marketplace majority.

Perhaps no company has reflected better understanding of the midlife soul in its marketing than the *New Balance*. It became the fastest growing shoe company in America by connecting with the more temperate behavior of the New Customer Majority with its tagline, "Achieve new balance". It is ironic then, that *New Balance's* popularity in the New Customer Majority has spread into younger age groups, according to Maria Stefan, Vice President of the Sporting Goods Manufacturers Association.

### **An Aging Society Laid the Foundation for Personalized Marketing**

The rational marketing triad works better among the young because the young want proof. Ambiguity unsettles the young mind. The older mind often reflects aversion to the kind of unbridled explicitness that turns young minds on. “Shades of gray” perceptions of reality dispose the older mind to tune out bold, absolutist claims about products and companies.

Members of the New Customer Majority are more relationship minded than the Old Customer Majority that was more categorical minded. This predisposes members of the New Customer Majority to respond quite favorably to companies that see them as whole people, not merely as prospects for a product or service.

Personalizing the customer experience is something that top people in sales have always done. It was only recently that marketers began thinking personalization as a marketing strategy. But despite all the experts on personalizing the customer experience that have cropped up, the real impetus behind the various “sects” of relationship marketing is an aging population. The quality of the buyer-seller relationship is more decisive among members of the New Customer Majority than it was under the Old Youth Majority. New Customer Majority buyers want companies they place their loyalties with to feel what they feel.

Lexus turned enough members of the New Customer Majority into loyal customers by establishing empathetic connections with them to earn it the highest repurchase rates in the auto industry – higher than Infinity. Many former loyal Mercedes and Cadillac owners will now be Lexus owners for the rest of their lives – provided Lexus continues empathetically delivering on the customer experience. Moreover, certainly don’t tell Lexus that older people won’t switch brands. Lexus demonstrated two opposing truths about older customers – truths reflected in the Yankelovich Monitor’s pronouncement that today’s customers are “more paradoxical”. Giving customers experiences that make them loyal is an affordable value added perquisite.

As the median age has risen, relevance of marketing messages to customers has decreased. Often, ad creatives will be much younger than the customers they are addressing are. Richard Lee, head of *High-Yield Marketing* in Minneapolis, researched this problem. He conducted a survey of ad agencies to assess attitudes towards older customers. Unsurprisingly, Lee found that young creatives felt most comfortable creating product messages for people around their own age or younger. If the target audience happens to be younger customers, that works.

Until recently, the long-standing bias against marketing to older people was reflected by media trackers like Arbitron and Nielson. They reported only the media habits of people 49 and younger. When people turned 50, they no longer existed on Madison Avenue. It is actually easier to turn people in the New Customer Majority into loyal customers than it is young people. Training ad agency creatives' in how New Customer Majority minds work will not only pay off in more effective marketing in 40-plus markets, but in younger markets.

### **Changes in What Customers Buy**

Reaching midlife changes not only what people buy it also changes their purchase frequency patterns. The automotive and housing industries will also experience falling demand due to population contraction in key age groups. We can expect some growth from households headed by people aged 45 and older, but even total spending growth there reflects slower economic expansion than seen in the past. Still, as the *New Balance* story, demonstrates, the New Customer Majority could be the salvation for many companies. It offers persuasive anecdotal evidence that the market reach of a product that is usually marketed primarily to youth and young adults can be dramatically expanded through segment busting strategies that give it an appeal to virtually all age groups.

The customer experience is a key to success in securing a competitive advantage in today's buyers' markets. Young people buy products. Middle age and older people buy experiences. New Balance identifies with the values of midlife in ways that give aging boomers the pleasurable experience of dealing with a company that understands them.

### **Changing Your Approach is Not Difficult**

Creating customer experiences that give a company a strong competitive edge isn't necessarily expensive, or complicated. Meeting the expectations of New Customer Majority shoppers is not very difficult. The New Customer Majority loathes artifice. Ad agencies are killing the ad business by continuing to ignore the New Customer Majority by pumping out advertising that was more suitable in the pre-1990s marketplace. One of the most persuasive pieces of evidence that companies do not have a good understanding of their customers is falling customer satisfaction levels. We shouldn't define customer satisfaction in the era of the New Customer Majority simply by gracious smiles on a retailer's sales floor, nor the acceptable performance of a product bought by a customer. That helps to explain why customer loyalty is fraying so widely. No industry experienced a rise in customer satisfaction from 1995 through the end of 2001. Some 90 percent of the companies in the index experienced a drop in customer satisfaction.

"My way or the highway" describes how the New Customer Majority feels about companies and brands. Success in today's buyers' markets demands enterprise-wide changes in mindset, from the executive suite to the mailroom. The shift from a product centric mindset to a customer centric mindset dramatically changes how both marketing and customers are viewed:

- Customers are no longer targets; they are humans to be served.
- Marketing is no longer a game of persuasion; it is a service.
- Customers are no longer data sets; they are human beings.
- The focus is no longer on products; it is on the customer experience.

Making such changes in company think requires the power of executive leadership. A CEO must also be the CTO – *Chief Transformation Officer*, for no change can take place in company mindset to support a customer centric business model without the unequivocal commitment of executive leadership. Putting it as Bill Clinton's campaign manager James Carville would put it, "It's the Customer, stupid!"

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Note: This article is adapted and summarized from the unpublished writings of our colleague David Wolfe, *Wolfe Resource Group*, Reston VA.

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*Biographical note:* Jim Gilmartin is president of Wheaton, IL based *Coming of Age, Incorporated*. Established in 1991, the full service integrated marketing firm specializes in helping clients to increase leads and sales in baby boomer and senior customer markets. The firm provides clients' marketing communications, full advertising agency services and public & media relations' services. The firm also provides clients sales and service improvement training and turnkey Customer Loyalty/Affinity Clubs.

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