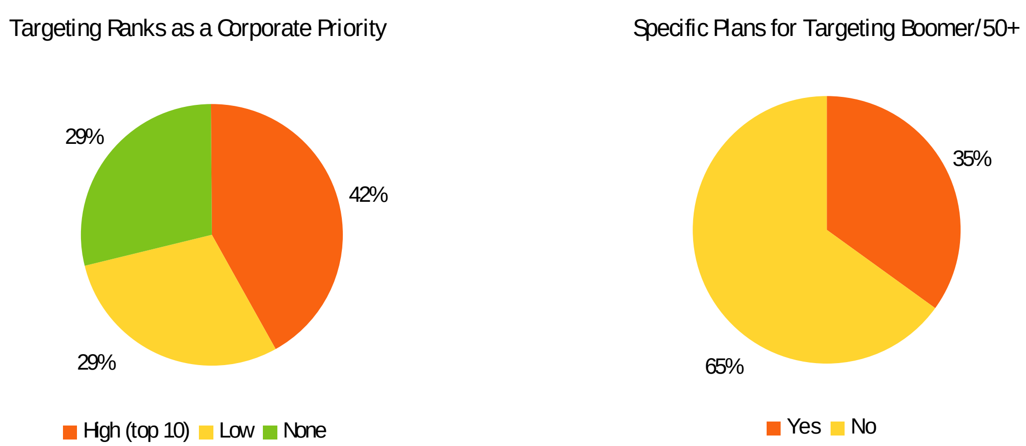
Don’t Count On It: Boomer and 50+ Consumer Brand Loyalty

Key Issues

Marketers who continue to assume that consumers’ loyalty and affinity to products, goods, and services become increasingly fixed with age will lose market share to those who seek out and directly speak to them, even after they pass conventionally sexy age brackets. Boomers and 50+ consumers are at least as likely to switch brands and experiment with new products as teens and other younger cohorts. Most companies do little to nothing in their media placement, creative execution, product placements, or loyalty programs to directly target Boomers and 50+ consumers. A recent executive survey performed by Focalyst found that over 65 percent of companies interviewed had no specific marketing plans to approach this cohort; typically, targeting the 50+ market segment didn’t rank among the 10 top priorities in almost half of companies we surveyed.

Figure 1: Targeting Boomer and 50+ Consumers Is a Low Priority



Source: Focalyst Executive Survey, Marketing Priorities for Targeting Boomers and 50+ Consumers, n=34

The conventional wisdom that drives this marketing lethargy is grounded in outdated perceptions of aging. Detailed Focalyst consumer research across age groups (from 18-80+) sheds light on these precepts and reveals how incorrect they are. In fact, brand loyalty is not static but dynamic within the Boomers and 50+ cohorts, and will continue to evolve as this group moves through various life stages.

KEY FINDINGS

- Sixty-five percent of executives surveyed had no specific plans for targeting Boomers or 50+ consumers in their product development, marketing, or advertising.
- Our Focalyst consumer research found that three in five consumers displayed a high degree of brand volatility across consumer cohorts. This majority proved to be fairly consistent across age groups, with no marked decrease among consumers 42+.
- Drivers of brand loyalty are remarkable consistent across age groups. Key factors to drive retention are perceived value and superior benefits (relative to other products).
- Value is paramount to price. Consumers in all groups say they will switch brands and pay more to get a product that better meets their needs. Only 53 percent of consumers are willing to buy a generic or store brand because it costs less.
- Product type, not buyer age, is the primary driver of brand volatility. In general, higher cost and consideration services are slightly more secure than more consumable ones.
- Marketers should actively reach Boomers and 50+ consumers via specific, "value-based" creative execution and media placement. Newpapers, TV, and the Internet are all good venues to target media at this group.
- In many ways, targeting Boomers and 50+ consumers effectively is more about avoiding negatives than reinforcing positives. This age group responds strongly, and by wider margins, to a host of questions about "negative" impact of advertising, with tangible blowback in terms of changing products and lingering resentment.
- Advertising and experiences that are specific for Boomers and 50+ consumers need not alienate other core demographics.

Icon Guide

Key Insight | Key Tactic | Key Profit Point

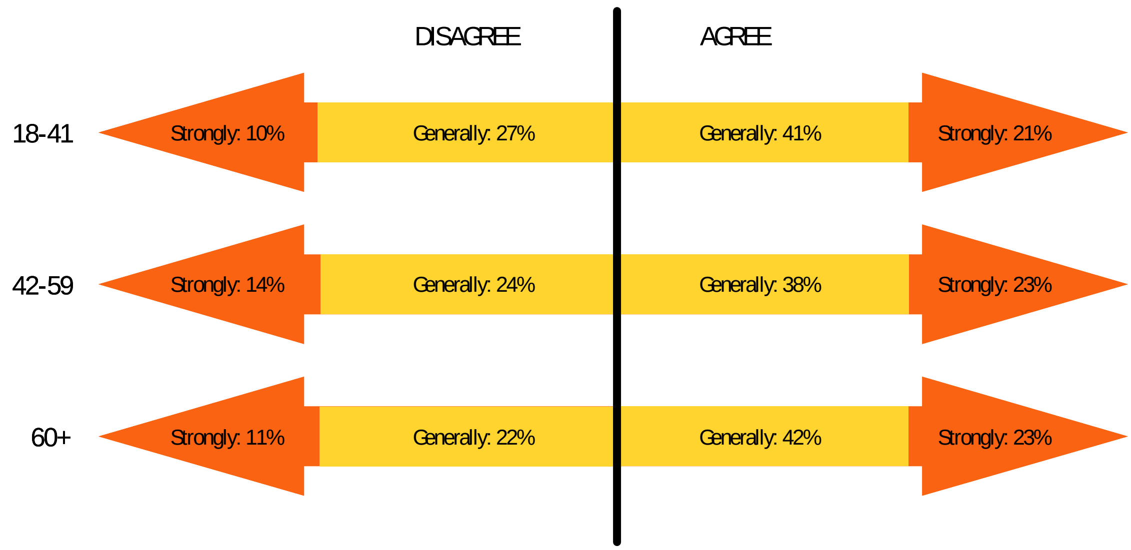
ANALYSIS

I. Key Characteristics of Brand Loyalty: Dynamic Not Static, Focusing on Values and Benefits and Not Price

Brand loyalty isn't what it used to be. Contrary to popular perceptions, Boomer and 50+ consumer attitudes toward brands are fairly similar to the 18-41 cohort. Our Focalyst consumer research found a high degree of brand volatility in all consumer cohorts. This majority proved to be fairly consistent across age groups, with no marked decrease among consumers 42+.

Both groups agree by a two to one margin that overall it does not pay to be loyal to any single brand. This attitude is actually slightly stronger among the 42+ consumers than 18-41 consumers (see Figure 2a).

Figure 2a: Brand Loyalty Across Age Groups



Q In today's marketplace, it doesn't pay to be loyal to one brand.

Source: Focalyst Brand Loyalty Study

Key variables of brand volatility. Additionally, Boomers and 50+ consumers are as likely as younger consumers to experiment with different brands (67 percent for 18-41 vs. 61 percent for 42-59) and research different brands (68 percent for 18-41 vs. 68 percent for 42-59) before purchasing. Those consumers ages 60 and older are even more likely than younger adults (65 percent vs. 61 percent) to agree that "in today's marketplace, it doesn't pay to be loyal to one brand." While fewer in this age group (42 percent) like to experiment out of curiosity (just to see what is out there), a strong majority say they research different brands before they buy (57 percent, compared to 68 percent among Boomers and younger adults), and 9 in 10 say that value is more important than brand in their purchases – very similar to the younger groups.

Figure 2b: Key Variables of Brand Volatility

a. In today's marketplace, it doesn't pay to be loyal to one brand.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	62	22	40	37	25	12
18-41	62	21	41	37	27	10
42-59	61	23	38	38	24	14
60+	65	23	42	33	22	11

b. I like to experiment with different brands, just to see what else is available.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	56	13	43	43	31	13
18-41	62	14	48	38	28	10
42-59	57	14	43	43	32	10
60+	42	10	32	57	36	21

c. I care mostly about value in a product, not the brand name.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	90	54	36	10	8	2
18-41	89	56	33	11	9	2
42-59	92	54	38	7	6	1
60+	88	47	41	12	9	3

d. I typically research different brands before I make a purchase.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	66	31	35	34	25	10
18-41	68	33	34	32	25	7
42-59	68	33	35	32	21	11
60+	57	21	36	42	30	13

Source: Focalyst Brand Loyalty Study

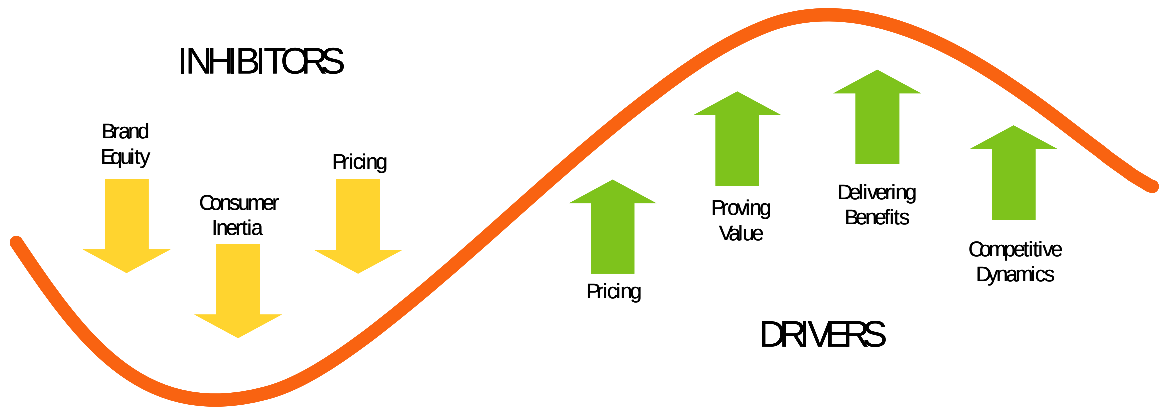
What drives brand loyalty? Again, our research shows us that, in general, consumer attitudes about brand loyalty are remarkably consistent across age groups. Eighty-nine percent of consumers overall spoke of the primacy of "value in a product as being more important than brand" (89 percent for 18-41, 92 percent for 41-59, 88 percent for 60+).

On average, 72 percent of consumers also spoke to the need for a brand to display "more benefits than the (product) I normally use" in order to get them to switch to another brand, even if it cost more (see Methodology BL-3f).

In addition, 69 percent of consumers on average admitted to always looking for a new or improved product that might be better than what they are using now (72 percent for 18-41 vs. 72 percent for 42-59). On the plus side, while consumers seem to feel driven to consider switching brands, they would prefer to stay with brands they know:

78 percent of consumers overall reported that they would rather find a brand and be able to stick with it than constantly be on the lookout for better value.

Figure 2c: Drivers and Inhibitors of Brand Loyalty



Source: Focalyst Brand Loyalty Study

Value is paramount to price. Consumers in all groups say they will switch brands and pay more to get a product that better meets their needs. In terms of price, consumers equate brand names with good value (71 percent). Far fewer are willing to have their purchases dictated purely by price; only 53 percent of consumers surveyed are more likely to purchase a generic or store brand than a name brand. Although 55 percent of consumers (across demographics) said price was the key consideration in their decision to purchase a major product, it was not at the expense of quality, which scored much higher in the same context (86 percent).

II. Product Type, Not Buyer Age, Is a Primary Driver of Brand Volatility

Brand loyalty – defined in this case as loyalty to one brand in a product category – is primarily a function of product type. Product loyalty by brand shows little variation based on age: Of the 10 product groups we reviewed (see Figure 3a), 7 had nearly identical levels of single product loyalty across age groups (the exceptions being Cars, Music & Video Players, and Airlines). Brand loyalty is remarkably consistent within categories.

Higher cost and consideration products and services, while having marginally higher "positive" brand rankings compared to more consumable categories, have very low "brand negatives". In higher cost and consideration categories, the percentage of consumers who think that being brand loyal makes little difference is very low. These negatives show slight variation by age and exhibit similar ranges within each category. Twenty to thirty-three percent of consumers in all major product categories will be challenging to reach.

Figure 3a: Percent of Single Brand Loyalty, by Key Categories

Cohort	Airline	Athletics	Banking Services	Cars	Cosmetics	Credit Cards	Prepared Foods	TV	Computers	Music & Video Players
18-41	○	○	●	◑	◑	◑	○	◑	◑	◑
42-59	◑	○	●	◑	◑	◑	○	◑	◑	○
60+	◑	○	●	●	◑	◑	○	◑	◑	○
○ Low (Less than 20%)				◑ Medium (20%+)				● High (50%+)		

Figure 3b: Percent of Negative Brand Loyalty, by Key Categories

Cohort	Airline	Athletics	Banking Services	Cars	Cosmetics	Credit Cards	Prepared Foods	TV	Computers	Music & Video Players
18-41	◑	◑	○	○	◑	○	◑	◑	◑	◑
42-59	◑	◑	○	○	◑	○	◑	◑	◑	◑
60+	◑	◑	○	○	◑	○	◑	◑	◑	◑
○ Low (Less than 20%)				◑ Medium (20%+)				● High (50%+)		

Source: Focalyst Brand Loyalty Study

III. Attitudes Toward Advertising Show Most Flux Between Cohorts

Views on the effectiveness of advertising differ most as a function of age. Specifically, the Boomer and 50+ population found advertising more insulting or condescending compared to younger cohorts (51 percent vs. 37 percent, see Methodology, BL-5a). This was the most significant divergence in our research.

The second largest divergence was on the question of today's advertisements being too weird or "out there" in terms of their creative. Fifty-eight percent of the 41-59 age group (and 74 percent of 60+) agreed that today's advertising was too "out there" to resonate with them (vs. 39 percent of 18-40 market).

And while only about one in two consumers (across age groups) view "liking ads" as a key factor in driving them toward purchase, the blowback of negative creative execution was deadly, with 73 percent of consumers (across age cohorts) saying they are less likely to consider a product if they find the ads offensive (see Methodology, BL-5g).

More on the margin, some Boomers and 50+ consumers also felt that advertising was not sensitive enough to the concerns of their age group (31 percent feeling it was not so vs. 29 percent for under 40s). Targeting Boomers effectively via media is more about avoiding negatives than reinforcing positives. Consumers respond strongly, and by wider margins, to a host of questions about "negative" aspects of advertising, with tangible blowback in terms of changing products and lingering resentment.

IV. Correct Creative Execution and Media Placement Are Key for Reaching and Keeping Boomers and 50+ Consumers Brand-Loyal

Advertisers, who have Boomers and 50+ users and want to keep them, or those who don't and covet them, MUST consider a more synergistic advertising execution and placement strategy. First, they must abandon the notion that they have to keep a wide distance between the 18-41 and the 42 + age groups. Such activities doom marketers to labor in what we call Negativity Zones, where marketing is dictated by many of the old, untrue, and ultimately ineffective assumptions we have outlined. Beyond moving past notions that the 42+ audience is a lock, marketers must better align creative executions to appeal to both groups whenever possible, operating more in parallel and focusing on the use of tactics that are well-received by all cohorts (such as humor and conveying energy/excitement in ads) and avoiding those that have more mixed results (edgy creative, for example). This in turn should allow for the development of ads that keep both groups engaged while offending neither.

> *"You can sell younger to older but not older to younger."*
>
> – a major automotive manufacturer

Case Study: The Role of Income & Education

In many cases, both higher income and education levels resulted in a higher-than-average propensity toward many of the general trends reviewed in this report. Some of the more interesting variations are as follows:

By Income Level

- Those with incomes over $50,000 are a bit more likely (than lower income individuals) to agree with the statement that "it doesn't pay to be loyal to one brand."
- Higher income individuals are less likely to say they will consider products with ads they like.

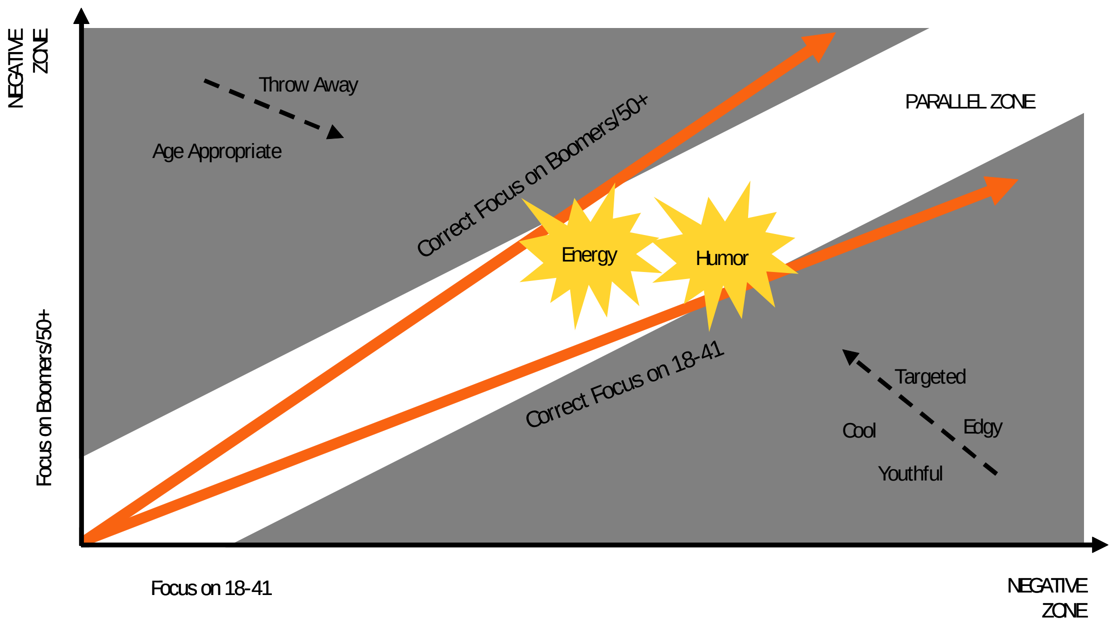
By Education

- College graduates are more likely to say they research products before buying.

By Education and Income

- Higher education and income are both associated with willingness to pay more and switch brands for something that better meets their needs.
- Both groups are less likely to say they usually buy generics rather than brand names.
- Both are even more likely than other groups to say that the more something costs, they more likely they are to shop around.
- Both are more likely to say they are less likely to consider a product whose ads

Figure 4a: Evolving Creative to Function in the Parallel Zone



Source: Focalyst Brand Loyalty Study

With regard to placement of media, when targeting Boomers and 50+ consumers specifically, a few rules of the road emerged in our research when we asked consumers the roles various media played in their purchasing consideration process. These finding included:

- **Read a paper.** Boomers and 50+ consumers are more likely to find information about a product, good, or service they are thinking about buying in newspapers (47 percent) than the 18-41 demographic (38 percent).

> *"When someone turns 50, he will never switch brands"*
>
> – a leading apparel manufacturer

- **The power of recommendations.** Eighty-two percent of 42-59 consumers said that would try an unfamiliar brand if it were recommended by someone they trust (73 percent of 60+ would do so as well). Additionally, 42 percent of this demographic said they ask family and friends for advice when deciding to make a purchase. Lastly, 18-41 and 42-59 consumers where about as likely to use online bulletin boards and/or blogs to help inform their purchases.
- **TV is still a mass medium, but the Internet wins for research.** The two most popular categories for media that influence a purchasing decision are watching ads on TV (39 percent on average) and (for the 18-41 and 42-59 age groups) conducting research over the Internet (46 percent and 40 percent, respectively).
- **Radio is to be avoided.** Fewer 42+ consumers (17 percent on average) are influenced in their purchasing decisions by ads on the radio (compared to 23 percent for the 18-41 demographic).

Case Study: Time, Focus, and Evangelism Are Key Towards Creating an Effective Focus on Boomers and 50+ Consumers

Company X is a premium, multi-national brand manufacturer, well-known for its cutting-edge products and designs. It also has a tradition of being very innovative with regard to the way it uses market research to support business decisions and target consumers. Several years ago, it spent a large sum of money creating a detailed consumer segmentation scheme. Primarily driven by psychographics, it had a particular focus on Boomers.

Both the market research and strategic planning functions at Company X were enthusiastic about this exercise in general, but on the focus on Boomers in particular. As a progressive company, they realized that understanding the behavior and adoption of Boomers would be key to maintaining their competitive edge, and that it was a great competitive opportunity as their key competitors paid little attention to this market.

The problems first began when they tried to infuse the usage of this information into the DNA of the company. The vast majority of design and marketing decisions where made at the product or brand level at Company X, and brand managers had little to no interest in this information. Everyone wanted to focus on the younger market – "we have to be considered hip and cool" – which was viewed as being impossible if a focus on Boomers were to be considered as well. Second, other audiences such as Women/Hispanics were viewed as easier to target. Targeting them was a more accepted practice in their marketplace, and information on this group was plentiful outside of the organization.

The market research and strategic planning functions pushed for the brand manager to use the information, but it was a losing battle. The custom segmentation scheme was used less and less, and after several months was abandoned completely.

From Focalyst's point of view, there are several things Company X should have done differently:

1) Work directly with brand managers from day one. Getting focus and input early on in the design and implementation of any targeting segmentation is a key factor toward internal adoption by functions not directly connected with market research and strategic planning.
2) More ROI case studies. Ultimately, this segmentation plan became an overly academic exercise. Working with a specific product line to test market programs driven by insights from the data sets is an ideal way to get internal credibility for any market research.
3) Internal evangelism. Although Company X did best in this regard, ultimately they failed to evangelize both the importance of the Boomer marketplace as well as the use of consumer data segmentations.
4) External evangelism. Especially for companies that do not sell directly to consumers, evangelism and alignment with retail channel partners are key success factors. Company X realized too late that as little interest as their internal product people had in such data, their major retailer partners had even less.
5) Buy-in from senior management. A commitment from senior management outside of the market research and strategic planning function is required to drive internal adoption. Obtaining it should be among the first steps taken before involving other functions in the organization.

METHODOLOGY

The Focalyst Brand Loyalty Study was conducted by telephone from October 28 to November 6, 2005, among a nationally representative sample of 1,547 adults age 18 and older of which 512 of the respondents were 18-41 years of age, 518 the respondents were 42-59 years of age and 517 adults were age 60 or older. Margin of error for total respondents is +/- 2.49 percentage points.

BL-3 Please tell me whether you strongly agree, generally agree, generally disagree, or strongly disagree with each of the following statements.

e. If someone I trust recommends a brand that I don't normally use, I'll try it.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	80	22	58	19	14	5
18-41	82	24	58	17	13	4
42-59	82	20	62	18	13	5
60+	73	19	53	25	19	6

f. If a manufacturer can show me why their brand has more benefits than the one I normally use, I'm likely to switch, even if it's a little more expensive.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	74	26	48	25	17	9
18-41	75	27	49	24	15	9
42-59	77	29	49	22	15	7
60+	65	19	46	33	22	11

h. I'd rather find a brand I like and stick with it than be constantly looking for a better value.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	78	40	38	21	14	7
18-41	77	38	39	23	13	9
42-59	78	41	36	21	16	5
60+	83	45	39	16	11	4

j. I generally equate a name brand with good value.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	71	25	46	28	21	7
18-41	69	24	45	31	23	8
42-59	73	26	47	26	21	5
60+	73	25	47	25	20	6

BL-5 Please tell me whether you strongly agree, generally agree, generally disagree, or strongly disagree with each of the following statements

a. Advertising today that is geared to my age group is often insulting or condescending.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	44	19	25	52	36	16
18-41	37	16	21	58	40	19
42-59	47	**22**	25	50	36	14
60+	55	**23**	32	39	27	11

d. A lot of advertising today is too weird for my taste.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	52	25	27	47	35	12
18-41	39	15	24	60	45	15
42-59	58	29	30	41	31	10
60+	74	44	30	24	18	6

f. I'm more likely to consider a product if I like the ads for it.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	54	14	40	45	29	15
18-41	56	14	42	44	28	15
42-59	53	14	39	46	34	13
60+	51	13	38	46	26	20

g. I am less likely to consider a product if I find the ads for it offensive.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	73	43	30	26	15	11
18-41	68	37	31	31	18	13
42-59	80	52	29	19	12	7
60+	75	44	31	23	10	12

i. If an ad is funny I am more likely to pay attention to it.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	84	39	45	15	11	4
18-41	90	44	46	10	6	3
42-59	82	36	46	17	13	4
60+	74	33	41	26	18	7

j. If an ad has an exciting look I am more likely to pay attention to it.

	AGREE (%)			DISAGREE (%)		
	NET (%)	Strongly (%)	Generally (%)	NET (%)	Generally (%)	Strongly (%)
Total	76	27	49	23	17	6
18-41	81	31	50	19	14	4
42-59	76	25	51	24	17	7
60+	65	21	44	34	23	10

About Focalyst

New York-based Focalyst is a joint venture of AARP Services, Inc. and The Kantar Group, the research, insight and consultancy arm of WPP. Focalyst is the leading source of information about Baby Boomers and Older Consumers, providing forward-looking research and strategic consulting to marketers, advertisers, researchers and brand managers across a wide range of industries. For more information about Focalyst, please visit www.focalyst.com or contact Heather Stern at Heather.Stern@Focalyst.com.