

THE AGING POPULATION AS USERS AND CONSUMERS: MARKETING AND THE
AGING POPULATION

by

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The changing demographics and the aging of the population are affecting the age composition of consumer markets. This, in turn, creates opportunities and challenges for organizations serving consumer markets. This short paper presents some corporate challenges and opportunities facing organizations serving the older population due to the aging marketplace. It also lists a set of propositions to guide research that would produce information useful in developing cross-national and cross-cultural marketing strategies for the two oldest generations globally.

CORPORATE CHALLENGES IN MARKETING TO THE OLDER GENERATIONS

Organizations that market products and services to older consumers are faced with both opportunities and challenges. On one hand, the changing composition of the marketplace creates new opportunities and puts pressure on them to respond to the increasing in size and wealth of the mature consumer markets, whose needs are largely unmet because they have been ignored. One of our studies, for example, found that 78 percent of Americans age 55 and over are not happy with the products and services available to them. On the other hand, these organizations find it difficult to effectively respond to these new opportunities due to relatively little (and often contradictory) information available about this market. I have compiled a list of questions by companies based on my experience in talking to them.

Should we market to older generations? Many companies still do not see the reason they should be concerned with the mature market. Traditionally, the U.S. consumer market has been viewed as comprised of younger people, and it is rather difficult for some companies to consider the older population as part of their main market. They may be aware of the changing demographics, but they have been slow in responding to these changes.

Should the older consumer segments be treated differently? Even when companies decide to market to the older segments of the population, many of them do not see the need to treat this segment of the population differently. They are not convinced that mature consumers differ substantially from the younger population to justify treating them as a distinctive consumer market.

Should the older consumer segments be treated as a homogeneous market? Most companies that have decided to market to the mature segment tend to consider everyone over a certain age, such as 50, as part of the mature market and treat them the same way. They do not see the need to consider them as a heterogeneous group of consumers who have diverse needs and preferences for marketing offerings. However, reality is that older people are more heterogeneous than younger consumer age groups because people become increasingly different from others with age.

What are the most effective bases for segmentation? The organizations that accept the reality of a heterogeneous older consumer market are often faced with the challenging task of deciding how to subdivide this market. They consider a wide variety of bases for breaking it down into sub-segments, and quite often are not sure which basis to use for effective market segmentation.

How do we market to the older generations? Finally, whether an organization chooses to market to the entire mature consumer market or to specific sub-segments, they must address a host of marketing-related issues such as:

- What products or product modifications should be made?
- What advertising appeals and spokespersons should be used?
- What types of sales promotions are effective?
- What types of services should be offered?
- How should products and services be distributed?

In sum, they want to know what works best for the senior customer.

CROSS-NATIONAL AND CROSS-CULTURAL MARKETING

The globalization of the marketplace has been creating increasing interest in marketing to consumers of different nations and cultures. Businesses that contemplate selling products and services to consumers outside their border must understand not only generational differences but also cultural differences. Knowledge about consumers in a generation in one country might not apply to consumers of the same generation in another country; and marketing strategies that have proved effective in one country might not be as effective in another.

Available cross-cultural research offers little help to international or global consumer marketers. Most commercial and academic research points to the differences in consumption habits between or among countries, but offers few explanations for the observed differences. Furthermore, many cross-cultural differences reflect differences in the ways people in different countries respond to questions or measurement instruments rather than differences in cultural values. Given the scarcity of information in this area and the need for additional research, I would like to offer some propositions that might be intuitively appealing but they would have to be rigorously tested and proven:

1. *Today's younger generation of consumers in different countries have more homogeneous consumption patterns than previous generations.* This proposition is based on the assumption that younger people in different parts of the globe were born and raised in more homogeneous environments (e.g., mass media, retail, educational opportunities, telecommunications and technology), and therefore they have had more homogeneous socialization experiences than older adults who were raised in more diverse commercial environments. It also suggests that, in time, consumers will become more homogeneous globally.
2. *Regardless of country or culture, the ratio of differences in the consumption patterns within generations to between generations is higher in older than in younger generations.* This proposition derives from a fairly well-established fact the people become increasingly heterogeneous with age. The longer they live on this planet, they more likely they are to experience different events and circumstances that shape their behavior and set them apart from other people with different sets of life experiences.
3. *Consumer needs driven by biophysical aging processes are more likely to be better predictors of similarities in buying and consumption patterns of people across the globe than needs driven by psychological and social aging.* This proposition is based on the premise that biophysical aging is similar in humans—programmed aging takes place in a fairly similar fashion, regardless of one's color, country, or culture. But psychological and social aging are likely to be conditioned by cultural values. For example, older adults command more respect in eastern than in western cultures; and their assumed roles in

different stages of life might differ, as in the case of adult children who are expected to provide for their aged parents in some cultures.

4. *The greater the socio-political stability a country has experienced during the lives of its consumers, the smaller the differences in consumption patterns between generations in that country.* Social, political, and economic changes and transitions create different environments to which consumers are exposed at different stages in their life course. Consumer exposure to diverse environments is likely to create greater diversities in socialization experiences and needs than exposure to stable environments over one's life span. Diversity is likely to result in dissimilarities in lifestyles and behaviors across generations that experience such changes at different stages in their lives, leading to different consumption patterns.
5. *There are greater within-generation differences in consumption patterns of consumers in free, capitalistic countries than in countries that have "closed" political systems.* Differences in consumption patterns are not merely a matter of individual differences in needs but also the result of options available to consumers. Consumers in capitalistic countries such as U.S. and U.K. are likely to have more options available to them than consumers in countries such as North Korea.