



Applying grey matter to grey marketing

Market researchers have an important role to play, not only in advising their clients of the importance of tapping into this market, but in finding the best ways to research this demographic.

Over the past 20 years, the proportion of Australians over the age of 65 grew from 10.8 per cent to 13.3 per cent. The Australian Bureau of Statistics (ABS) says that by the middle of the century the number of Australians aged over 65 will double to 25 per cent of the population and there will be up to three million over 80 years old, 10 times the present number.

'Our clients are often still surprised by just how many people are already in the older demographic group,' says Martin O'Shannessy, CEO of Newpoll. 'In 2006 more than four in 10 adults (41 per cent) were aged 50 and over, an increase of six percentage points across a single decade. This amounts to just under seven million consumers today.'

He adds, 'The rapid growth in this demographic means that we will likely see many other organisations tailoring products and services to reflect the specific needs and aspirations of this age group.'

However, have marketers been seduced by the glamour and apparent spending power of the youth markets, while ignoring the wealth and spending power of Australians over 55 (a group which includes the older members of the baby boomers) and those aged over 65?

Don Porritt from Taverner Research, who in a previous role at Quantum was involved in managing the annual Australia SCAN survey, says he was frequently invited to address marketing

conferences run by commercial conference companies. While he was often asked to speak about marketing to baby boomers (currently aged 45-60) and younger cohorts, invitations to speak about the older cohorts (55-plus, covering the older end of the baby boomer market, and over 65) were much rarer.

'It was obvious that there was a much larger investment in marketing to younger groups than to those aged 55-plus,' he says. 'Yet the spending power of those aged under 18 is much less than the considerably more numerous and rapidly increasing population aged 55-plus. While younger people might spend a much larger proportion of their incomes, they simply do not have anything like the accumulated financial resources of mature consumers.'

'The product and brand managers I saw in marketing conferences tended to be under 35, with many in their 20s,' says Porritt. 'Marketing to younger groups was seen as fast moving, exciting and needing continual effort to stay in touch with a rapidly changing target, while the 55-plus market was seen as not dynamic and not spending much.'

Time for Australia to catch up

Andrew Powell, Synovate's national director - retail, says that Australia still needs to catch up to other countries in recognising the spending power of the older demographic and catering to their needs.

'Supermarkets such as Kaisers in Europe and Lawsons in Japan have already targeted a shopping experience to older consumers with larger and clearer signage, wider aisles, lighter and easier to move trolleys, a bigger range of smaller pack sizes, non slip flooring, brighter lighting and magnifying glasses attached to shelves for reading smaller print on packs,' he says.

'Targeting older consumers is a clear opportunity for retailers and I think that most are now aware of this. For example, we are seeing Australian supermarkets running short-term promotions offering a senior discount.'

'The big opportunity is in developing a retail experience that is designed for older people and has an impact on building loyalty and brand equity with this important group. The opportunity is to clearly understand what the needs are for older consumers and then make changes across operations, merchandise and marketing. The benefit is that over time you become known as a brand that understands and caters for their needs.'

How to reach older consumers

'Reaching this age group for marketing, government communications and the associated market and social research our profession provides is becoming a specialised and important task as organisations in both the public and private sectors are applying an increasing amount of thought and resources to this aspect of our rapidly changing population profile,' says O'Shannessy.

In helping clients cost effectively and reliably tap into this increasingly important population segment, he believes researchers need to acknowledge the specific characteristics of this age group. In particular, he argues that research into older markets shouldn't rely solely on the internet, as a representative sample isn't possible using online methods.

'Just over half of the grey market today never use the internet and therefore simply can't be included in a sample based on the internet,' he says.

'While it's clear that the internet savvy user under 50 today may eventually be accessible via panel based approaches like online panel, the arguments for reaching the grey market today (and for some time into the future) by probability based approaches such as telephone and door to door remain persuasive.'

'Another important coverage issue is just who is available from the sample supplier you use. While probability based methods still reach older age groups very well, some online suppliers tend to limit their samples to those aged 18 to 64 for the good methodological reason that those 65+ are scarce in the online panel environment. Panel fatigue on small groups as well as the obvious questions we need to raise about the representativeness of minority demographics in online panels are good reasons for excluding those 65+ from online sample offerings.'

O'Shannessy says Newpoll has also done some exploratory work based on identically worded surveys of the grey market through both telephone and online methods.

'The work yielded quite different results between methods on a number of fairly common sorts of survey questions,' says O'Shannessy. 'One example is that we found that panelists between 50 and 64 are significantly more likely to describe themselves as being overweight, and less likely to say they are regular exercisers than those accessed via a probability based telephone sample.'

'As a result of our investigations, Newpoll never recommends online for reaching representative samples of older Australians because the coverage is just not there. Our last study on this topic found that almost all of the 65+ age group

cannot be reached through panels. We have also found that members of this group who are active online skew heavily to the university educated. On the other hand ninety nine per cent of older Australians are available through landline telephone, which is the ideal method for good, probability based sampling of the grey market.'

'We are still investigating how these two different results measure up to "reality" but we firmly believe that probability-based samples with good inclusion and coverage of this demographic are going to be more reliable than non-probability samples at the moment, and that this will remain true for some time.'

Older Australians, who are online, are a diverse bunch

The Digital Edge managing director Andrew Povolny agrees older Australians are relatively under-represented online compared with younger age groups and says researchers consequently need to be cautious when conducting online research among this demographic. However, he says, 'They are playing very fast catch-up and older Australians are proving themselves to be active - physically, socially and online.'

The Digital Edge has recently extended its fortnightly online OnliBus survey of 1500 Australians to include people aged 65-74, rather than just the 18-64 age group traditionally researched.

'The previous assumption for surveys was that from age 55 onwards, Australians generally think and act the same,' says Povolny. 'However, our research shows Australians aged 64-74 who use the internet break many of the traditional stereotypes and often act very differently not just to younger age groups, but also to 55-64 year olds.'

Povolny says the stereotypical view that the internet is the domain of younger generations is starting to be challenged by the ABS, which found the 65-74 year age group had the fastest growing level of internet usage in Australia, albeit growing from a low base of 20 percent in 2004-05 to 28 percent in 2006-07.

He said ABS data shows that in June 2008, 680,000 Australians aged 65 plus had access to the internet at home, compared with 2.1 million people in the 25-34 age category.

'With this older age group clearly beginning to embrace the benefits of the internet, we can't ignore the fact that an increasing proportion of them are now online, that they are consuming and that they have something to say. Online is a relatively fast and easy way to reach this increasingly large and important group.'

The importance of understanding older consumers is clear - but is there a further role for market researchers? Porritt says there is.

'Do we wait to be asked to do research about the rapidly growing and financially powerful market segments aged 55-plus?' he asks. 'Or should we be trumpeting the message to marketers that they neglect these markets (and those 55-plus are many segments, not all the same) at peril to their profits and shareholder returns?'

O'Shannessy adds, 'No research methodology is perfect, but it is the researcher's responsibility to advise clients about the strengths and weaknesses of different methodologies. Where older Australians are concerned, we need to apply a fair bit of grey matter when developing an appropriate research vehicle and it's clear that good quality sampling of older Australians remains firmly in the province of traditional methods such as door to door and telephone.'

By Jesse Blackadder and Kerry Sunderland