

Boom time

Why advertising needs to grow up. **BY NICK SMITH**

THERE IS ONE THING MISSING IN ALL THOSE ads for cars, cosmetics, stereos and any other consumer product you care to mention. The absent ingredient is older people with the cash to buy them, specifically those aged over 50.

It's an article of faith among business and advertising agencies that youth sells, even when you're selling to older people. So when flogging product, the thinking goes, make sure the models are young enough to be a baby boomer's idea of a mid-life crisis.

The idea driving this chronological tyranny is simple: older people aspire to youth. Conventional wisdom says they even think of themselves as more youthful than they actually are, says Chris Schultz, managing director of Senioragency, an advertising network dedicated to reaching baby boomers and senior citizens.

"If you aren't selling ointments, life insurance, retirement villages or Zimmer frames, then people over 50 pretty much aren't being targeted," Schultz says.

We are, he says, obsessed with youth. And that may be costing business big-time. Baby boomers are flooding into the over-50 demographic and spending is something they do well.

Representing 28% of the population, the over-fifties account for an estimated half of all new car sales and 80% of luxury models. Half of all face-care products and mineral water is bought by those aged 50-plus, and they are also over-represented in coffee sales (55%) and olive oil (60%). They may be older, but they also have grandchildren, and buy a quarter of all toys.

Jan Moran, managing director of Total Media, an independent media planning and placement agency, says baby boomers are largely ignored. "Although there is a slow move to target people by attitude, rather than by demographic, most of the target audiences currently used by advertisers end at 45 or 50 years," says Moran. "We don't think baby boomers are particularly valued by either marketers or the media."

But why does it matter if marketing and advertising panders to society's obsession with youth? We are, says Schultz, heading into a period of reduced earnings as the economy slows.

Business, he says, is under pressure to deliver levels of performance similar to that achieved during the boom times of the last three or four years. In the present environment, business will struggle to achieve those levels of revenue growth and, Schultz says, ignoring the richest demographic

in society does not help their cause.

"We aren't saying, 'Change everything to focus on the older market'; we're saying, 'This is a key secondary market for brands.'"

By 2020, the 50-plus market will grow by 27% to 38% of the population. By contrast, the under-20 market will contract by 5% during the same period.

Retirement Commission figures show the net worth of people aged 45-plus is \$329 billion (comprising homes, assets and financial investments, minus liabilities).

Estimates based on this research suggest that 50% of disposable income is in the hands of those aged over 50. They are, after all, at the peak of their earning capacity and usually rid of mortgage and children.

So why aren't companies trampling over each other to reach older customers? To be fair, says Schultz, youth and beauty do sell. And it is important to build brand loyalty among the young.

Also, the spending habits of the parents of baby boomers were shaped by the Depression and the war. Thriftiness and rationality guided their decisions, says Schultz, which is one of the reasons why advertising is aimed at the under-fifties.

But the boomers - defined as early BBs (50-59) and late BBs (40-49) - have pushed past the target demographics used by marketers and media. And baby boomers are not thrifty.

Even so, advertising and marketing is unlikely to change in the future. As Moran says, there will be less and less TV advertising spend aimed at baby boomers.

"The TV networks decide on programming and pricing based on their own 'core' demographics [25-54 for TV1, 18-39 for TV2 and 18-39 for TV3], which means the baby boomer group is gradually becoming marginalised," she says. "To make matters worse, the television broadcasters recently agreed to work to a new set of demographics, none of which include the over-54s."

As a consequence, says Schultz, business and marketers are missing out.

down. I can't imagine being like that."

The big difference between baby boomers and their parents is that they have the choice. Compulsory retirement has been abolished, the economy enables them to work on and, above all, they're more affluent.

People over 45 control 71% of the nation's wealth, according to Chris Schultz, managing director of advertising network Senioragency NZ. Schultz estimates that people over 50 control 65% of disposable income. People aged 55 to 59 are the peak age-group for New Zealand's net worth. The over-fifties market, says Schultz, will grow 27% by the year 2021. In that time, the under-20 market will shrink 5%.

David Thomson once argued, in his book *Selfish Generations*, that baby boomers had not done as well out of the welfare state as their parents had, and that their children had done even less well.

But as Schultz's figures show, baby boomers are seen as the affluent generation. Thomson, 53, himself retired at 48 from his job as history professor at Massey University. He is, he says, comfortable. He does unpaid research work at the university, runs his small farm, and yes, he is better off than his parents.

How does he account for that? "I'm an exception. My brothers and sisters are not in the same position. If I'd tried to live as my parents did, I'd be no better off. What I and other baby boomers have done is change our lifestyle."

And, he says, his choice may yet impoverish him more than his parents. "My wife and I had two incomes and no children. We might be financially better off than our parents, but emotionally worse off."

The median age of New Zealanders is rising, according to Statistics New Zealand, and the reason is that death rates among people previously considered elderly are falling. Proportionately fewer 50- to 79-year-olds are dying. Since the mid-70s, women's life expectancy has grown by 5.8 years, men's by eight years. Even Maori, usually well behind in life expectancy, caught up a little.

We're wealthier, we're staying healthier and we're living longer. A newborn girl can expect to live until she is more than 81,

