

# TALKING BABY BOOMERS

Insights into the most financially influential audience in Australia

Fairfax Radio  
Network

## Highlights in this issue:-

- *The recession – a positive perspective*
- *Timely advice from Madison Avenue*
- *Strategies proven to work in tough times*



## THE RECESSION – A POSITIVE PERSPECTIVE\*

### Which generation is best equipped to cope with today's tough economic times?

Let's take a look at three of the most popular generations for advertisers.

#### Gen Ys born 1980-1994

4.2 million Gen Ys make up 27% of the adult Australian population. Recognised as highly educated and socially aware, hype and superficiality don't persuade this generation. With around 50% of Gen Ys holding a University qualification, they are generally impacted by substantial study debt. Financially, they live for the moment, with many still living at

home and being funded by their Baby Boomer parents.

#### Gen Xs born 1965-1979

4.4 million Australians are Generation X which makes-up 28% of the adult Australian population. They appear sandwiched between Baby Boomers who refuse to grow old and let go, and the younger and cooler tech-savvy Gen Ys, who are already challenging their career space. Generally, they are financially squeezed from week to week. Many have young families, and their spending on discretionary items is considerably lower than other generations.

#### Baby Boomers born 1946-1964

In 2009, 5.3 million Baby Boomers make up 31% of the Australian adult population. Their spending habits and lifestyles have had, and continue to have, a profound influence on the economy spanning 30 years.

The segment of Baby Boomers closest to retirement have felt the impact of poor superannuation, and share market returns, in the past year. More than previous generations, they intend to keep working and earning, and will have a longer transition to retirement age.

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## HOW WELL DO YOU KNOW YOUR BABY BOOMERS?



**QUESTION: HOW MANY OF THESE FAMOUS FACES ARE BABY BOOMERS?**



# TALKING BABY BOOMERS

KPMG Analyst, Bernard Salt says "Over the past few years boomers have made eye contact with retirement and have worked out that, even during the boom, they had not saved enough to live in the manner to which they had become accustomed. Their frugal Depression-era parents can happily live on an age pension - and save money!

But not the consumer generation's Baby Boomers. They are finely tuned machines designed from an early age to spend on electrical goods, exotic travel and branded clothing.

Instead of having to invent an excuse such as I like the balance of having some work in my life they can now blame it on the recession."

## What are the implications of this trend for advertisers?

The opportunity for advertisers is that Baby Boomers, despite economic pressures, still offer advertisers the greatest potential to buy their products and services

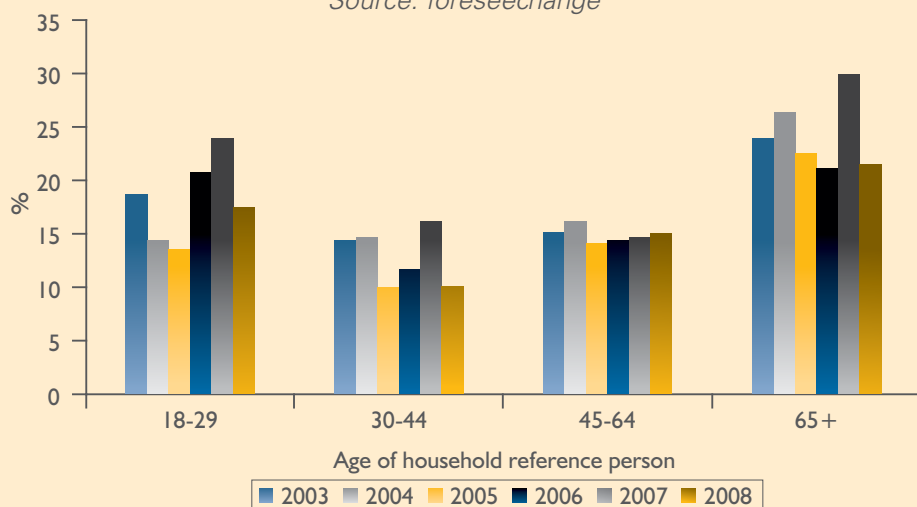
Looking at the latest ABS Household Expenditure Survey and projections by foreseechange (Table 1), we clearly see that only generations with people aged 45+ show an increase in spending on goods and services. The greatest increase of 4.6% is within the prime age Baby Boomers, those aged 55-64.

**Table 1. The % change in spending on goods and services excluding housing costs from 1998 to 2008.**

<25	-1.6%	↓
25-34	-2.3%	↓
35-44	-2.4%	↓
45-54	.08%	↑
55-64	4.6%	↑
65+	2.3%	↑

**Chart 1: Profligate Spender incidence by broad age group**

Source: foreseechange



Spending and value trends for Baby Boomers are centred around:

- Healthier lifestyles, especially DIY options that encourage empowerment
- Eating better, with a greater consumption of fresh produce and more exercise
- Building family retreats for virtual escapes for indulging in cocooning at home
- Seeking brands that focus on quality and value and in particular relying on trusted brands

Baby Boomer's increased consumption of trusted brands and services for health and home continues to be strong.

Reliance and desire for these brands is not a fad, it's a trend, and it is here to stay for while.

Interestingly, as consumption has increased, so has expenditure on radio advertising across health, food and DIY categories between the years 2007 to 2009#.

### % increase

Pharmaceutical	78% up
Garden & DIY	22% up
Food	14% up

Sources\*:

Euromonitor 2009, ABS Household Expenditure Survey, projections by foreseechange

# AC Nielsen Adex Data

## Profligate Spenders offer a silver lining for marketers

Surveys and tracking by Foreseechange over the last five years show that discretionary consumer spending growth is strongly correlated with the size of the 'Profligate Spender' segment – this segment is defined as both willing and able to spend.

The size of the Profligate Spender segment in Chart 1 is highest amongst people aged over 65 as they are more willing and able to spend than younger people, because they mostly own their home outright and have lower overhead costs.

People aged 45 to 64 (the biggest spenders) have a very steady proportion of Profligate Spenders, so this age group is less affected by economic fluctuations. This age group, currently occupied by the baby boomer generation, offers high and reliable sales revenue.

The size of the Profligate Spender segment amongst people aged under 45 is quite volatile and unreliable.

**Retailers and manufacturers confront a simple decision. Inspire people aged over 45 to spend more money, on your products in particular, and help stave off a recession – or else become a victim of a recession.**

## TIMELY ADVICE FROM MADISON AVENUE

Stuart Elliot from the New York Times believes that the older audience is looking better than ever. In his recent article he quoted Henry Schleiff, president and Chief Executive at Hallmark Channels as saying "The recession has made most advertisers far more focused on the return on their investment and more selective and for those of us focused on the baby boomer, it's a good time for us." Elliot reported that major



marketers such as Kraft Foods, L'Oreal, Procter & Gamble and Target are becoming increasingly interested in the 50+ audience since the recession.

Andy Donchin, director for Media Investments at Carat, New York stated that "Advertisers should and are paying more attention to the 50+ demographic, this country is aging, and the boomers are an attractive demographic."

Mr. Donchin puts the opportunity into perspective, "50 isn't what it used to be. Older consumers today are not as resistant to change. Show them something better, and they will try it."

## TACTICS PROVEN TO WORK IN TOUGH TIMES#



1. Maintain your planned level of advertising while competitors are cutting back.
2. Maintain a brand presence – people forget without frequent reminding.
3. Dominate the media space with impact and frequency. Concentrate by medium, market and audience for greatest returns.

The Cahner Research Report 2005 into The Role of Advertising in Uncertain Times confirmed that consumers are looking for strength and stability, and brands need to inspire this belief in consumers. Companies that performed well through the recession of the early 1990s were more likely to have invested in growth tactics such as selling to new customers,

expanding their business in new markets and increasing ad spending. 63% of CEOs at these companies indicated that increased marketing activity was the single most effective action taken to combat a tough economy.

Importantly, at this time advertisers need proven results. Recession is not the time for media experimentation. Advertisers need reassurance that their media investment is going to have solid, measurable and immediate returns. Radio with its immediacy and one-to-one engagement makes an ideal cornerstone to media campaigns at this time.

*"I am a huge fan of radio; at a tactical level it is brilliant... The smart marketer will invest in their brands and I think they will do so to protect market share for next year, because when they come out of tough times, they will be in a good position in 2010."*

Hamish McLennan,  
Global CEO, Young & Rubicam.

# Source: Commercial Radio  
February 2009

# TALKING BABY BOOMERS

## FIVE PRACTICAL TIPS TO INCREASE RADIO CREATIVITY IN A SLOWING ECONOMY

By Ralph van Dijk, Founder & Creative Director Eardrum UK & Australia



### Tone of voice

- Make sure your ad takes its time and sounds confident.
- Radio is a conversational medium. Use calm, relaxed voices that sound like real people.
- Your commercial reflects your brand, now is not the time to sound desperate.



### Offers

- Keep offers as simple as possible and keep the message single minded.
- If you have more than one message, make more than one commercial.
- Good offers don't need to be over-sold.



### Emotional benefit

- The emotional benefit of a product can outweigh any price point.
- Tell them why they'll love it before telling them how much it will cost.



### Stand out

- Ads are far more effective when people are thinking about a related subject.
- Grab them in the first 10 seconds, or you've lost them for the next 20.



### Time & place

- Use radio's speed to market to make your ads as up to date and relevant as possible.

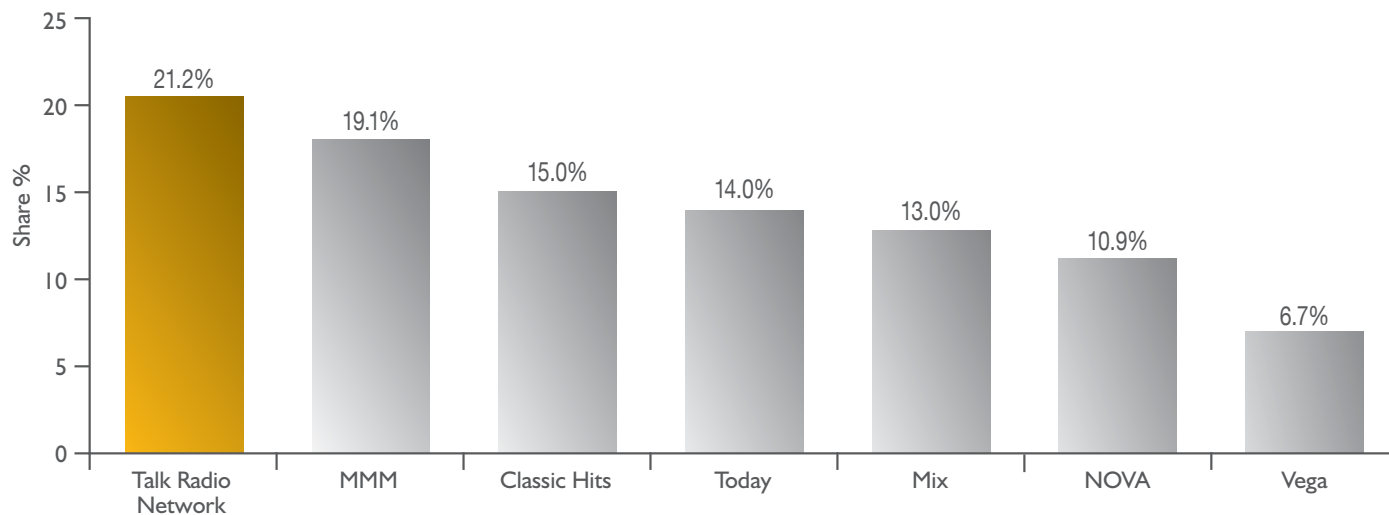
For audio examples, visit [www.eardrum.com.au](http://www.eardrum.com.au).



## THE TALK RADIO NETWORK REACHES MORE PROFLIGATE SPENDERS

Profligate Spenders have discretionary funds and would rather spend than save or repay debt

Source: NMR Panorama Survey #3/2009 (May08 - April09) Metro Database



Reach Baby Boomer Profligate Spenders on the Talk Radio Network

**Network Summary:** Talk Radio: 2UE, 3AW, 4BC, 5AA, 6PR Today: 2DAY, FOXFM, B105, SAFM, 92.9 Triple M: 2MMM, 3MMM, 4MMM, 5MMM, MIX 94.5 NOVA: NOVA96.9, NOVA 100, NOVA106.9, NOVA91.9, NOVA93.7 MIX: MIX106.5, MIX101.1, 97.3FM, MIX102.3, 96FM Classic Hits: WSFM, GOLD, 4KQ, CRUISE Vega: 95.3, 91.5

**2UE954**  
NEWS TALK

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