CONCEPTUALIZING ELDERLY BUYER BEHAVIOR

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> The interest in the market is growing daily...we've had blinders on to anyone who wasn't young, raising a big family and in the "age of acquisition." (Business Week, November 19, 1979).

That statement personifies a renewed strategic interest in one of the fastest growing segments of the market -- the elderly. As the teen and early-20's segments shrink in size because of population attrition, many marketers have begun to re-examine their target segment strategies. This paper examines that growth segment with the objective of bringing together a conceptual framework for further research.

Introduction - Demography

The elderly market, defined for purposes of this paper as individuals sixty years of age or older, has become a significant segment in terms of both size and purchasing power. It has doubled in size since 1950 and today represents 11 percent of the total U.S. population, and continues to grow at a rate approximately twice that of the under sixty segment. By the year 2003, the elderly segment is expected to grow to 38 million persons, or 14 percent of the total U.S. population. The estimates for the year 2030 - 55 million persons and 18 percent - are even more impressive (Business Week, September 3, 1979).

The growth trend in the elderly segment has a number of contributing factors. Life expectancy in the United States is currently 73.2 years for the total population with a projection of the improvement in life expectancy trend to continue to the end of the 20th century and an average expectancy figure of 80 years (Rice, 1979).

If the current declines in mortality tables are assumed to continue, then the over-65 generation will increase in size 59 percent, while the population as a whole is expected to increase by only 28 percent (Rice, 1979).

The greater life expectancy of females over males (77.1 versus 69.3 years) means that elderly women represent a greater percentage of the total (57.8% in 1980) and will continue to increase their proportional share to an estimated 59 percent by the year 2000 (Fowles, (1974).

The purchasing power of individuals sixty and over is substantial. The median income in 1979 for the 24.4 million elderly, according to the Kenyon and Eckhardt avdertising agency. was $8,063 (Business Week, November 19, 1979). In terms of aggregate income, the figure is well over $100 billion. Indeed, the aggregate income of the elderly segment is over twice that of the under 25 market, which has been the focus of considerable marketing attention over the last two decades. Income, of course, represents only part of the elderly's purchasing power. As Atchley (1972) has noted, "[the elderly's] per-capita assets are the highest of any age group."

Finally in this demographic review is the fact that the elderly are not as widely dispersed as other segments in the market and are concentrated in two geographic areas. Analysis of 1978 Census Bureau data shows this concentration in a band running north and south from Texas to Minnesota, approximately two states wide, and in the state of Florida.

Elderly Buyer Behavior

Contributing to the demographic profile available to marketers is a limited selection of behavioral studies of elderly buying. Among these is the author's work (Towle and Martin, 1976) which shows the elderly consumer is not generally brand loyal (less than 9 percent), and that nearly two-thirds (60 percent) are psychographically described as candid, self-assured, stubborn and dominating. Certainly this is distinct from the oft inferred "grandmotherly image" portrayal found in much advertising.

Other than this earlier work, the principle research on this segment's buying behavior seems to have concentrated on information processing and the impact of in-store attributes on purchase decision-making.

Impersonal Information in the Decision Process

Overall Media Usage. Using an AID-Covariate analysis (Rao, et. al., 1976) on data generated in a major time use study by the Institute for Social Research at the University of Michigan, we found that age was a predictor of use and enjoyment of newspapers (Hendrix and Martin, 1980). The study utilized the AID-Covariate algorithm to examine usage and enjoyment of three broad media classes: television, magazines and newspapers. However, only for newspapers was age a predictor of the covariates of enjoyment and media usage. These findings support the earlier conclusion of Bernhardt and Kinnear (1976) that newspaper readership is greater among the elderly than among the younger segments in the population. This author's own research concludes that the "older the respondent, the greater time devoted to reading a newspaper and correspondingly the greater enjoyment associated with that reading" (Hendrix and Martin, 1980).

Added to this is an earlier finding that elderly women buyers are more reliant on newspaper advertising in their fashion decision than are younger women (Martin, 1971).

Additional data on media usage indicates the elderly are less likely to read home-oriented, general readership magazines than the younger segments (Bernhardt and Kinnear, 1976) and that television is ranked first in usage (French and Crask, 1974).

Media Effectiveness and Credibility. French and Crask (1974) tested several aspects of elderly usage of, and attitude toward, mass media. That study confirmed the usage patterns described above, but it also reported that the elderly found television to be their most reliable information source. The data from that study showed that advertising in general is not only important as a source of information, but also serves as a motivator for the buying decision. A majority of the respondents in the French and Crask (1974) study (72 percent) said that advertising was an important source of information to them, while 55 percent said that advertising influenced their product choice.

The same research also examined the advertising content and effectiveness. The conclusion drawn from that data is that advertising directed at the broader market, rather than specifically targetted to the elderly, will receive higher recall scores by the elderly.

The data above is consistent with John Howard's observation that "You have a psychological thing here. Many people don't want to be reminded that they are old, and they often tend to react against advertising and marketing programs that separate them from the masses" (Business Week, November 20, 1971).

Point-of-Purchase in the Decision Process

One of the author's earliest studies examined the elderly female consumer and her apparel purchasing (Martin, 1971). That data showed that "the older woman shops in fewer stores, both in the aggregate and on the day of purchase." In addition that study reported that the elderly woman consumer was seldom accompanied by a "shopping pal" and tended to shop and buy in either high fashion women's specialty stores or in traditional full-line department stores. Confirming this was the finding by Bernhardt and Kinnear (1976) that the elderly segment does less shopping as a group than do younger segments and that they favor shopping in traditional department stores, particularly for apparel. The conclusion drawn is that the elderly consumer relies very little on peer word-of-mouth information in the decision process. Not only do the elderly tend to eschew the newer forms of retailers such as discounters (Bernhardt and Kinnear, 1976) and concentrate on more traditional channels, but they are more reliant on salespersons for the point-of-purchase information in their decision process (Martin, 1971).

Conversely, a recent study that deals with information processing by the elderly (Bearden and Mason, 1979) reports a consistent lack of familiarity with three point-of-purchase shopping aids, but usage of those three by the elderly in their buying decision. The three aids tested were unit pricing, nutritititional labeling and open-code dating. The data show the elderly shopper's familiarity with the three was significantly less than a national average. Again, the paradox uncovered by the researchers is a lack of familiarity, but usage. This suggests, for instance, that opendate coding serves as an assurance to the elderly consumer that the product is fresh, though there is a lack of understanding of how the dating system operates or what it represents.

Certainly the studies cited concerning the impact of point-of-purchase attributes are limited, but they do minimally suggest a hypothesis that marketer supplied information at the point-of-purchase apparently contributes significantly to the buying decision, though the mechanism by which this affects the decision is unclear.

New Behavioral Data

Recently the author concluded another study of elderly consumers which, while concentrating on their purchase of financial retirement services, does add to the construct of buyer behavior. In this recent effort we examined the elderly consumers' use of various types of investments, debt instruments, sources of financial advice, and attitudes toward financial management services. To facilitate this study we examined the similarities and differences between the elderly and non-elderly segments in terms of the dimensions noted above.

Data

The data are drawn from a recent survey conducted by the Survey Research Center, Institute for Social Research, University of Michigan. Questions pertaining to financial matters were included in the June, 1980, "Survey of Consumer Attitudes."

The national telephone survey consisted of interviews with some 688 adult men and women living in households in the coterminus United States. The national probability sample was selected utilizing a computer algorithm designed by SRC to randomly generate phone numbers. Of the 688 respondents, 26.1 percent were 60 years of age or older.

The questionnaire was designed by the author with two waves of pre-tests before inclusion in the June survey. All interviewing was conducted by the SRC's professional interviewing staff.

Results

Particularly important for this paper were the areas concerning behavior and attitudes toward retirement planning.

In that context the sources of advice which elderly consumers rely upon in making investment decisions are of interest. As Table 1 shows, we see a very similar pattern across the two segments. The most significant difference is in terms of the use of friends as an investment advisor. The elderly are much less likely to use this source, similar to the data uncovered in retail buying behavior and discussed earlier in this paper.

TABLE 1
INVESTMENT ADVISORS

(Percentage of Respondents by Age Class)

Investment Advisor Currently Used	Age: Under-60	Age: Over-60
Accountant	3.4	5.2
Banker	9.4	10.1
Broker	1.5	3.2
Tax Advisor	2.6	2.8
Lawyer	2.5	1.1
Friends	18.3	5.5

The most striking divergence between the elderly and non-elderly segments appears not in behavior, but rather in attitudes. The elderly perceive investment decision-making as less difficult than do their younger counterparts, as Table 2 shows. Moreover, they eschew paying for advice. In fact, even if the choice were affordable, both the elderly and non-elderly segments would rather do their own financial planning than hire an advisor.

TABLE 2
ATTITUDES TOWARD INVESTMENT DECISIONS AND SERVICE

(Percentage of Respondents by Age Class)

Attitude	Age Under 60	Age Over 60
Would pay for investment advice	24.9	7.1
If choice were affordable:		
Hire investment advisor	16.5	17.2
Do own planning	79.6	72.0
Difficulty of investment decision/making:		
Very difficult	24.8	19.1
Some difficulty	32.7	18.1
Not at all difficult	37.1	47.2

Despite this apparent self-reliance, it is alarming that only 12.9 percent of the elderly report having a financial plan in place, compared to 27.1 percent of those under 60. Of those who do not, a very small minority - 12.5 percent - indicated that they would pay someone to put such a plan together for them.

Conclusions

The amount of substantive research on the elderly market segment is meager compared with that generated for other segments of the market. This is probably due in part to the marketer's fascination over the past twenty years with the so-called "youth market."

We have a growing market segment that is becoming proportionally larger in the general population and which has substantive buying power potential. The segment is heavily dominated by women consumers, but very little research has examined the differences by sex in the purchasing behavior of the elderly.

The various studies cited here and our own research suggests we have a non-seeker of product and brand information. What research we have shows a reliance on impersonal information sources at the point-of-sale, and the disdaining of information from peers, particularly those who might be "shopping pals." In other words, we have an elderly consumer that is a "loner" and relies on past experiences and familiarity and, to some extent, on marketer generated information at the point-of-sales.

When information is generated away from the point-of-sale the data shows the greatest time devoted to television (consistent with the overall media usage of the general population), but our data suggest that newspaper information is more important and is used in the buying decision. There is a resulting conclusion that information at the point-of-sale, and impersonal information generated in the mass media are the principal information sources used by the elderly in the buying decision.

We also conclude that information content is most effective when it is not segment specific, but rather has a more general appeal to it, particularly bridging different age segments.

There is a caveat to the development of such an overall concept of market information acquisition by the elderly. In a 1975 study, our data showed that the elderly market was not homogeneous, but rather consisted of several major sub-segments (Towle and Martin, 1976). Using 13 demographic, 20 psychographic and 10 buying style measures there were six distinct sub-segments of the elderly market identified.

Certainly future researchers must be aware of this lack of homogeneity in examining the elderly market and its possible sub-segments. However, the need to expand the research into a conceptualization of the elderly consumer's buying behavior and how it differs from the younger segments is called for. Hopefully the outline of certain dimensions of that behavior reported here will be helpful for future researchers.

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