

# Market segmentation: successfully targeting the mature population

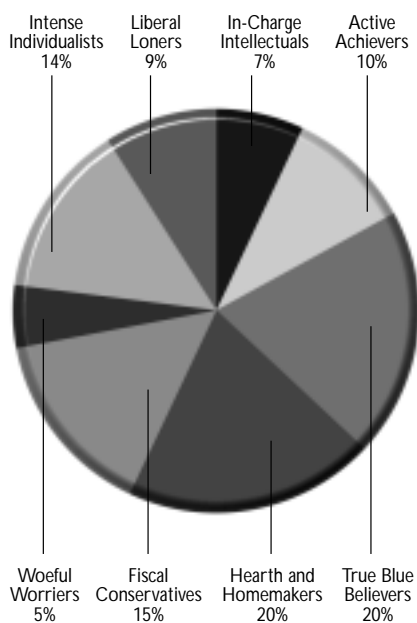
Defining the values of older adults can be the key to appropriate market strategy

by Robert Snyder

Marketing to mature adults is a vital activity for any organization catering to the active-aging market. What complicates things is knowing *how* to appeal to this burgeoning demographic, and knowing when nontraditional marketing messages come into play.

Forget mass marketing  
Organizations interested in appealing to the mature population typically mass market to it. But older adults are not all the same. To be effective, marketing should be tailored to each segment of the 62-plus demographic.

Figure 1  
Segmentation of the Mature Market



Source: J. Walter Thompson

The value dimensions led to the segmentation of the 62 and over market into eight different and distinct groups

Marketers typically segment an audience based on differences in demographics, attitudes, opinions or life stages. *But the key to capturing the mature market is to understand their essential values or convictions—and the eight distinct market segments that have been identified based on the belief systems of older adults.*

Members of any generation are linked by the shared life experiences of their formative years, but these experiences do not have meaning in themselves. Rather, it is the attitudes, beliefs and values created by these events that are important.

When marketers fail to understand these core beliefs and key values, they produce stereotypical communications based on their personal beliefs and values. Why? We all view the world (including its material contents, human interactions and human behaviors) through our own frame of reference or *values eyeglasses*. If we look at others through our values eyeglasses, our communication often misses the mark and, when older adults are involved, even borders on ageism.

Values-based segmentation  
Matter of Values<sup>SM</sup> is a segmentation approach based on market research by advertising firm J. Walter Thompson's Mature Market Group and Seniors Research Group. This approach breaks the older adult market into eight distinct Value Portraits<sup>SM</sup> or segments based on the relative importance and influence of key values in each group.

Organizations that understand these distinct values-based segments can develop more robust, targeted marketing plans for the mature population. Specifically, values-based segmentation allows marketers to do the following:

Identify market segments most likely to feel the strongest affinity for their specific product and service offerings;

Develop more effective marketing messages/programs by underscoring the important values of consumers in each target segment;

Position products and services effectively by emphasizing attributes linked to the values of a particular segment; and

Identify new product opportunities or modify existing products to be consistent with consumer value profiles and emerging trends.

Unchanging values  
We develop values over time as a result of beliefs and attitudes. Once developed, these values are unlikely to change. Three important factors shape beliefs and attitudes:

*Personal experience* is the strongest reference involved in belief building. Marketers spend a lot of time reviewing the generational experiences of mature adults, because they assume this audience has developed similar behaviors as a result of these shared, yet personal experiences.

*Social proof*, or confirmation by others, either validates or invalidates

our beliefs. In effect, continual confirmation from others we judge to be wise either increases or decreases the intensity of a held belief. Our parents, or those who were most influential during our impressionable youth, provide much of our social proof. Even as adults, we validate our beliefs and values through our most trusted friends and advisors.

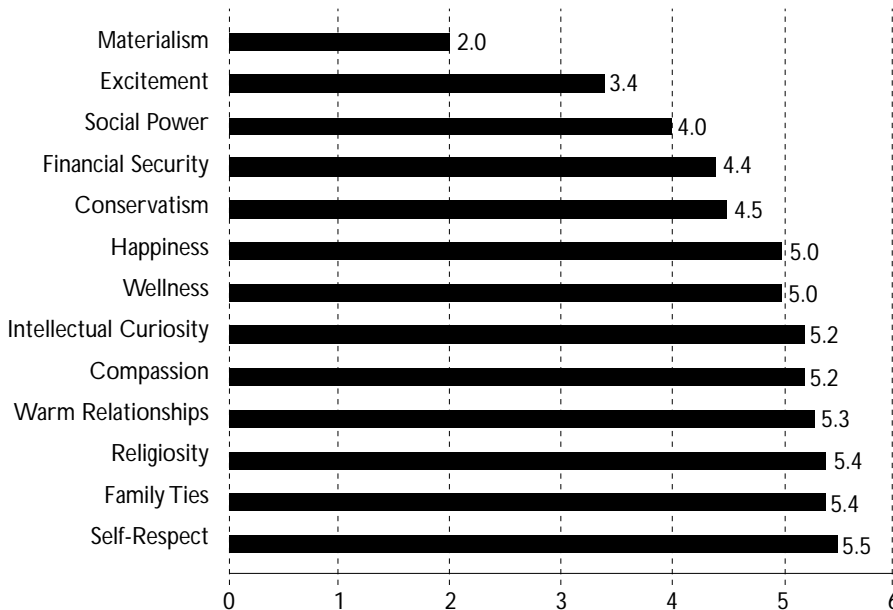
*Imagination*, finally and most dangerously, plays a part in defining our beliefs. Through our imagination, we can develop beliefs that may or may not be based on reality, as Anthony Robbins indicates in *Awaken the Giant Within*, a guide to mental conditioning techniques that can convince us of our personal power and potential for success.

Beliefs exist in levels of intensity. *Opinions* are beliefs we all possess and can change, but to which we have little psychological attachment. Then there are the beliefs that become our constant measure of how we run our day-to-day lives. These beliefs become our *guiding rules*.

Guiding rules mostly operate in the background, helping us to make decisions. Generally, we don't think about many of our routine daily decisions, but rather respond to any communication or event without hesitation based on these deeply rooted beliefs and values.

Finally, we have the values that make up identity. These are our *convictions* or the unchangeable values that have become a part of us. We don't question convictions. Through life's tests and experiences, we have satisfied ourselves that these values

Figure 2  
Ranking of Defined Values for Senior Population Overall



Source: J. Walter Thompson

These Value Dimensions represent 13 key values that were identified by seniors as being most important.

lead to the best decisions and quality of life.

Convictions and guiding rules form the values eyeglasses through which we make daily judgments. In fact, they become the nearly unconscious traffic cop of our every move and choice.

We do not hold values distinctly or separately, but as part of an integrated belief system, according to Shalom Schwartz and Wolfgang Bilsky in the *Journal of Personality and Social Psychology*. Values guide actions and judgments across situations. Attitudes and opinions, on the other hand, are "domain specific" or beliefs about a particular object within a particular context. Although

attitudes and opinions affect behavior, they will likely change throughout our lives. On the other hand, values are deeply ingrained and remarkably stable. They change slowly, if at all, over the course of a life.

Values constructs are relatively few in number and largely universal. They can be defined as follows: a) relatively stable thoughts or beliefs, b) about desirable behaviors or ways of living, c) that transcend situations, d) guide decisionmaking, and e) are ordered by relative importance.

Eight distinct segments  
What does vary from one person to the next is the relative importance we

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assign to different values. Mature Americans with similar belief systems can be classified into eight distinct groups (see Figure 1 on page 10). Members of each group share a mindset that reinforces a predisposition to behave in a certain way and underlies specific attitudes, such as the purchase of certain products or services.

**True Blue Believers** are in remarkably good health and experience fewer health issues. More than a third of these older adults reported having control over their own healthcare decisions, and nearly half indicated they are very satisfied with their overall healthcare.

**Hearth and Homemakers** tend to be in good health, have close family ties, and are active in social, community and church groups. They tend to have moderate to complete control over their own healthcare decisions. One in five mature adults belongs to this group.

**Fiscal Conservatives** tend to rate financial security and health and well-being as very important in their lives. They are twice as likely to rate their health status as poor, and a significantly higher proportion of them experiences depression. They tend not to be completely satisfied with their overall healthcare.

**Woeful Worriers** are cost-conscious and twice as likely to rate their overall healthcare as either fair or poor. They also tend to have fewer financial resources, and are more dissatisfied with their overall healthcare.

**Intense Individualists** tend to be independent and travel more. They generally rate themselves as quite healthy, and are slightly more likely than the average older adult to be dissatisfied overall with the healthcare they receive.

**Liberal Loners** have a strong sense of purpose. They also value honesty and social equality. Although they tend to fall into a lower income category, they are generally healthy. They are not overly satisfied with the healthcare they receive.

**In-charge Intellectuals** are more affluent, generally in good health, and are typically satisfied with their overall healthcare. They are more likely to participate in social and physical activities and travel frequently.

**Active Achievers** are not only quite active, they are also comfortable with computers and electronic communications. Social expectations, health and age limitations do not generally deter them from doing what they want. They tend to be fairly satisfied with their overall healthcare.

Hierarchy of values  
Hearth and Homemakers and True Blue Believers make up 40% of the mature market and possess the values marketers stereotypically superimpose on all older adults. This stereotyping leads marketers to develop and implement communication tactics and messages that may not be effective with *over 60%* of the mature market, as each segment possesses very different demographic and psychological characteristics.

For example, when we overlay segments with data on 30 different health problems and diseases, we discover that True Blue Believers are very healthy individuals. They skew significantly lower in experience with medical conditions associated with rheumatoid arthritis, other bone and joint disease, glaucoma, prostate cancer, ovarian cancer, other types of cancer, liver disease, depression, insomnia, hearing problems, stroke, high blood pressure/hypertension and neurological disorders.

Fiscal Conservatives, on the other hand, skew very high in rheumatoid arthritis, glaucoma, liver disease, depression, insomnia, hearing problems, stroke, high cholesterol, migraines and neurological disorders. Yet Intense Individualists skew high in only three areas: rheumatoid arthritis, prostate cancer and ovarian cancer. This same group skews low in osteoporosis.

In-charge Intellectuals and Active Achievers skew very high in use of the Internet, while Woeful Worriers, Fiscal Conservatives and Hearth and Homemakers skew very low in the use of this medium.

The eight market segments can each be profiled based on its hierarchy of 13 key values, or Value Dimensions, identified by older adults as important. (See Figure 2 on page 11 for the Value Dimensions of the mature population overall.)

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Avoiding the black hole  
Values-based behavior segmentation is not only logical, it's also statistically accurate. The key difference between this approach and others based on life stage or demographics is that values don't shift. Values are virtually constant in the guidance they provide us.

Think of each values-based segment as a solar system. Each group would have a different combination of values representing its sun. Words, phrases and images that appeal to this segment revolve around these values. There are also negative values or values that *repel* each segment. Consider these negative values the black holes of this little universe.

An audience will repel creative images, words or even communications tactics that are wrong for it. In other words, marketing pieces may get tossed into the black hole because words and phrases are repellent in the target audience's universe of values, not necessarily because the product has poor features or benefits.

Likewise, it is important to know the different media habits of each values-based segment. With this understanding, marketers targeting the Active Achievers or the Intense Individualists, for example, can design more productive and cost-effective media placement and tactics.

A benefit to marketers  
Values-based segmentation has a huge potential to help those marketing to the mature market. Using this approach, marketers can gain insight into which words and

phrases to use and which to avoid with each of the eight distinct groups.

The values-based research also provides a first step towards a general strategy of marketing to an *ageless market*. For example, Active Achievers and Intense Individualists place a high value on thrills and excitement. They are the ones interested in skydiving and trekking to some reclusive place to visit a hidden temple. And we know there are younger people doing the same things. Why? Because thrills and excitement are also an important value to them.

As the leading-edge boomers move toward maturity, every company in America is scrambling to grab this market. But the demographic is so large and represents so many life stages that trying to make sense of it all can be confusing, costly and fruitless. With values-based segmentation research, organizations gain an unchanging baseline against which they can categorize and evaluate all known demographic information.

Now marketers can look at known information through the values eyeglasses of their target audience, rather than filtering it through their own biased eyes. ▼

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