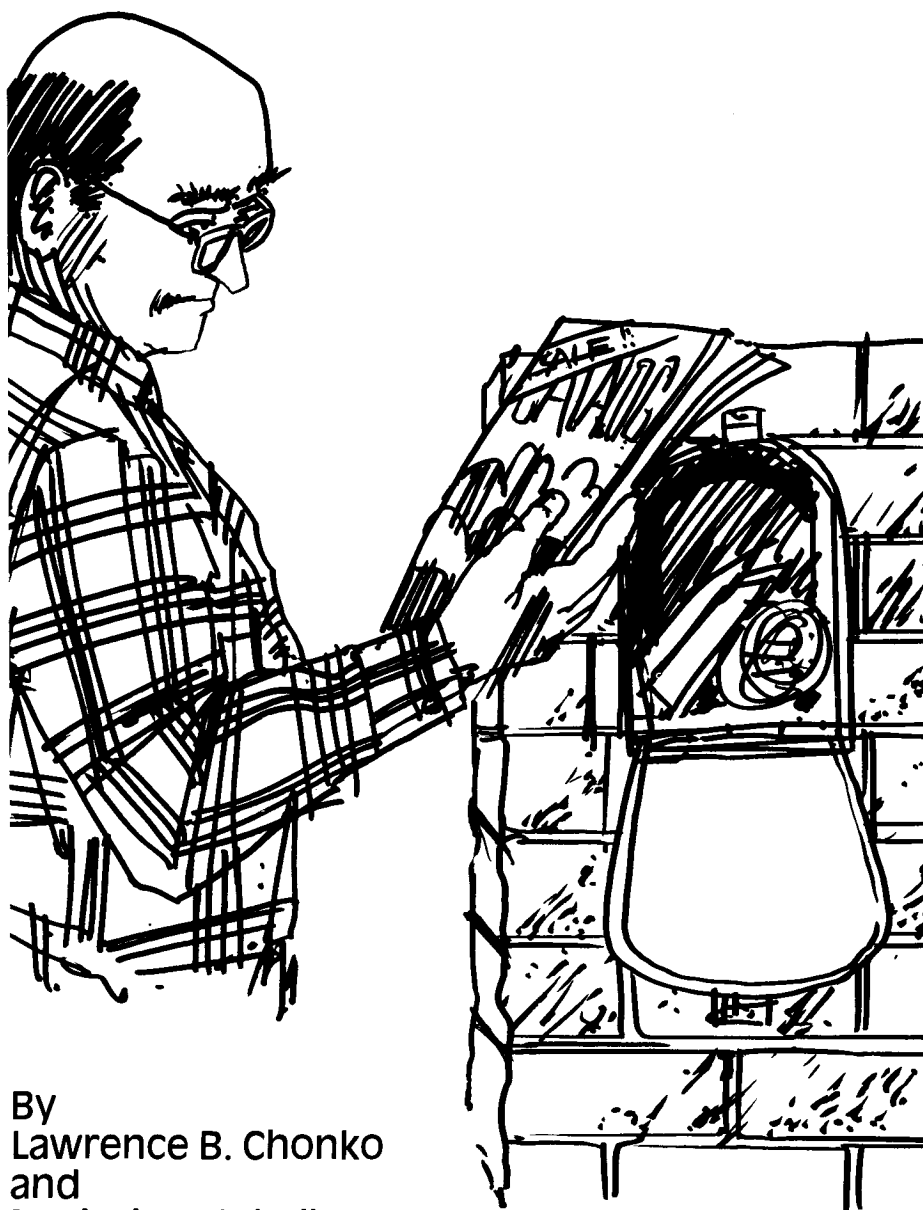


THE MATURE CONSUMER

How Successful are Direct Marketing and Direct Selling in this Segment of the Population?



By
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If lucrative markets are characterized by size, growth, and disposable income, then the mature consumer market merits attention.

Fact. It has been estimated that by the year 2000, the number of U.S. citizens over fifty years of age will be eighty-two million. Furthermore, a substantial portion of these mature consumers will be 65 or older. The U.S. census specifically cites four age groups within the aging population:

Classification	Age	Size (millions)	% of Population
Older	55-64	22.0	9%
Elderly	65-74	17.0	7%
Aged	75-84	9.0	4%
Very Old	85+	2.7	1%

Fact. The mature consumer market exhibits a growing impact as a group on business, governmental, and legislative entities. The American Association of Retired Persons (AARP) enlists about one million new members every year.

Fact. The over-55 age group as a percentage of total population has increased far more rapidly than any other group during the most recent part of this century, and this trend is expected to continue well into the 21st century.

Fact. The general makeup of the over-55 age group continues to change. While the distribution of this group is presently weighted toward the younger end of the spectrum, in the next few decades, the numbers of people who are classified as "aged" and "very old" will expand from 40 percent to almost 50 percent of all people in the U.S. who are over fifty-five years of age.

Direct Companies and the Mature Consumer

While the mature consumer market has been growing, the direct marketing and direct selling industries have also been growing in size and prestige. In the past twenty years, *direct* companies have made many changes

in the way they approach the marketplace. Today, these combined changes are making both direct marketing and direct selling multi-billion dollar industries.

Direct selling uses personal explanation and demonstration of products and services to consumers primarily in the home (i.e., party plans and door-to-door selling), and direct marketing includes direct mail advertising, catalog sales, and television solicitation where consumers are urged to order via mail or a toll-free phone number.

Both direct approaches have some distinct advantages over other marketing methods. One of those advantages is the ability to target specific markets and market segments. For a variety of reasons, including size and spending power, the mature consumer is of particular interest to direct marketers and direct sellers. However, many direct companies have not been very successful in their efforts to market to the mature consumer segment.

Research conducted by Baylor marketing professors Chonko and Caballero sought to find out why. Their research employed a self-administered survey delivered to a mail panel. The nationwide sample was comprised of four thousand consumers drawn from the Market Facts Consumer Mail Panel. Of the 4,000 questionnaires mailed out, usable responses were obtained from 2,527 persons (63 percent). Selected results of the study are presented in this article.

Purchase Behavior

Sixty-six percent of the respondents report making at least one purchase from a direct mode in the six months prior to their participation in the study. However, when compared to the total sample, the mature consumer is found to be a less frequent user of direct mode purchases than the younger consumer. When a purchase

is made, the average dollar purchase is considerable. (See Table 1.)

While the results in Table 1 might lead some to think that direct marketers and sellers have reasonable market penetration, this is not necessarily the case. For example, the percentage of repeat purchasers through department store catalogs (two or more purchases in the six-month period) is 21 percent overall, but only 17.2 percent for the mature consumer. Similar results obtained for the other modes are as follows:

Mode	% of Overall	% of Mature
specialty catalogs	21.7	19.5
direct mail	5.7	4.9
media ads	2.9	2.5
telephone solicit.	2.6	1.0
door-to-door	5.8	2.4
party plan	4.1	2.1
in-home	1.4	1.0

Apparently, many of those who have purchased from direct sources are either infrequent buyers or one-time shoppers of a particular source.

Likes and Dislikes of Mature Consumers

High Pressure. Mature consumers have always disliked the high-pressure sales tactics used by many in-home salespeople. Research has found that this dislike is still very strong. Neither do mature consumers enjoy the uncertainty of shopping via a pictorial presentation of products or services. Furthermore, while mature consumers acknowledge the convenience of in-home shopping, most direct marketing modes are not perceived favorably by them with respect to risk, privacy, and other shopping considerations.

Comparison with Retailers. Those mature consumers who have purchased from direct sources feel that catalogs are as good as, or better than, retailers' offerings, based on several dimensions including credibility of product claims, price and quality of goods, ability to make exchanges, and the accurate portrayal of products. However, the same cannot be said for

Table 1

Respondents Who Purchased from Eight Direct Modes				
Modes	% of Persons by Age Who Placed Orders			Dollar Size of Average Order
	-50 yrs.	50-64 yrs.	65+ yrs.	
Direct Selling				
Department Store Catalogs	48.7%	36.2%	29.5%	\$ 66
Specialty Catalogs	41.7%	35.8%	33.3%	\$ 48
Direct Mail	18.5%	14.1%	14.0%	\$ 58
Media Ads	12.9%	9.0%	7.7%	\$ 60
Telephone Solicitation	6.4%	1.6%	2.1%	\$ 34
Direct Marketing				
In-home				
Demonstration	10.1%	6.1%	4.6%	\$211
Door-to-door	9.2%	5.9%	5.0%	\$ 61
Party Plan	31.7%	14.7%	10.1%	\$ 30

other direct modes (direct mail, telephone, media advertising, door-to-door selling) which fare less favorably on these characteristics when compared to retail stores.

Shopping Enjoyment. Mature consumers tend to enjoy shopping. More importantly research shows that they like to shop where well known name brands and products are carried. They are reluctant to try new outlets and are not very self-confident when shopping. As seemingly recreational shoppers, mature consumers enjoy shopping for social reasons as well as for purchasing reasons.

Trust. Research indicates that trust is critical in differentiating purchasers and nonpurchasers. For example, questionnaire statements regarding distrust of in-home shopping, such as "I am taking a chance if I order something instead of buying it from a store" or "I would never consider ordering expensive items" characterize mature nonpurchasers. Agreement with these statements indicates that mature consumers believe in-home shopping is risky—at least riskier than patronizing traditional retail stores. Mature nonpurchasers cited lack of trust as one of the main reasons why they are reluctant to purchase from catalogs, direct mail, media ads, direct selling, and party plans.

Convenience. Mature consumers who *do* make purchases from catalogs, direct mail, media ads, phone solicitation, and party plans cite the convenience and relaxation of shopping at home as primary reasons for shopping via these direct modes. Those consumers who use catalogs, direct mail, and media ads say that portrayal of products is generally accurate and that they have been satisfied with the products they purchased. Mature consumers also view price, quality, and selection of items obtained through these direct shopping modes as similar to those offered by traditional retailers.

Loyalty to Retailers. Nonusers of catalogs and media ads are very strong in their loyalty to local retailers. Interestingly, such loyalty is useful in identifying the users of telephone solicitation. Since much telephone solicitation involves patronage of local businesses, this is not as surprising as it first appears.

Price Shopping. Mature nonusers price shop, and they tend to shop around before making a decision. Apparently these consumers find direct modes too limiting in these respects. Nonusers of direct modes also tend to personalize the shopping

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experience. As such, conversing with store personnel is viewed as an important facet of shopping and may help explain their reluctance to engage in catalog shopping. These mature nonusers of catalogs are also suspicious in nature, again suggesting that they would rather do business with people and stores that they are familiar with.

What Marketers Can Do

If direct marketers and direct sellers are to reap the benefits of the mature consumer segment, they have a considerable task ahead of them. First, they must learn how to be of service to this group which relies integrally

upon product presentation.

Presentation often determines whether a message is successfully communicated. Because reading and hearing are in part physical actions, the physical aspects of a printed work or audio-visual production defines to whom a communication is accessible. If people cannot read it or hear it, they can never be part of the audience.

Impairments of the senses are surprisingly common among people of all ages. Take, for example, less-than-perfect eyesight. Even with corrective lenses or medical treatments, millions of Americans have less than 20/20 vision. While the causes may vary, no one is immune from the possibility or eventuality of vision impairment. By about age 30, everyone's eyesight will have begun deteriorating. By age 65, virtually every person will suffer some loss in the ability to focus, to resolve images, to discern colors, and to adapt to light. Over 60 percent of those considered visually impaired are older persons, aged 55 and above.

Layout, graphics, color, and type fonts—as well as pacing and sound in films, video, and slide shows—are just some of the considerations that go into the preparation of a presentation. In making choices about these considerations, budget and time constraints are weighed against aesthetic content, targeting, and image criteria. As a result, selections may be made that inadvertently exclude millions of people from the audience. These are the people of all ages who have visual, hearing, or other physical impairments.

Product Strategies

Sociologists, psychologists, and marketers have long documented the resistance of older persons to change. Compared to younger people, mature consumers tend to be more cautious and to seek greater certainty before they act. As consumers, older adults have been shown to be among the last

to adopt product, service, or idea innovations. Mature consumers hold a more negative view toward technology and consequently exhibit a lower use of various technologies.

To counter this tendency, research findings suggest the usefulness of certain strategies for gaining quicker and broader acceptance of new products by older adults. Though the suggested strategies are applicable in gaining adoption among all age segments, the ways in which these strategies are implemented differ when mature consumers are of focal concern. One such strategy involves minimizing the perceived complexity of new products by mature consumers. Because mature consumers learn new tasks or skills most readily when they can rely on their past experiences, they should be less hesitant in adopting a new product (and have greater dexterity in its use) when the innovation does not depart greatly from past product experiences. Therefore, radically new product innovations should be avoided when mature consumers constitute an important segment of the market. Simple order forms and easy-to-read catalogs are two possible suggestions. Complex ordering procedures may discourage mature consumers from making any attempt to place an order. Minimizing the number of products in a seller's line is also a way to reduce complexity for the mature consumer. Mature consumers should be given presentations of only those products that are tailored to fit their needs.

A second product strategy is to focus marketing efforts on increasing the divisibility of a new product for mature consumers. In comparison with other age groups, mature consumers have fewer economic resources and are more cautious in making decisions. As a result, the degree to which they can try a new product on a limited basis (its divisibility) is likely to be an important factor in determin-



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ing their new product adoption. To facilitate trial by this age group, product sampling procedures are recommended, particularly in locales where residential concentration of mature consumers is greatest. Product sampling may also serve to reduce the mature consumer's perception of product complexity because sampling allows knowledge about the product to be self-paced. Finally, this approach may help overcome the mature consumer's perceptions of the risk associated with direct shopping modes.

Interesting results have emerged from the examination of trial and adoption patterns of mature consumers and younger consumers. While smaller percentages of mature consumers than younger consumers often adopt an innovation, higher usage rates are often associated with mature consumers. Thus it behooves both direct marketers and direct sellers to design special strategies in an effort to gain the patronage of the mature consumer market.

Pricing Strategies

Results of the Chonko and Caballero study suggest that there appear

to be two general mature consumer segments: 1) a high price-quality group and 2) a lower to moderate price-appeal group.

Many mature consumers have lower/fixed incomes due to retirement. This can and does result in a price-sensitive mature consumer market. As such, these retired consumers often prefer products in the low or moderate price range.

An economy-conscious mature market does not necessarily reflect uniformly low incomes or assets. Many in the over-55 age group have been preoccupied throughout their adult lives with savings and paid-off mortgages—probably a result of living through the Great Depression and two world wars. Despite this mind set and other factors such as tax breaks, reduced costs of medicine, and countless “senior citizen” perks, the mature consumer remains economy-conscious. Contrarily, the mature consumer has been reluctant to adopt generic products with their accompanying lower costs. This, however, may be more a manifestation of the mature consumer's unwillingness to adopt innovations rather than of his lack of income.

The price-quality subsegment of the mature consumer market appears to prefer quality over price. Many mature consumers prefer to buy the

best. This group does not seek out discounts, prefers to patronize higher-priced department stores, and generally seeks quality pursuits. This group

also has a high propensity to be brand loyal.

ABOUT THE AUTHORS

In 1986, three Baylor professors, Larry Chonko, Marjorie Caballero, and James Lumpkin (now at the University of Mississippi), were awarded a \$50,000 research grant from the American Association of Retired Persons' Andrus Foundation to study the marketplace behaviors of the elderly with respect to two forms of in-home shopping: direct marketing and direct selling. Comprehensive findings of this nationwide study will appear this spring in *Direct Marketing, Direct Selling and the Mature Consumer*, coauthored by the three professors and published by Quorum Books.

Larry Chonko

Lawrence B. (Larry) Chonko is the Holloway Professor of Marketing and chairman of the marketing department at Baylor University. He received his BS degree in marketing from LeHigh University and earned MBA and PhD degrees from the University of Houston. Before his appointment to the Baylor faculty in 1985, he served for seven years on the faculty of Texas Tech University in Lubbock.

Larry serves as editor of the *Journal of Personal Selling and Sales Management*, the only academic journal specifically devoted to the field of professional selling. Frequently published in academic journals, he has also recently completed *Professional Selling and Management*, both books coauthored with Dr. Ben Enis and due to be published in 1990.

His experience as a business consultant includes identification of consumer markets for several consumer products and services, feasibility studies for small businesses, the development of sales strategies and tactics for organizations in intensely competitive industries, and site selection for relocating existing businesses.

Marjorie Caballero

Marjorie J. Caballero is associate professor of marketing and executive director of the Center for Professional Selling and Sales Management at Baylor's Hankamer School of Business. She has served on the Baylor faculty since 1984 and previously taught at Texas A&M University. Marjorie earned a BA degree from Wheaton College in Illinois, an MBA from Oklahoma City University, and a PhD from Texas A&M University.

She is active in Beta Gamma Sigma, the national business honorary, and is a sponsor for the Baylor chapter of Pi Sigma Epsilon, a sales club for students.

Her research into the promotion and consumer behavior fields (primarily in the area of influences on selling and advertising effectiveness), has been published in such journals as *Journal of Marketing*, *Journal of Advertising*, *Journal of the Academy of Marketing Science*, and *Psychology and Marketing*.

Labeling and Package Size

There are some strategic actions that direct marketers can implement to meet the special needs of mature consumers with respect to labeling and package size. By changing the packaging of certain products, marketers could better serve the needs of mature consumers. Because of the previously mentioned vision problems, many mature consumers experience difficulty in identifying products in catalogs. For example, mature consumers with poor eyesight have difficulty reading print on green or blue backgrounds. Marketers could make packages more readable by following these guidelines:

- * Use dark background colors and highly reflective printing (i.e., white).
- * Print vital directions in a large print size and contrast them against the background color.
- * Repeat *small print* information about product use in a large-print package insert.
- * Avoid *script* type fonts or other stylish (and unfamiliar) forms of print.
- * Clearly identify the packaging's opening feature, perhaps by using a contrasting color.
- * Use a large distinctive logo and package shape so that the brand and type of product can be easily identified.

Conclusion

Overall, there are many strategies that direct marketers and direct sellers can use to be of service to mature consumers. But, until these marketers begin to develop trust relationships with their older customers, it is unlikely that the present generation of mature consumers will make any significant changes in its shopping behavior. **BBR**