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A Multivariate Segmentation Model of the Older Uk Consumer Market.

Lynn Sudbury, School of Management, Liverpool John Moores University, United Kingdom

Peter Simcock, School of Management, Liverpool John Moores University, United Kingdom

Although the importance of older consumers to marketers is well documented, there exists a relative paucity of UK-based empirical studies into the attitudes, values, and behaviours of these consumers. Moreover, these consumers are often treated as a homogenous mass. Based on an extensive survey into a range of socio-demographic, biophysical, socio-psychological, psychographic, and behavioural variables amongst adults aged between 50 and 79 years (n = 650), this study confirms that the older consumer market is not homogeneous. Rather, analysis of the data leads to the first comprehensive segmentation model of the older consumer market in the UK.

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A Multivariate Segmentation Model of the Older UK Consumer Market

Lynn Sudbury, Liverpool John Moores University, UK
Peter Simcock, Liverpool John Moores University, UK

EXTENDED ABSTRACT

In terms of sheer size, longevity of demand, and potential profitability the older consumer market is an increasingly important one (Barak and Rahtz 1999). However, there is tendency for older consumers to be treated as a homogenous mass by marketers, despite the fact that as people age they become more dissimilar (Moschis, Lee and Mathur 1997).

Early attempts to segment older consumers tended to be based on a limited number of socio-demographic variables (for example, McCann 1974). Over time, new segmentation models applicable to older consumers emerged, but were generally industry specific (Oates, Shufeldt and Vaught 1996; Sellick 2004). Only a small number of studies, not applied to specific product categories, incorporated a variety of social, psychological and biophysical measures (for example, Sorce, Tyler and Loomis 1989; Moschis, Lee and Mathur 1997). Although these could be considered as models for segmenting the older market generally, they were all developed in the United States and there was no evidence to suggest that they had any relevance to the UK market. Therefore, this paper presents the first general market segmentation model of the older (50+) market in the UK.

As part of a wider study into the consumer behaviours of older UK adults, a self-administered questionnaire containing questions relating to socio-demographics, health, media usage, lifestyle, and a battery of scales relating to a range of psychographic, psychosocial and consumer behaviours was developed. In order to attain a sample that mirrored the older UK population in terms of age bands, quota sampling was employed. This procedure resulted in a usable sample size of 650 adults aged between 50 and 79. Using the age and consumer behaviour variables, cluster analysis was performed. The clusters were then profiled using ANOVA, Kruskall-Wallis, and Chi-squared techniques, using those variables not included in the initial analysis. The result of these processes was the identification of five clusters–or segments–that differed significantly on a range of variables. A profile of each follows.

'Solitary sceptics' comprise 5% of the market. This group are the least healthy, and prefer solitude to socialising. Their scepticism is reflected in negative attitudes towards marketing and consumerism, their lack of market maven tendencies, and their aversion to credit. They are the most materialistic and the most nostalgic of all the segments identified.

'Bargain hunting belongers' comprise 38% of the market, and is the oldest group with an average chronological age of 70, but perceive themselves to be in their early 60s, perhaps because they feel healthier than the solitary sceptics. Unlike solitary sceptics, these consumers are not particularly nostalgic, they do place great importance on a sense of belonging, and they see their friends more frequently than any other segment. This group has relatively positive attitudes towards marketing and consumerism, enjoy talking about shopping, and likes a bargain.

'Self-assured sociables' comprise 6% of the market. They are on average 59 years of age, but feel only 48. They are healthy, energetic, and would much rather go out with others than stay at home watching TV. They are self-assured because they value a sense of accomplishment and have high levels of self-esteem. As consumers, they are not particularly venturesome, are not inclined to talk about shopping, and although they are highly price conscious, they hate the idea of senior discounts.

'Positive pioneers' comprise 30% of the market, and are the youngest segment in terms of both chronological age (average 56 years) and cognitive age (average 46 years). The segment is relatively affluent, despite having the fewest empty nests. Positive pioneers enjoy energetic activities, and take the most vacations abroad. As their name suggests, they are by far the most venturesome segment, have the greatest market maven tendencies, the most positive attitudes towards marketing and consumerism, have relatively high levels of materialism and are not particularly price conscious. They are low consumers of radio, only average consumers of TV and newspapers, but show relatively high levels of magazine readership and Internet usage.

'Cautious comfortables' comprise 21% of the market, and again are a young group with an average chronological age of 58 and a cognitive age of 48. By far the most affluent segment, with the majority being empty nesters, it is also the healthiest, the most active and energetic and takes more vacations (domestic and foreign combined) than any other segment. Cautious comfortables are diametrically opposed to positive pioneers in that they are the least venturesome, and display by far the fewest market maven tendencies of all the segments. Although they are unsure about senior discounts, they have low levels of price consciousness and highly positive attitudes towards credit.

The segmentation model presented here proves that the older consumer market in the UK is not homogenous, and it has a number of advantages over existing models. First, it is more comprehensive than most of the earlier models, using more measures of chronological and cognitive age, biophysical, psychological and social aging, psychographics and consumer behaviour. Second, the model presented here is not limited to a specific product or product category, a major disadvantage of other available models. Finally, the model meets the criteria for effective segmentation in that the resulting segments are measurable, accessible, substantial and differentiable.

Given this, the model provides organisations wishing to target older consumers a starting point for a range of marketing decisions. Product policy, for example, should be informed by differences between segments in terms of cognitive age, marital status, health and fitness, and income. Pricing policy should take into account not only levels of income, but also price consciousness, and attitudes towards credit and senior discounts. Finally, targeting, positioning and advertising strategies can be improved by employing the wide range of information regarding cognitive age, values, attitudes and psychographic details provided for each segment.

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