

How to market to people of different age groups using shared experiences.

Defining Markets, Defining Moments: America's 7
Generational Cohorts, Their Share Experiences, and Why
Businesses Should Care

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Cohort
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"A solid contribution to market analysis. This book will deservedly grab a lot of attention, but, above all, it is also a joy to read."

—Philip Kotler, author of *Kotler on Marketing* and Professor, Kellogg Graduate School of Management, Northwestern University.

DEPRESSION • WW II • POST WAR • BOOMER I • BOOMER II • GEN X • N GEN

Defining Markets, *Defining Moments*

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America's 7 Generational Cohorts,
Their Shared Experiences,
and Why Businesses Should Care

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Defining Markets, Defining Moments

America's 7 Generational Cohorts, Their Shared Experiences, and Why Businesses Should Care

By Geoffrey E. Meredith
and
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With Janice Karlovich

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Chapter 1

On to the New Era of Marketing

As a marketing consultant preparing for two client meetings in the early 1990s, Geoff Meredith, one of the authors of this book, faced a serious dilemma. It had nothing to do with the larger issues of how to market a 500-branch supermarket chain to customers over age 65, or whether Baby Boomers will eat prunes in their old age. No, his dilemma cut to the root of a much more fundamental problem, one that many of you have no doubt struggled with yourselves – what to wear.

Since our Lifestage Matrix Marketing headquarters are in San Francisco's East Bay, it made sense to schedule client meetings that are 40 minutes away in downtown San Francisco on the same day. This made even more sense when you consider that two of our clients – Levi Strauss and Bank of America – were located just a few blocks from each other. But because the two companies' corporate cultures were near polar opposites, figuring out what to wear posed a challenging clothing problem for Geoff, who was handling both accounts.

At Levi's Plaza, as you would expect, the attire was decidedly casual – jeans, jean jackets, T-shirts even. To show up for a consulting engagement in a suit would reflect a complete lack of understanding of the core corporate culture. Bank of America, however, five blocks to the east, still functioned with old-fashioned banking values and dress codes. Showing up at the bank in jeans was unthinkable. So there Geoff stood, puzzling at his closet door – suit and tie, or jeans and loafers? It seemed a question for the ages.

It would be nearly impossible to find one ensemble that was appropriate for both sets of clients, Geoff told himself. And then suddenly it hit him. The solution was to carry an extra outfit for a quick change between appointments. Following the meeting at Levi Strauss, Geoff drove to the bank's parking garage and made a bee-line to the men's room, where he made a hasty change out of his jeans (Levi's, of course) and slipped into the requisite pin-striped flannel suit, white shirt, and muted tie. He arrived at the bank looking a mirror image of the conservatively dressed bankers that were our clients.

Why all this fuss about what to wear? This story shows the importance of “tailoring” your marketing approach to meet the very real needs and expectations of your clients and customers. Different companies have different cultures that affect everything from flextime to dress codes. And more often than not, these cultures reflect not just the age, but the coming of age experiences of the key executives in command. The CEO of Levi's, Bob Haas, was in his late 40s at that time, a Baby Boomer who came of age during the “live and let live” ‘60s. Bank of America was still strongly under the influence of Tom Clausen, in his 60s and a quintessential member of the more traditional set of Americans who came of age in the post-World War II era. The two cultures couldn't have been more different.

We have found that these same kinds of differences exist among customers of consumer products and services, as well. The challenge is how to treat customers as individuals, taking into consideration their unique values and tastes, while at the same time maximizing resources and strategic marketing executions.

Before we delve into the many fascinating nuances of generational cohorts, let's first take a brief look at how the field of marketing is evolving to incorporate the individual tastes of specific market segments.

Dawning of a New Era

During the last half of the 20th century, strategic marketing has moved from the premise of *mass* marketing to market segmentation. Henry Ford's "one-size-fits-all" Model A philosophy has given way to carving out groups of customers with some common thread and transforming them into targetable segments. The strategic market planning of the 1980s and the recession-driven value marketing of the 1990s both rested on this premise of partitioning the mass market. As a result, market segmentation has faithfully been employed by marketers and advertisers for years, like a trusted family friend.

Throughout the 1990s, however, a technologically-based reshaping of competition began to take hold. And it looked like it might be the nail in the coffin for mass marketing, and sound the death knell for its progeny – market segmentation. In a landmark book, *The One To One Future: Building Relationships One Customer at a Time*, Don Peppers and Martha Rogers ignited the idea that today's technologies allow marketers to collaborate with customers on a personal "one-on-one" basis to satisfy their needs. The recent eruption of home fax machines and e-mail allows individualized promotions to be transmitted directly to interested customers.

At the same time, database marketing also began to gain acceptance in the minds of marketers. Fingerhut, the huge Minnesota mail-order company, for example, was a leader in this area, capturing as many as 1,400 pieces of information about a single household and designing personalized "Here's wishing your daughter, Mary, a Happy Sweet Sixteenth Birthday on June 12" pitches to each. At the Ritz-Carlton Hotel, ordering a Cobb salad from room service without tomatoes or onions is recorded in the corporate information system. On a later visit to the Ritz – at any of their locations – the Cobb salad automatically is served *sans* tomatoes and onions. With what seems like no effort at all, the Ritz delights and "wows" regular customers with exceptional service. Playing off this database marketing, we have seen the rise of concepts such as "learning organizations," where companies constantly mine databases to learn how to better serve and satisfy their customers, and "mass customization," where products are made to order to meet the individual tastes of each consumer.

This idea of personalized marketing has been enhanced further by Seth Godin's 1999 book called *Permission Marketing*. The old way of marketing, which Godin calls "interruption marketing," is giving way to a more personal approach – literally asking consumers permission to offer them goods and services. One step stronger than the one-to-one concept, permission marketing gives the power of communication to the customer. This is quite a change from the old mass marketing approach.

We have taken things one step further and with this book are offering marketers a new model that takes much of the guesswork out of strategy development and helps marketers to focus in on the underlying factors that drive consumer purchasing behavior. This new approach to marketing is based on theoretical research, but it has very practical applications, as you will see in later chapters. Our clients have used this marketing

approach with much success, and so can you. It offers a new strategic thrust for capturing the hearts and minds of your customers. It also provides you with a toolkit of practical executions that will lead to greater sales.

It's a Cohort Thing ... in Good Part

Our approach focuses on the idea that to develop a rapport with customers, you must tap into the latent feelings and values formed when they were coming of age, roughly between the ages of 17 and 23. This was a time when they were falling in love for the first time, becoming economic beings, developing their own value systems, exploring new ideas, becoming adults. It is a very powerful time, and the lessons learned last a lifetime. We use the term “generational cohort” to refer to groups of people who went through this important coming of age stage at roughly the same time.

Each generational cohort is deeply influenced by the significant emotional events that were happening during its key coming of age years. The Great Depression and the oil crisis of 1973 are good examples.

In all, we have identified seven generational cohorts in the U.S., and by the end of this book you will be intimately acquainted with each of them. But, for now, we simply want to introduce you to the concept and give you a feel as to how each cohort differs from the one before and after it:

- 1) **The Depression Cohort** – Shaped by hard times and the Great Depression; aged 86-95 in 2007
- 2) **The World War II Cohort** – Shaped by World War II; aged 80-85 in 2007
- 3) **The Post-War Cohort** – Shaped by the optimism and prosperity of the post-war era; aged 62-79 in 2007
- 4) **Leading-Edge Baby Boomer Cohort** – Shaped by assassinations and the Vietnam War; aged 53-61 in 2007
- 5) **Trailing-Edge Baby Boomer Cohort, or “Generation Jones”** – Shaped by Watergate and the energy crisis; aged 42-52 in 2007
- 6) **Generation X Cohort** – Shaped by bad economic times, the Challenger explosion and AIDs awareness; aged 31-41 in 2007
- 7) **The N Generation Cohort** – Shaped by economic prosperity, the Internet, 9/11 and the Iraq War; aged 30 and under in 2007.

Use Multi-Dimensional Marketing[™] to See Your Customers as They Really Are

Over the years in our research and consulting work, we have refined the concept of generational cohort analysis – which was first developed by sociologists mostly working in the political science arena – combined it with other variables that affect purchasing behavior, and used it to develop the concept of Multi-Dimensional Marketing[™]. In a nutshell, this model provides a way to look at customers not just as flat

* Multi-Dimensional Marketing is a trademark of Lifestage Matrix Marketing.

statistics on a page, but as multi-dimensional beings, motivated and driven by a complex matrix of demographics, physiology, and emotion. Generational cohort analysis is the key to Multi-Dimensional Marketing. It provides us with information about the defining moments and values formed during a cohort's coming of age experience. These core values typically don't change over time, so they provide us with a reliable way to connect with people again and again on a very personal level. But cohort analysis is only one piece of the puzzle. In all, there are five factors that influence buying behavior, and make up Multi-Dimensional Marketing:

Cohort Values – The people who are about our age and with whom we shared important life experiences when we were young adults are members of our cohort. These shared experiences help shape our cohort's long-term values, which we carry through life virtually unchanged.

Lifestage – These are the roles we take on, or act out, over our lifetime, such as spouse, parent, divorcee, retiree, and so on. Lifestages define our attitudes, outlooks and daily activities, but different cohorts often react to the same lifestage in completely new ways.

Physiographics – These are changes in bodily appearance and function as we age. For example, older people are more likely to suffer from reduced grip strength, while middle-aged people are just beginning to notice gray hair.

Emotional/Affinity Effects – Our age affects our attitudes about a wide range of issues. For example, teens tend to worry about their appearance, while new parents tend to put their child's needs ahead of their own.

Socioeconomics – This includes our financial, educational, career, marital and other social and economic states. While important to keep in mind, a person's socioeconomic status tells us little about the underlying motives for consuming behavior.

Arrayed as a matrix – the Lifestage Analytic Matrix™ – these five factors become the primary tool for applying the conceptual framework of Multi-Dimensional Marketing in real-world situations. These factors are described more fully in Chapter 2, and detailed on a cohort-by-cohort basis in Chapters 3-9. All of these factors can be of greater or lesser importance depending on the particular product category of interest. Over time, these factors continue to combine in new ways to impact the purchasing behavior of the ever-savvy American consumer.

What is so new and different about our Multi-Dimensional Marketing approach is that cohort values overlay the other four factors and shape how they impact marketplace behavior. Lifestages, physiographics, affinities, and socioeconomics are typically determined by age. For example:

* The Lifestage Analytic Matrix is a trademark of Lifestage Matrix Marketing.

- Individuals generally marry for the first time in their 20s and become empty-nesters at about age 50.
- Eyes generally begin to falter in the mid-40s, and hearing tends to waiver as one reaches 60.
- Income peaks at age 49.

Which Cohort Are You?

Take a moment to think back to your own coming of age years. The clothes you wore and the music you listened to when you were 17-23 tell a lot about which cohort group you likely belong to. To discover your true cohort identity, take this short quiz.

When you Were 17-23 ...

1. What kind of music did you listen to?

- A. Ricky Martin / 98° / 50 Cent
- B. Pearl Jam / REM
- C. Bob Seager / Santana
- D. Rolling Stones / The Beatles
- E. Elvis Presley / Frankie Avalon
- F. Glenn Miller / Tommy Dorsey

2. What was your favorite activity?

- A. Chatting with friends on the Internet
- B. Watching MTV
- C. Disco dancing
- D. Smoking pot and protesting against “The Establishment”
- E. Hanging out at the drive-in
- F. Listening to big band music on the radio

3. How did you dress?

- A. “Retro eclectic” – Capri pants, tie-dye, and platform shoes
- B. “Grunge” – Oversized pants and flannel shirts
- C. “Preppy” – Polo shirts, loafers and feathered bangs
- D. “Hippie” – Tie-dye, bell bottoms and sandals
- E. Poodle skirts, saddle shoes, or like James Dean
- F. Military uniform, plain suits, ruffle-less blouses

4. Which TV shows or movies did you like?

- A. Dawson’s Creek / The Blair Witch Project / Borat
- B. The Simpsons / The Breakfast Club
- C. Rocky / Star Wars
- D. The Mod Squad / Easy Rider
- E. I Love Lucky / Rear Window
- F. Casablanca / Yankee Doodle Dandy

If most of your answers came up:	Then you most likely fit into this cohort group:
A	N Generation
B	Generation X
C	Trailing-Edge Baby Boomer, or Generation Jones
D	Leading-Edge Baby Boomer
E	Post-War
F	World War II

These are all “aging effects.” However, how each is addressed is dependent upon one’s cohort values. Baby Boomers, who overwhelmingly favor staying and looking young, demand appearance-enhancing eyewear to compensate for flagging eyes. Older generational cohorts,

meanwhile, were not so concerned with such features when they first began to experience visual impairment.

We believe that Baby Boomers, who gave their children lots of independence when they were growing up, will bring this same approach to grandparenting, creating new markets for companies that provide support for “distance grandparenting” – offering on-line customized gift giving for busy Boomer grandparents. Older cohorts showed a much greater involvement in being “companions” with their grandchildren. Such understanding allows strong strategic and tactical guidelines for future success. Our approach puts cohort values as the central determinant of how these other forces drive behavior. A large number of marketers may already think they’re doing cohort marketing. For most, their approach is based largely on intuition and has no underlying theoretical structure to make it work. As a result, sometimes they guess right and things work out very well. Other times, they get it horribly wrong. The approach outlined in this book will help you to devise a reliable marketing strategy that consistently taps into the underlying factors that drive consumer purchasing behavior. To help you do this, we have developed five new rules for marketing in the 21st Century:

New Rule #1: Demographics Don’t Define Well Enough Any More

In the past, sophisticated marketers, such as Procter & Gamble or Kraft General Foods, relied heavily on defining their marketing targets in terms of demographics, such as gender, age, income and education. These categories used to define people pretty well – if you knew these things, you pretty much knew who you were talking to. But they don’t today.

As marketing consultants, one of our mantras is to “touch the consumer.” So we do a lot of consumer research, especially focus groups. When we pick respondents, our clients usually begin by specifying a demographic profile. A typical example might be men, aged 55-64, household incomes of \$50,000 or more, and at least some college education. This is a pretty usual marketing target, one that you can specify when buying media, among other things. And it’s a traditional way of defining a marketing segment.

And so, sitting in the focus group in front of the one-way mirror, we often find two men, both fitting the same demographic profile: both 61 years old, making \$55,000 and \$63,000 respectively, both college graduates. We want them to talk about their motivations for buying or not buying a particular product.

While they appear the same demographically, in reality they couldn’t be more different. One took early retirement at 59½, is living off his pension and IRAs, and is mostly puttering around the house, driving his wife crazy, and setting off on forays across

the country in his Winnebago to see his grandkids. The other is a newlywed of two years (for the third time), has a toddler around the house, and is working harder than ever before to make alimony payments, save for the toddler's college education, and put away a little for his own retirement – which looks like it will be a long way off.

Identical demographics. Radically different lives. Why? Because these men are in very different *lifestages*. In the past, lifestages used to happen predictably. You went to school, you got a job, you got married and had a family, you worked for a long time, you retired for a little while, then you died. And you did all these things at more or less the same age as everybody else.

Today it's much different. People are going back to school after working for years, getting married several times, retiring early, retiring late, or not retiring at all, and due to the increase in life expectancy, doing it all a lot longer than they used to. So this is the first rule of Multi-Dimensional Marketing: ***Demographics don't define well enough any more.***

New Rule #2: Generational Cohorts Re-Interpret Lifestages

When Mazda first introduced the Miata in 1986, they envisioned it as an entry-level vehicle for young, mostly single people: sporty, but small and inexpensive. And so the introductory advertising and brochures for the '86 Miata featured a group of young twentysomethings frolicking on the beach with their new Miata.

So, imagine Mazda's surprise when the first trend analyses of sales were compiled, and the median age of the Miata buyer was 42! 42-year-olds weren't supposed to buy sporty cars – if anything, they were ready to trade in their family station wagons for a more luxurious, more comfortable vehicle that better suited their move from the child-rearing lifestage into the empty-nesting one. Middle-age was upon them – they should be buying Buicks or Oldsmobiles – not Miatas.

But the people turning 42 in 1988 were born in 1946 – the leading edge of the Baby Boomer Cohort. Continually striving for youth, hedonistic and self-indulgent, the Boomers weren't about to become middle-aged (and aren't quite yet – although it's squarely upon them). Many had always wanted a sports car, but could never afford or justify one in their early marriage, early family, and early career lifestages. But now that they were empty-nesters, they were finally going to fulfill their dream. The empty-nesting lifestage that meant middle-aged comfort (and middle-aged vehicles) for older cohorts meant a chance to recapture youth for the Boomers. Same lifestage – different cohort – radically different results.

So you can see that simply assuming that tomorrow's young, middle and older adults will respond to marketing in similar ways as they do today could lead to disastrous results. Thanks to Boomers, who broke the mold and loosened up attitudes at both ends of the age spectrum, each age group responds differently to each new lifestage they enter. Suddenly everybody's unique. Boomers are redefining middle-age, and Generation Xers will likely do the same when their time comes. Thus the second rule of Multi-Dimensional Marketing: ***Generational Cohorts re-interpret lifestages.***

New Rule #3: The Intersection of Generational Cohorts and Other Age-Related Motivators is Critical

If demographics no longer segment customers adequately, what does? To prosper in 21st Century American marketing you must understand that there is a complex, but predictable, relationship between generational cohort values and other age-related motivators, such as lifestage (Are you a student or a grandmother?), physiology (Do you suffer from arthritis, or are you at your physical peak?), and other factors. In fact, by combining all of the various

factors into a multi-dimensional matrix, the future can often be predicted with a fair amount of certainty. How? In part by looking at all of the buying factors and laying the driver of cohort values over the top. This will give you a good idea as to how Generation X will react to parenting, or how the Baby Boomers will handle retirement. That's the power of Multi-Dimensional Marketing, what's different about it, and what this book is all about.

Since cohorts offer the only real constant in the equation, they are the key to Multi-Dimensional Marketing. How people react to the aging process is largely determined during their coming-of-age years. For example, the Baby Boomers have fought middle age every step of the way, using plastic surgery, day spas, hair dyes, and sports cars to help them hold on to their youth any way they can.

By focusing on the intersection point of cohort values and other age-related motivators, you can flesh out details about consumers and learn to develop a kind of portrait of your target audience. This will provide you with a stronger understanding of who you're selling to, and what products and messages this group will find most appealing. This is third rule of Multi-Dimensional Marketing: ***The intersection of cohorts and other age-related motivators is critical***

“Hassle-Free” Holidays Reflect Changing Cohort Values

Decorating for Christmas used to be an important holiday tradition for most families. But that is changing as busy Baby Boomers reach their peak income years, and look to pay others to do these and other time-consuming tasks.

In some upscale Detroit suburbs, for example, business is booming for many landscaping companies, who charge anywhere from \$450 to \$3,000 or more to install residential outdoor Christmas lighting displays. The service includes set-up, take-down, the purchase of lights, and in some cases, round-the-clock service to fix the lights, should something go wrong. All customers need to do is write a check and flip the switch.

This kind of “hassle-free” decorating is becoming all the rage, and is just one more example of how changing cohort values are affecting nearly every aspect of life – even holiday traditions.

“Convenience is the main reason I have done it,” said one Boomer, who spent more than \$3,000 the first year on his display, and \$2,500 each year since. “If you do it yourself, it takes a lot of time – time that you could spend with family and friends.”

Source: Brian Ballou, “Lights, Garlands, Christmas!” *The Detroit Free Press*, November 26, 2000, p. 5A (2).

My Generation

The two charts below show interesting differences in attitude among the various generational cohorts. Some of these differences clearly reflect lifestage differences – such as Gen X worrying about employment, while other cohorts worry about retirement and health care. Others are more value-focused. For example, in the generational descriptors, “responsible” comes up high on every cohort’s list except Gen X’s. With that group, responsibility doesn’t even register among the top five. Likewise, politeness ranks high with Swings (what we call Post-Wars) and World War IIs, but not with Boomers or Xers. This is evidence of how cohort values and preferences have changed, right along with the times.

What are the Biggest Concerns to Your Generation?

Gen X	Boomers	Swings	WWII
Employment: 47%	Financially Secure Retirement: 54%	Financially Secure Retirement: 72%	Health Care: 81%
Environment: 43%	Health Care: 40%	Health Care: 71%	Financially Secure Retirement: 65%
Financially Secure Retirement: 35%	Taxes: 35%	Taxes: 42%	Leadership of Country: 45%
Quality of Education: 28%	Saving for Retirement: 35%	Leadership of Country: 35%	Taxes: 43%
Crime: 26%	Environment: 33%	Crime: 28%	Crime: 33%

Source: Scudder Kemper Investments, “Guide to the Generations – The 1999 Generation Study”

What Best Describes Your Generation?

Gen X	Boomers	Swings	WWII
Techno-Savvy: 68%	Hardworking: 58%	Responsible: 86%	Responsible: 92%
Aggressive: 61%	Responsible: 53%	Hardworking: 85%	Hardworking: 86%
Cynical: 50%	Successful: 42%	Patriotic: 65%	Patriotic: 83%
Realistic: 45%	Aggressive: 38%	Polite: 62%	Polite: 70%
Hardworking: 35%	Realistic: 38%	Realistic: 53%	Religious: 65%

Source: Scudder Kemper Investments, “Guide to the Generations – The 1999 Generation Study”

New Rule #4: Values Define Generational Cohorts, and Core Values Don’t Change

As one of our clients said to us recently, “In an ever faster world of change, the one constant is values!” And since values define cohorts, knowing the cohort value structure is an invaluable marketing tool.

Values come in many shapes and sizes. Some values are more permanent in scope, such as self-fulfillment or security. We call these core values. A second category of values is characterized as more superficial and changeable, such as convenience, or acquiring material possessions. These, we call changeable values.

Core values are molded by external events at the time they are being formed, and they do not change to any significant degree during the course of one's life. In most cases, these core values define a specific cohort, and they provide cues for behavior. One does not journey through life alternately looking for security, then showing no concern for it, then wanting security again. If we value security, we always seek it out.

Changeable values are not as long-served. But they often provide the means to achieving our core values. For example, acquiring material possessions may enhance self-fulfillment in one's younger years, while having more things might not rank as important as one grows older. Older people may well choose other means for attaining self-fulfillment, such as building a strong relationship with their grandchildren. The means change over time, but the core value of self-fulfillment remains constant.

In some cases, people's value structure is most influenced by deficits – they value most that which was most lacking during their value-forming years. For example, the value of belonging is deemed most important by those who felt less nurtured as they were coming of age. The value of security is most important for those who matured feeling threatened. In other cases, the value structure is most influenced by surplus, or by emulation. In these cases, people tend to value most that which was demonstrated by strong role models, such as their parents or teachers.

Our research clearly shows that generational cohort values are more closely related to core values and provide on-going cues for human – and consumer – behavior. And because these values do not change over one's life, they provide a solid platform on which to build brand equity. They are emotional motivators that offer opportunities for age-directed, cohort-directed marketing campaigns that work. This is the fourth rule of Multi-Dimensional Marketing: *Values define cohorts, and core values don't change.*

Rule # 5: Younger Generational Cohorts Are Converging Around the World

If you have traveled to any developed countries in recent years, you probably have noticed how similar the teenagers and twentysomethings are to those in the U.S. You see it in their clothing, music, movies, television programming, even in their overall lifestyles. The basic youth uniform of sneakers, jeans, T-shirts with logos, and billed hats (often worn backwards) has found its way into virtually every nook and cranny of the economically developed world. Our work with clients has demonstrated that the underlying value systems of the youngest generational cohorts are becoming increasingly similar throughout the world.

Older adults will point to similar defining moments as lines of generational cohort demarcations. For example, our research into numerous countries finds that World War II is most often mentioned as an event that touched people's lives. However, the values that event generated in different countries varies. Consider the United States, France, and Japan. Our work has clearly shown that those Americans who came of age during the Second World War are the most patriotic of all cohorts. Those who came of age in France at the same time, while ultimately triumphant, actually had the war fought on their soil. With the entire society actually living the war (unlike those who stayed at home in the U.S.), the French World War II Cohort is apt to value peace and tranquility, stability in home life, and material possessions. And for Japan, one might expect a longing for things

such as control/mastery of their world and self-confidence, since both were lacking as a result of their defeat. One defining moment, three different value sets. And in countries of South America and much of Africa, World War II did not directly or significantly affect them at all. For them, few war-related values have emerged from this monumental global event.

But that was 50 years ago, when one country or region could go about its business relatively isolated from the rest of the world. Today, we have advanced communication media that broadcast messages instantly and pervasively all over the planet. We have MTV and CNN virtually everywhere. STAR beams its way into much of Asia, even into otherwise sequestered China. And you can see new American movies all around the globe, and not much later than we do here in the states. Then there is the Internet, which enables instant access to information anywhere in the world.

The media that transmit and often interpret defining moments have allowed impressionable late adolescents/early adults the opportunity to share in these events. The result of this mass-globalization of information and entertainment has been that values for global generational cohorts are increasingly becoming similar. And the ease of transportation has made the world more and more accessible to young adults. In 1998, for example, 125,000 American students studied abroad, up from 76,000 in 1996. And increasingly they have ventured to developing countries, spreading similar values. So what are some of these global values shared by youth around the world?

Young adults in developed countries are pushing off responsibility by marrying later in life. Japanese males, for example, on average marry at age 30. Young adults in more and more countries are accepting early divorce in first marriage, and at a younger age. Cohabitation and a more casual philosophy about sex is increasingly accepted by today's global youth. As more American music groups go on world tours, the strong sexual and violent messages of their music is increasingly accepted. So we offer a fifth rule of Multi-Dimensional Marketing: ***Younger generational cohorts are converging around the world.***

Can You Hit the Moving Target?

Richard C. Leventhal, in the *Journal of Consumer Marketing*, says that 1996 – the year the first Boomers turned 50 – signaled the beginning of one of the greatest marketing movements in the country's history, a movement he predicts will last 30 to 40 years. "During this time, consumers over the age of 50 will have an impact on the foods we eat, the things we do to amuse ourselves, the way we dress, the places we travel, what we read, what we see on television, the homes we live in, the cars we drive, the hotels and the hospitals we use – all of us are going to be affected,"¹ Leventhal writes. And we at Lifestage certainly agree.

The Census Bureau predicts that the number of Americans 50 and older should grow from 79.6 million in 2000 to about 96.4 million by 2020 – an increase of about 21

¹ Richard C. Leventhal, "Aging Consumers and Their Effects on the Marketplace," *Journal of Consumer Marketing*, Fall-Winter 1997, v14 n4-5, p 276(6).

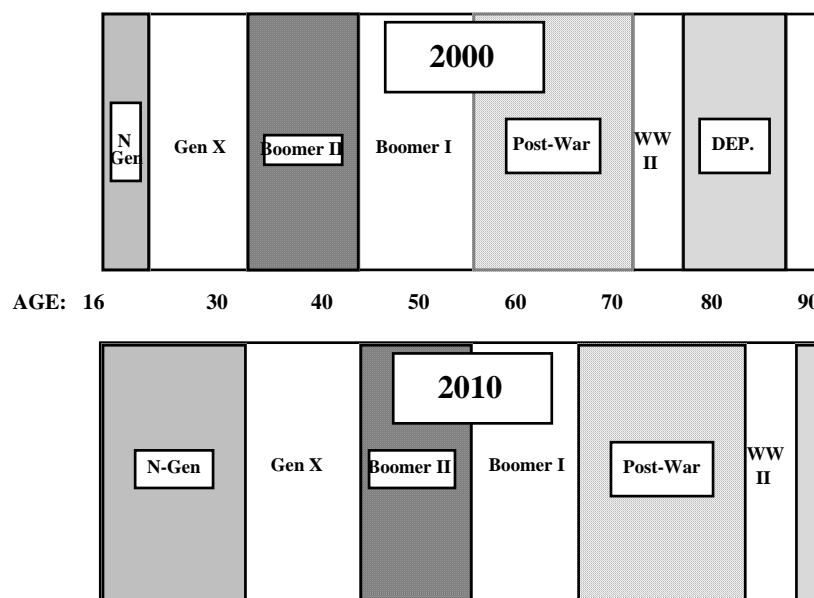
percent. This represents the greatest gain of any age group. The Boomers will be the largest population of 50+ consumers the U.S. has ever seen.

The demographic shift from a predominantly youth population to a largely middle-aged and older base will have profound effects upon the composition of the marketplace and the way in which goods and services are consumed for years to come.

Changing demographics are having a powerful impact on all aspects of society. For example, as we saw with Levi Strauss and Bank of America, the move from business suits to Casual Friday, to Business Casual, to jeans and T-shirts in the American workplace is a direct result of Baby Boomers hitting middle age and taking over positions of authority in U.S. companies. Boomers, who thumbed their noses at authority and wore tie-dyed shirts, bell bottoms, and long hair in their youth, have now risen to power in many organizations. They have thrown established suit-and-tie dress codes out the window. Business casual dress codes reflect Boomers' casual attitudes about just about everything. These attitudes have trickled down to nearly every corner of society, including marketing. And because of their sheer numbers, Boomer influence is expected to grow as more and more flood into their peak income years. This will have major implications on business and marketing for years to come.

In this day and age, it's critical to realize that age demographics are a moving target. For example, a common marketing target today is the demographic break of people aged 50 to 64. However, this common age break in 1990 was completely the Post-War Cohort. Today, it's one-third Boomers, two-thirds Post-War, and 10 years from now, as Figure 1.1 clearly shows, it will be completely Boomers. The same age bracket – three entirely different groups of people. In some cases, the lifestage transitions will be the same. For example, due to the biological imperatives of child rearing, people in their mid-40s and early 50s will mostly be experiencing the empty-nest lifestage. So, if your market target is based on empty-nesters, targeting the 50 to 64 age bracket may make some sense. However if you're marketing based on values, you must understand that the values held by those in that age cluster change every few years as a different cohort, with its own unique values, moves in and then out of that age bracket.

Figure 1.1
COHORT COMPOSITION



Finally, as the age distribution in the United States changes, so will consumers' wants and needs. These cohorts will impose their values and preferences on the way they carry out their lives. Grandparenting, for instance, is likely to take on very different rights and responsibilities as the individualistic, indulgent "me generation" Baby Boomers move into this lifestage. And what will happen as today's teens become parents? Understanding generational cohort values and plotting them alongside lifestages and other factors, will allow for better forecasting of changes and quicker response in meeting marketplace wants and desires.

How to Use Generational Cohorts in Your Own Marketing

Because demographics don't define the way they once did, and because of differences in the way various cohorts approach new lifestages, the old rules of marketing no longer apply. That's why we have developed Multi-Dimensional Marketing – to eliminate the guesswork and provide marketers with a firm foundation on which to build effective marketing strategies.

Earlier, we noted that the crux of successful market segmentation, or its predecessor mass marketing, or even the contemporary one-to-one marketing, is understanding what motivates the customer. Generational cohort values are the deep-rooted drivers of many behaviors, including consumption. These values tell us much about what people in various age groups desire and prefer, and why they do what they do. From an organizational standpoint, they provide the platform for developing reliable marketing strategies and executions. And we have found them to be very successful. Here are just a few examples:

- Many organizations target their customers by age. Abercrombie & Fitch stores cater to younger cohorts, while Saks Fifth Avenue clearly positions itself for older generational cohorts. Their strategic targeting and positioning demonstrates the value of understanding and operationalizing cohort values.
- We have worked with the GoodLife TV Network, a cable television network that focuses on viewers over the age of 49. Understanding cohorts and their values helped GoodLife better strategically meet the unique interests of its audience. Cohort values helped shape the tenor of the programming that the network offered. For example, *Bonanza*, *Make Room for Daddy*, and *Ozzie and Harriet* all reflect the stability of the family that is so central to the Post-War Cohort. The depiction of the American family in each of those programs is a far cry from the depiction of the American family in the 2000 Oscar winner *American Beauty*.
- Another of our clients, a catalog company, offers a large array of products that are not only hard to find today, but also highly reminiscent of their customers' coming of age experiences. Most of the catalog's buyers are over the age of 50 and love such products as old-fashioned and modest boy-leg women's swimsuits, cotton muumuu dresses, Bissell carpet sweepers, and Polar Ice aftershave, which to older male cohorts quickly conjures up memories of their first barbershop shave. These products are put into black-and-white catalogs that show drawings of the products, not photographs. The catalogs themselves are nostalgic, conjuring up strong memories of old Sears & Roebuck catalogs from the early 20th Century. In fact, the entire strategy of this company is based on nostalgia. But cohort values provide a stronger way to further segment the older market. The company has developed special cohort-specific catalogs that literally speak to customers with the language, icons, symbols and values of their youth. You will see how this is done in later chapters.
- Specific products and services can also be developed that directly reflect these values. Boomers prefer informality, and once they rose into the ranks of management, they were the ones who gave us Casual Fridays. Catering to this preference, Levi Strauss developed a line of casual slacks targeting Baby Boomers. Dockers are now part of the unofficial office uniform for many men. Food companies across the board are also targeting Baby Boomers with cereals, frozen entrees, and snacks that tout no cholesterol, low fat, no sugar, and the like to meet the Boomer Cohort value for maintaining good health. The opportunities for cohort-value-related products like these are endless.
- Promotional messages targeting cohorts reflect these values, too. Print ads for Polo clothing targeting Generation X depict lifestyles focused on quality of life. Ethnic and racial diversity, embraced by Generation X and the N Generation is reflected in the context of advertisements such as Calvin Klein and Old Navy.
- For one of our clients, we used "cohort icons" – pictures of heroes of a particular cohort and language of the times – on direct mail envelopes. This campaign resulted in response rates for cable television providers that were six times greater than the client had previously achieved. You will see how that was done as you delve deeper into the chapters. And you will see execution after execution that incorporates generational cohort values as the fundamental foundation upon which our marketing program is based.

The use of age to demarcate cohort segments is the way to get started, but don't rely on outdated, over-broad age segments, such as 55+. Age is a highly usable segmentation variable since most media can be chosen on the basis of age. Newspapers, magazines, television and radio can all be bought by different age splits. And so can lists suitable for direct mail or telemarketing campaigns. So generational cohort segmentation isn't just a theoretical tool – it can easily be implemented. And knowing the motivators that emanate from shared coming of age experiences then provide the basis for the message. The growing love affair with data base management suggests that targeting by age segment can provide an easy key to unlocking success. So whether you employ congregate marketing by targeting segments, or use the contemporary one-to-one marketing approach, generational cohorts and Multi-Dimensional Marketing can improve your strategic and tactical executions.

Now Is the Time to Rethink Your Marketing Strategy

Consumers are more savvy than ever before, demanding personal attention and products that suit their lifestyle. They do not want to be encumbered with mistargeted or misguided products and promotions. A Multi-Dimensional Marketing approach can provide a sense of familiarity and personal appeal to these savvy consumers, bringing them one step closer to making a purchase and providing the groundwork for building long-term relationships.

We hope to redirect marketing efforts away from so-called “tried and true” 20th Century approaches that so often focused only on demographics and over-broad characterizations. These approaches may have worked for you in the past. But chances are they won't work for you in the future. Now is the time to start rethinking your marketing strategy. Multi-Dimensional Marketing will give you a more accurate view of the motivators affecting buying decisions for a wide range of consumers.

Multi-Dimensional Marketing can also help in designing more effective communication campaigns. Utilizing music, movie stars, or other icons that cohorts identified with in their past is an effective selling technique. These tactics work because they rely on nostalgia – reminding individuals of the good old days. Many companies have already begun to use this tactic as evidenced by the growing number of commercials with songs, logos, and actual commercial footage from the past. Volkswagen used this strategy in reintroducing the Beetle. The strategy was to provide Baby Boomers with a warm familiarity that reminded them of their youth, while tapping into the “retro” affinities of younger cohorts.

Furthermore, if you are using permission marketing or one-to-one marketing, or even some form of mass marketing as part of your strategy, your communications will only be more powerful if cohort-related signals are embedded in the message. Whatever approach you choose, Multi-Dimensional Marketing holds a wealth of opportunity to grab the minds, hearts and pocketbooks of today's marketplace.

In Chapters 3-9, we will introduce you to the seven distinct American cohorts we have discovered and show you how to use Multi-Dimensional Marketing to target your marketing efforts for the greatest possible returns. We have included practical how-to tips with each cohort chapter, which we hope you will find useful. We recommend that you

first read Chapter 2, which describes the basic theory behind Multi-Dimensional Marketing, then feel free to hop around to the chapters that best describe your target customer base. Or better yet, read them all to catch the full flavor of generational cohorts and their role in Multi-Dimensional Marketing. We guarantee an enjoyable ride through this book, but more importantly, a more productive approach to successful marketing.

How to market to people of different age groups using shared experiences.

Defining Markets, Defining Moments: America's 7
Generational Cohorts, Their Share Experiences, and Why
Businesses Should Care

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