You're getting old

EUROPE'S DEMOGRAPHIC PROBLEM IS YOUR MARKETING PROBLEM

Young & Rubicam
Europe, Middle East and Africa

You're Getting Old

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No one has ever lived in a society as old as twenty-first century Europe.

No one has ever tried to sell things to such a society either.

You're getting old

For years marketing consultancies and advertising agencies have been researching and analysing consumers in the 55-plus age bracket.

The interest is timely. Numbers of these people, the so-called Greys, are growing rapidly in all European countries.

And as their numbers grow, so does their spending power.

But all the interest in older people obscures a much bigger issue.

The population of Europe is static.

And as numbers of older people grow, numbers of young adults in European countries are falling rapidly.

Consumer goods companies have built their fortunes over the past fifty years by appealing to the tastes and needs of these young adults.

Convenience foods, foam cleansers and aerosol deodorants - all would have failed as new product categories without the bubbling enthusiasm of young adults for all things new.

The decline in their numbers is long term.

It is not about to reverse any time soon.

The ageing of Europe is not just a crisis for governments, but for consumer goods companies too.

Why there's a problem

The numbers no longer work

It's always been easier to persuade someone with no existing loyalties to try a brand, than it has been to persuade someone with entrenched loyalties for a competitor.

For this reason, people entering a market for the first time have always been amongst marketing's primary prospects.

- In Germany, 72% of bank customers never change their bank. Which means the only way to attract them in large numbers is to do so when they open their first account.
- Once a woman is happy with her brand of sanitary protection, she is likely to remain brand loyal for life. So most marketing for sanitary protection is targeted at women in their teens.
- Young women who drank rum and cola in bars in 1985 today drink rum and cola in front of the TV at 40 . Therefore most drinks marketing targets young adults.

Talking to people as they take their first adult steps is effective marketing.

The fortunes of consumer goods companies have thus relied upon large numbers of young people reaching adulthood each year.

The problem is though, that the proportion of Europeans who reach adulthood each year has been falling for decades.

Back in the 1960s

Back in the 1960s, when Europe was a young continent, almost 3.5% of all European adults were 'new' 20 year olds coming of age each year.

Put another way, each year 3.5% of women buying all-adult products like washing powders, toilet paper or bread were deciding what brand to buy for the very first time.

Run a spectacularly effective marketing campaign at these new young women, and you would capture 3.5% of all adults. Run it for three years and you would have over 10% of all adults.

Furthermore, most of these young 1960s women were dead set on two things: early marriage, and as many as three children.

Which means that many of them would soon be buying food and household products for as many as five mouths.

So whilst you picked up 10% of users, you soon ended up with perhaps a quarter of your market's volume.

Magical calculations like these were what made consumer goods companies' fortunes in the last century.

Not today though

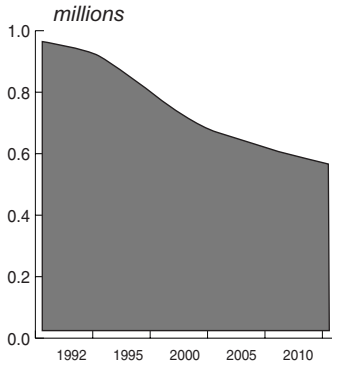
Today, with a huge bulge of European adults in their late thirties, and numbers of older adults surging, each year only 2% of adults are new in many European countries.

Your equally brilliant campaign, instead of getting 3.5% of users, now gets just 2% in its first year.

Furthermore, the young adults you are attracting are unlikely to be planning on having any children for perhaps a decade.

So they won't be becoming heavy users of your product any time soon.

Italian 20 year old population



Numbers of 20 year olds in Europe are in steep decline

Graph source: US Census worldwide demographic database

As a result, a campaign equally brilliant to the one that got you a quarter of the market in the 1960s, produces at best a 6% volume increase - a *quarter* of the previous effect.

Put another way, a campaign that today attracts young adults equally as well as one that wowed the annals of marketing forty years ago, despite all the advances of modern marketing technology, causes *hardly a ripple* in sales.

In 2020
The statistics get worse.

Take Germany. In 2020, only 1.3% of adults will be new adults coming on to the market each year.

(This isn't a projection. All the 20 year old Germans of 2020 have already been born, so we know precisely how many there will be.)

Which means that the brilliant three year campaign that picked up a quarter of the market in 1960, perhaps picks up 4% of the market in 2020.

Clearly, the model that made consumer goods companies rich in the last century is not just functioning badly.

It's broken.

Are *you* still young and happening?

Name five garage acts:

1 _____

2 _____

3 _____

4 _____

5 _____

Older targeting doesn't solve it

As a consumer, you're old at 35.

Of course, new adults are not the only people that marketers are interested in.

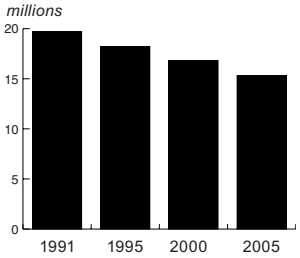
People change their mind about brands; they flirt with competitors; they seek out new experiences.

For this reason, marketers have historically included adults up to the age of around thirty-five in their targeting.

The problem is though, it isn't just numbers of 20 year olds that are declining. Numbers of all adults up to the age of 35 are in rapid decline in Europe.

In Europe, *young people are an endangered species.*

German 20 to 35 population



Numbers of young German adults just keep on falling.

So why not include more over 35s?
Recently, faced with declining numbers of under 35s, marketers have been extending their targets to older and older people.

- In the eighties, marketers talked of secondary target audiences up to 45.
- In the nineties, marketers talked of age ranges up to 50 for everyday consumer goods.
- Today, in very old countries like Sweden, marketers increasingly target marketing activity all the way up to *sixty.*

Is this a good idea?
In past decades, marketers had good reasons for restricting their targets to the under 35s. They argued that over 35s were 'set in their ways', were 'part of a different generation' and had 'different values'.

Today, European society is very different.

Graph source: US Census worldwide demographic database

The generation gap that existed in the 1960s between those over 35 and those below no longer exists; teens report an increasingly shared cultural values between them and their parents.

But the evidence still says that the under 35s are the people who matter:

1. Over 35s don't like weird new experiences
Go into a sushi bar in London or Düsseldorf, and you will see a clientele of all ages.

But if you ask the people in those sushi bars when they first tried sushi, nearly all will say that it was before they were 35.

Young people like peculiar new experiences.
Over 35s tend to stick with what they know.

2. Over 35s have fixed tastes
Look chronologically through the CD collection of anyone over 35, and you are likely to find a point where their tastes became frozen in time.

Before that age, you'll see a constant series of new bands and artists pop up in their repertoires.

After that age you'll see a lot of "The Best of…", "Greatest Hits of…" and the latest U2, but precious few new artists.

By 35, most people know what they like.

3. Over 35s can't cope with new technology
One of the biggest booms in recent years has been the growth in text messaging from mobile phones.

When text messaging took off in the late nineties, statistics revealed that over 98% of all texts* were sent by people aged under 35. Even though many people over 35 had mobile phones.

Most over 35s never worked out how to send a text. And even if they did, few of their over 35 friends knew how to receive them.

"I just don't like the idea of filling my mouth with raw fish."
Man, 42, Dijon

Are you still young and happening?

How many do you recognise:

Mary Kate Olsen
Alyson Hannigan
Tash Hamilton
Dido Armstrong
Mutya Buena
Buttercup
Freddy Prinze Jr.

Score less than four and your knowledge of contemporary mid-teen culture leaves something to be desired.

* Based on Nua Surveys/nua.ie

4. Over 35s have fixed brand repertoires
Most people don't notice that they are becoming increasingly resistant to new ideas and new brands, because from their perspective, they are still hopping from brand to brand each time they choose foods, cleaning products and shampoos.

But resistance sets in silently.

Whilst they continue to hop between brands, the brands they hop between are the same brands they hopped between ten years ago. New brands hardly get a look in.

Thus a forty year old woman may jump between rum and cola, vodka and orange and occasionally gin and tonic when she visits a bar, *but there's no way she'll opt for Stoly Red Bull.*

5. Over 35s aren't promiscuous
Interview a twenty year old woman in depth about the brands she buys, and she will have picked up a new brand of cigarettes from the guy she blind dated last week, a new brand of perfume from her new flatmate, and a new brand of stick deodorant from the Josh Hartnett lookalike she went home with last week.

Younger people discover new trends and new ways of using personal products from the constant stream of partners they have.

Older people have fixed partners.
They therefore have fixed intimate habits.

6. Over 35s don't need to show off
When you're 22 and you're out on the town, everything you do, everything you say and everything you wear matters.

Which means you spend a lot of time making sure that your clothes, your logos and your style fit.

Older people aren't bothered about standing out in a

"The 25 year old IT people expect you to remember more and more passwords at work, and I just can't do it."
Office worker, 47, Rotterdam

Are we being ageist here?

Not at all. All we are saying is that by 35, most people know who they are, what they like and what they don't. Which in turn makes them much, much more difficult to market to.

crowd. Their need for social display goes – *and with it a lot of their motivation to try new things.*

7. Over 35s aren't fashion victims
Remember back to when you were 18 and the music, the clothes and the expressions that were in varied from month to month.

Well they still do.

And if yours don't anymore, you're likely to be over 35.

What does all this mean?
The issue isn't just one of fewer new adults coming into markets. It's also a bigger issue of a smaller and smaller proportion of European adults being under 35.

Under 35s are the most responsive group of adults to innovative new ideas. Their decline means that Europe's consumer goods markets are becoming more and more inert.

With a larger and larger proportion of consumer goods being sold to older people who are less welcoming of change, it is becoming increasingly difficult to *create* change in European markets.

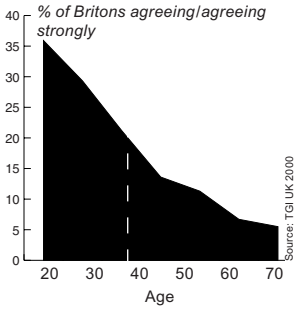
In consumer goods markets like diapers, where nearly all buyers remain under thirty-five, innovation from companies like P&G has produced twelve-month swings of *over forty percent* in market share.

This level of swing never happens today in all-adult markets in Europe.

In fact, inertia in European markets is nowadays so great, that marketers are usually pleased to see a *couple of percentage points* change in market share within a year.

European adults, as a whole, are becoming *much, much more difficult to influence.*

"I like to stand out in a crowd"



Over 35, Brits keep their heads down.

"Medically, people are ageing just as fast as they have done for the past half a million years. It's just that they don't die any more, and particularly nowadays, they don't like to admit they're old."

Clinical Psychologist, London

New ideas are needed
It's clear that the ageing of Europe is causing a problem, and that new ideas are needed to solve it.

But let's first be clear about the nature of the problem.

It's not a problem for existing businesses
We are not talking about declining businesses. People will still be buying things this century like they did in the last century.

It's just that because they're older, the things they buy are more likely to be the same things they bought yesterday.

The value of existing businesses in Europe is therefore *more secure* this century than last.

Nor a problem for branding
Nor are we talking about a crisis for branding. Older people don't try new brands the way younger people do, and tend to stick with the brands they have used in the past. Brand loyalty will therefore be a *stronger pull* this century than in the last. And because of this, brands will be *more valuable* this century than the last.

It's about innovation and persuasion
What the crisis is, is a crisis of innovation and persuasion.

- Innovation, because a smaller and smaller proportion of European consumers will be young, and therefore open to new ideas this century.
- And persuasion, because it is more difficult to get old people to try something new than it is to get young people to do so.

To solve these problems, we need to look at new ways of marketing.

The confusion of youth

Rumours abound of a recent US history exam where many students thought the current president of Russia was called Lenin. *Furthermore, some of them also thought his first name was John.*

Ten strategies

How to market more effectively to an ageing society

1. Talk exclusively to youth

The default marketing strategy for brands nowadays is to talk to under 35s with a secondary target audience of older people.

But including older people doesn't just dilute the media spend across more, less responsive people.

It also reduces the power of the communication to the original young age group.

Generations don't like to be talked to together.

No cool young woman responded to anything aimed at her mum too:

> *There is an advertising technique that household product and food manufacturers have been using for generations, where a young wife argues the merits of two brands with her mother in law, demonstrates her way of doing things, and converts the mother in law.*
>
> *The argument works because every new generation of young people want to do it their way.*

Nike

One of the most successful brands of the 1990s was Nike.

It got where it did partially because it focused exclusively on young people.

Imagine how the developmental focus groups would have looked if Nike had decided to target older age groups too:

> *"Clearly there was a positive response to the "Just Do It" slogan amongst the risk oriented active 16-20 group.*
>
> *However research amongst the much less active 30+ group for whom sport is an occasional activity and sports clothing is more a form of relaxed leisurewear indicates that "Just Do It" may leave the brand limited to a youth niche, which in today's demographic of older people may severely limit sales.*
>
> *As a result, we recommend that a much more inclusive slogan, reflective of the real relationship the older target audience has with sport, would be more appropriate, for instance: "Just Watch It".*

Talk to more than one generation at a time, and you end up with Jar Jar Binks syndrome. You put a cute, child friendly alien into your new film to appeal to the new generation of six year olds. And you put a cool actor like Ewan McGregor into your film as well to appeal to their parents.

The result is not a film that the whole family likes, but a film that irritates everyone.

Let's face it. Cool isn't cool if your parents like it, and it's always been that way.

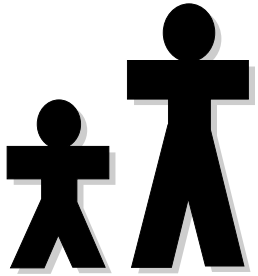
Therefore marketers who extend the age group they target to include older generations, can be out-marketed by those who target young people exclusively.

Does an exclusive target of young people then alienate older people?

Probably.

And does it stop them buying?

The evidence from Nike is that it does not.



Talk to a child and his parents at the same time, and you talk to no one.

But what should a family brand do, you may ask.

Family brands?

Today, we call them 'value brands'.

So, if you decide to target young:

- Decide who you *don't* want to buy your product as well as who you do. As Napoleon once put it, 'The essence of strategy is sacrifice.' Which in marketing terms, means turning away customers.
- Firmly enforce your older age limit. Would Britain's Club 18-30 be Britain's strongest holiday brand if they allowed mums and dads to go too?
- Be very careful about letting your research department check your youth oriented communication out amongst anyone over 30 . They may think they're just doing a harmless 'communication check'. But older adults will home in on what's good about your ads, and kill them stone dead.

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2 Find the right motivation

When a marketer extends their target market to older age groups without changing their message, what they are in effect assuming is that older consumers have similar motivations to the under 35s, but are just less responsive.

Actually, it doesn't quite work like that.

The core target for most marketing messages are *innovators* - the sort of people who are first on their block with new trends, and who then pass these trends on to early adopters, and then the rest of society.

Y&R have found that there are *two types* of innovators in European societies.

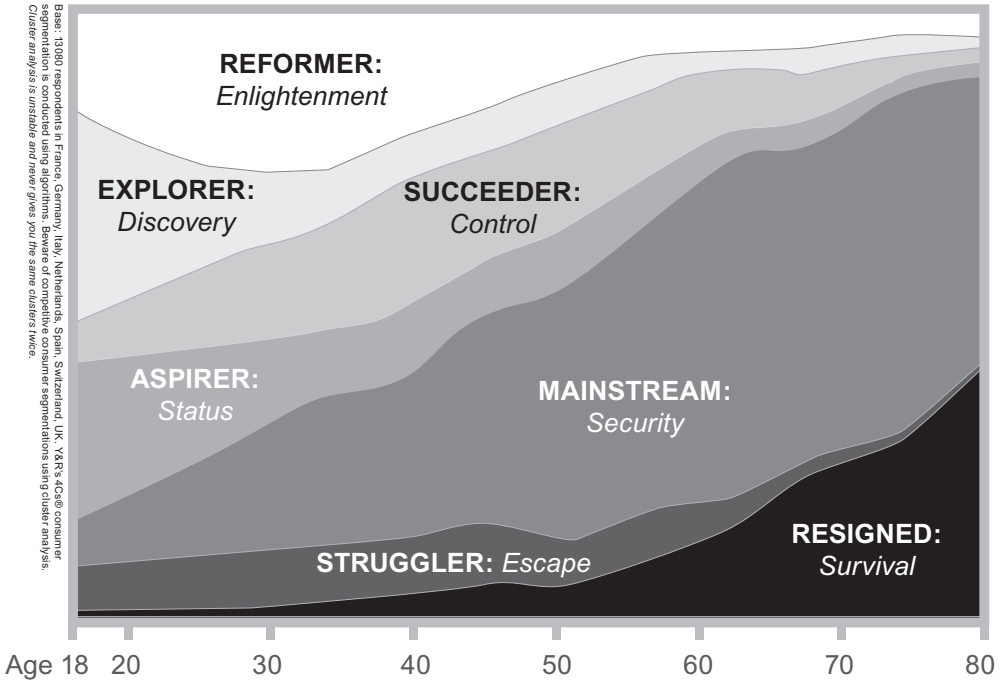
There's the young type, named "Explorers", who are motivated primarily by the need for new, exciting, perhaps even dangerous experiences. These are the people who were first into extreme sports, MP3 players and body tequilas.

But there are few of these type of people over 30.

Over 30, the innovators are of another type, which

Social groups in Europe, by age, from 18 to 80

The key motivation of each group is in italic



Base: 13080 respondents in France, Germany, Italy, Netherlands, Spain, Switzerland, UK. Y&R's 4Cs® consumer segmentation is conducted using algorithms. Beware of competitive consumer segmentations using cluster analysis. *Cluster analysis is unstable and never gives you the same clusters twice.*

Y&R call "Reformers". These people are still open to new experiences, but this time, they are more discriminating. They are looking for new experiences *with meaning.*

Reformers are typically highly educated professionals, with a strong sense of inner life. They seek personal growth, and look for simplicity and natural taste in what they experience.

Targeting these innovative people is a way of getting a product accepted, even amongst older adults.

But crucially, the reasons why they try new products

are very, very different to the appeals that connect with Explorers in their twenties.

If you are targeting a new product at a target audience aged over 35, you stand little chance of success unless you recognise the motivations of this "Reformer" group:

- Reformers have strong social consciences. So if your brand somehow helps to save the planet, you will acquire their undivided attention - *as long as you save the planet in a new, and compelling way.* Reformers are sick of saving cute endangered species and rainforests.
- Reformers despise overt appeals to status, and instead seek opportunities for personal growth. Therefore, whilst other groups may buy digital cameras simply because they look flash, reformers are waiting for some brand to tell them that digital photography will *be a journey of self-discovery for them.*
- Reformers see themselves as cosmopolitan, and open to foreign influence. So if you want them to try your new extruded convenience snack, mention the trace of Calabrian extra virgin olive oil in it.

3. Think quality

People over 35 are less likely to try out new things.

But research by Y&R indicates that some early adopters over thirty-five have a very strong drive towards *quality,* which is not present amongst younger consumers.

Y&R's 4Cs consumer segmentation study has found a group called "Succeeders", a predominantly manager level, control oriented group of people, whose purchasing motivations reveal a strong quality orientation.

Thus whereas in the sixties, when Europe was young,

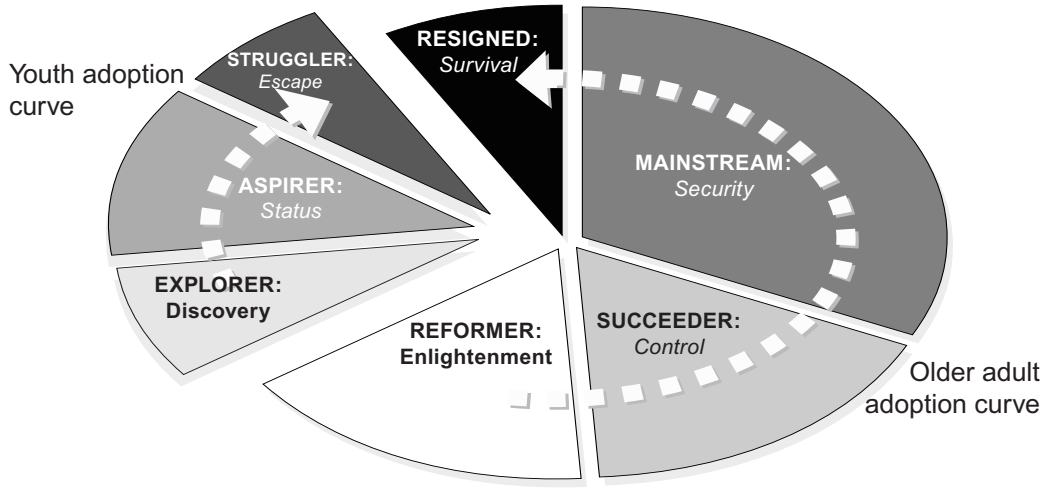
successful new brands in the dessert market were all about new innovations, the main dessert success in the late nineties in Europe was a *higher quality* version of an existing staple – premium ice cream from Ben and Jerry's and Häagen-Dazs.

Clearly this points to marketing innovations this century being more in the area of 'upgrades' to existing ideas, than in the area of completely new ideas.

But perhaps there is a positioning point too:

Rather than presenting new innovations as completely new ideas this century, it may make sense for compa-

Why older people pick up new trends more slowly



Trends move much faster through young society than they do through older adults because their motivations are different. Young people with an Explorer mentality pass trends on to a larger group of young people for whom status is a core driver. Amongst older people, the Reformers pass trends on to groups of Succeeders, whose mentality is focussed on quality. Status oriented people have a lot stronger reason to adopt cool, new things than people who seek quality.

nies to present them to Europe's older consumers as premium versions of experiences they already enjoy.

Whatever, Succeeders' quality orientation gives a clear direction for most businesses:

- Succeeders already tend to pay more for business class travel, suites and five star hotels when they go on holiday - but they are largely assembling their premium holiday themselves. The opportunity for a holiday company to *astound* Succeeders with new experiences fit for kings, is wide open.
- Succeeders picked up other habits in their youth that do not yet have a superpremium segment. Nokia may have launched Vertu superpremium mobile phones, but where are superpremium laptops?
- Private banking, and personal asset management may prove to be the upscale must-have product of the decade. But how many banks have really thought out their offer in this area? Surely Europe's money class have the right to more than a gold credit card and one-to-ones with an investment salesman?

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4. Rethink your range strategy

In a society with few old people, and many young people, most of whom have yet to acquire capital and spending power, young people tend to ape their "elders and betters".

In England, 100 years ago, influenza remedies were marketed on the basis that the seventy year old King used them; product endorsements were from aristocrats. In the USA in the 1950s, Eleanor Roosevelt, the grande dame of US politics then in her sixties, appeared in testimonials for household goods.

Today, this form of marketing lives on in the portfolio strategies of car manufacturers.

Drivers are supposed to drive a BMW 3 series, aspire to drive a 5 series, and dream of driving a 7 series.

Today though, society is changing.

A generation of thirty-something mothers take their fashion cues from their teenage daughters.

Sixty year olds like Sir Mick Jagger ape the mores of twenty year olds.

In a society where there are many, many old people around, and very few young people, it is possible that the direction of aspiration will change.

And it'll be the young, cool entry level model that defines the image of the range, rather than the top of the range limousine.

This century:

- Car manufacturers will need to be clearer about which model their entry level model is. Do I enter the Mercedes marque with the C Class or with the A Class? Is the BMW hatchback a BMW, or not quite?
- Luxury goods manufacturers may come under increasing pressure from competitors with streetsmart more-dash-than-cash images, and a core clientele of poor but sassy twentysomethings.
- Will a mass car manufacturer seize the opportunity to define their entire brand though a chic entry level model - the way that Volkswagen did with the Beetle in the 1960s?

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5. Milk your brand

In young countries, marketing is all about attracting large numbers of young adults to your brand, and maintaining their fickle loyalties as they age.

In old countries, a brand that fails to recruit young people will see little effect on its volume in the short term; and because many of its existing users will have

been using the brand for several decades, their loyalties will be high.

Furthermore, with life expectancies in Europe continuing to grow, the average European adult, now in their forties, will still be buying the brand in four decades' time.

For these reasons, it may pay the owners of certain borderline brands to consider withdrawing marketing support from them in coming years, edging up margins, and milking them.

(As an advertising agency, we hate this one.)

The hippy generation of the 1960s is now getting on a bit.

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6. Immigrants

Ageing populations are likely to have so great an effect on the finances of European states in coming decades, that European governments may come to rely on large scale immigration of younger people from other countries to fund their pension systems.

Immigrants tend to bring loyalties to brands in their home markets with them. When they move countries; they do not automatically switch to the brands popular in their new country.

The countries most likely to supply immigrants to old countries like Germany are countries in Central Europe and Turkey.

So if widespread immigration happens, a brand that

has a high share in Germany, but a weak share in Eastern Europe and Turkey, may see its German brand share declining in the future.

Ensuring that a company's brands are well extended into emerging markets is therefore *critical* this century:

- P&G has stronger shares in Central Europe and Turkey than it does in Germany. Their German competitors should watch out.
- Most Swedish consumer goods manufacturers have established their brands in the Baltic states. The others should be careful of the brand loyalties future Balt immigrants will be bringing with them.

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7. Recognise what is fixed

When you are dealing with young adults, it is not that difficult to change a brand's image.

Having had few experiences of the brand in the past, they may have no firm idea of its image, and can be open to new suggestions.

Thus some young adult alcoholic drinks brands reinvent their image each year with impunity.

When those people are older though, changing a brand's image gets more difficult.

A forty year old man will have had an image of car brands like Opel and Peugeot in his head for twenty years or more.

Altering their images thus becomes more difficult.

What is important, is recognising the part of a brand's image that is fixed, and the part that can be changed.

Take, for instance, brands where country of origin

plays a role, like perfume and luxury goods brands from France.

Research by Y&R has shown that with such brands, over 80% of their DNA is held in common, and it therefore relatively inflexible.

Successful marketing will recognise this, and attempt to alter the 20% of the image that *can* be changed:

- The most successful Parisian cosmetics brands take for granted that they are perceived as glamorous and sophisticated - they are after all from Paris. Instead, they concentrate their communication on advanced technology - something they *cannot* take for granted.
- Despite Britain's efforts to reposition itself as an island of cool culture, the image of the country remains aloof, upper class and unapproachable. Brands that come from Britain, that do not want to be seen in this way, might do better to reposition themselves as being from *London*, a city with a slightly different image.

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8. Think teens

Wander into a typical burger bar, and the people sitting eating will be of all ages.

Why is it then, that so much burger advertising targets children?

The answer is that children make most of the leisure decisions for their parents.

In the past, European couples had many children, and maintained control over them through appeals to fairness, and a 'divide and rule' mentality.

Today, many European couples only have one child, and the boot is firmly on the other foot.

Single children have developed the knack of playing one parent off against the other, and their influence

Source: Based on Y&R's BrandAsset Valuator® studies 1993 - 2001 covering 16,000 brands in 40 countries. Brand strength is a measure of a brand's differentiation and its relevance to consumers. When this measure weakens, share soon follows.

Y&R's BAV® brand analysis tool shows how brands grow and decline in stature and strength over time. With the vast majority of markets that we have studied, a brand's success or decline first sets in amongst younger age groups, with older age groups following. A further indication perhaps, that if you capture the hearts of young people, their parents will follow.

goes well beyond what is watched on TV, or whether it's a trip to KFC or Pizza Hut tonight.

Many parents too, acknowledge that their children are better tuned in to what's cool and of the moment than they are, and value the 'style police' perspective their children offer.

As a result, the influence of teens, and indeed also the growing group of European twentysomethings still living with their parents, is extending into all sorts of other purchase decisions, from what cars the parents drive, to which brand of mobile phone is bought, to clothes and furnishing.

Marketers seeking to influence adults in their forties

and fifties would do well to consider these hidden decision makers in their homes:

- In countries like Holland and the UK, where traditional mealtimes have broken down, and children and husbands assemble their own snack meals from the fridge, freezer and microwave, the role of the housewife is reduced to that of being a shelf stacker. Shouldn't a lot more food advertising be talking to the people who actually decide what gets eaten?
- Fathers may pay for the family's next hifi system, but it will be their children who identify that the current one needs replacing, because it's charcoal coloured not silver, and because it doesn't record CDs. So who should the marketing be talking to - dads or kids?
- When a car stops at a petrol station, the decision is nowadays driven as much by what convenience store the people in the back of the car want to snack at, as by what brand of petrol the driver wants to buy. So should oil company marketing continue to talk exclusively to adults?

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9. Differentiate your brand harder

In today's Europe, with its long, flat population curve, a leading brand will be being used by groups of twentysomethings, thirtysomethings, fortysomethings and all the way up to eightysomethings.

Each group has its own historical relationship with the brand; each has its own image of the brand; and each group remains, to an extent, ignorant of how the other groups perceive the brand.

In this sort of society, it is not surprising that a brand's role and character can become confused and blurred.

And if a brand is confused and blurred today, tomorrow it will be in decline.

To enable a brand to be focussed more effectively, Y&R have developed a process called Archetyping.

Here, a group of brands are mapped using image data, on to a space depicting the archetypical roles – hero, maiden, magician, companion and so on, that have defined human storytelling since classical times.

If this process, for instance, reveals that your toiletries brand is at its core a 'Maiden', then it is likely that you will have success in differentiating it using values such as purity and innocence.

If on the other hand, the analysis reveals it is an 'Enchantress', then you would be more successful by using imagery of seduction and intrigue.

By clearly giving your brand a role in life from this process, you are likely to differentiate it firmly from its competition - in a way that is clear to people of all ages.

And in doing so, you are likely to give them a stronger reason to switch to it.

Archetyping works because consumers already have archetypes in the heads - they are a fundamental part of human nature.

Archetyping can make marketing spend much more effective. Why spend marketing money establishing a character, when the character is in the target audience's heads already?

Archetyping can lead to breaking the mould of a market.

- Financial services brands currently fall nearly all in exactly the same archetypal position, giving consumers no clear reason to change brands. Perhaps this is one reason why it costs banks upwards of 2000 euros per prospect to acquire new customers.

- Similarly, pharmaceutical brands are currently weakly differentiated from one another. Fine in the 20th century, where the doctor prescribed and the patient fell in line. Not fine in the 21st century, where medicine will be increasingly driven by internet-savvy medical-expert 60 year old patients.

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10. Think involvement

Remember the last time you moved home, and started using a new supermarket?

On your first visit to the supermarket, you spent a long time searching for the things you wanted, and came out with carriers bags full of things you never planned to buy.

On your second visit, you were more comfortable with the store layout, and came out with most of what you went in to buy.

After a few more visits, you felt at home with the store.

After that, you stopped noticing the things you didn't go in to buy.

You stopped going down the aisles that you didn't use; if you didn't like breakfast cereals, you stopped noticing the breakfast cereals fixture. Your weekly visit became so comfortable that you could do it without thinking. Things you didn't buy started to fade from your radar screen.

Mankind journeys through life in a very similar way to the way you wheeled your trolley through that supermarket.

Young adult life is a kaleidoscope of new and unexpected experiences.

Some of them you didn't plan on. Others were planned but never happened.

But once an adult reaches 35 and becomes comfortable with life, all sorts of things start to fade from their radar screen.

Marketing in the twenty-first century, dealing as it will largely with adults over 35, will be about putting brands back on that radar screen.

- People are more receptive to new things when the rest of their life is in flux, through moving house, moving job or moving spouse. *Database marketing needs to be able to better identify people in this situation.*
- Conventional marketing says you should change people's attitudes, and they will try your brand.

  The problem is, it's more difficult to change older people's attitudes. Perhaps therefore it's better to work out ways of getting your brand into their hands, and hope their attitudes will follow.

The hidden hand of the market grows cold

Of course, it's very easy to dismiss all of this as the narrow concerns of an advertising agency.

But this issue goes well beyond marketing.

What worries European politicians and economists at the moment is the ratio between the number of working adults and the number of retired people in Europe.

But the decline in the number of adults under 35 is also likely to have a massive economic impact.

And it is likely to do so well before the numbers of over sixties bankrupt Europe's treasuries.

Economic growth relies on consumers adopting new ideas quickly, despite the fears they always have about new technologies.

- In the 1850s, economic growth depended on people taking to rail travel rapidly. At this time, doctors warned that the human body would *disintegrate* at speeds of above thirty kilometres per hour – but Europeans, being largely under 35, ignored them.
- In the 1890s, economic growth depended on people welcoming electricity into their homes. The evidence was that it could easily *fry your children* - but Europeans, being largely under 35, ignored the risks.

If today's and tomorrow's Europeans do not adopt new ideas and new technologies as fast as they did in the past because they are now much older, then Europe's economic growth will be compromised.

- If over 35s decide not to bother upgrading to next generation mobile phones, because they have been perfectly happy *not* seeing the face of the person they've been speaking to for the past 20 years, the European telecoms industry will face severe problems.
- And if older Europeans wait for their clothes to go out of style before they replace them, rather than replace them because they don't look cool this week, the clothing industry will have deep problems too.
- And if they do not take to the tall moccachino, because they can't quite work out why a coffee should cost four euros, then another retail sector will be lost.

Aren't these just fripperies?

Of course, older Europeans may argue that the new ideas on offer today in Europe are just fripperies.

But it has always been that way. *All* new inventions have first been perceived as, and then bought as, fripperies.

As Adam Smith observed in the 1770s (when the average age of British society was around 25):

> *"With the greater part of rich people, the chief enjoyment of riches is in the display of riches."*

Even the car was first a frippery

Even 'serious' inventions like the car, were of limited economic use when first introduced.

In 1900, most Europeans' social circle and business life lay within walking distance, or a couple of train stops away, from their home.

They didn't need cars.

Except that was, for *impressing their neighbours, or their date.*

Show, style and fashion have been the drivers of European economic growth for two hundred years now.

If young, experimental, try-anything-once people are replaced by older consumers with a cautious mentality, the main driver of economic growth in Europe is gone.

These attempts to motivate Europe's older consumers are therefore not just an issue for advertising agencies.

Upon their success rests the future prosperity of us all.

Summary

1 The growing number of over 60s may be Europe's big political issue at the moment, but as far as marketing is concerned, it's the rapid decline in the number of young European adults that will cause the problems.

2 The number of young adults who come of age each year in Europe is already so low, that the business model that made consumer goods companies rich in the twentieth century is broken.

3 And the proportion of all adults who are young, experimental under 35s is already so low, that anyone marketing new ideas faces a much tougher job in Europe nowadays, than they did a few decades ago.

4 Things will get considerably worse in the future.

5 Merely increasing marketing targets up to 50, 60 and beyond is not a solution. By 35, most people know who they are, what they like and what they don't, and are settled in their buying habits. And that makes them much, much more difficult to market to.

6 Paradoxically, this is good news for branding. Faced with few disruptive young people coming in at one end, and ever increasing life expectancies of their ageing existing users at the other, brands will enjoy unprecedented levels of loyalty this century.

7 But it's bad news for anyone with innovative new ideas and products to market. Ageing means that Europe will become *increasingly resistant to change.*

8 This means that we need to develop new marketing strategies, aimed at better reaching what young people there are, and more forcefully breaking through the complacency of Europe's ageing populations.

9 Y&R are developing such tools, capitalising on the fact that some older people are hungry for new ideas - but they are driven by motivations significantly different to marketing's traditional under 35 target.

10 Specifically, it is no longer enough to promise excitement and new sensations when we present innovations. We need to connect them firmly with our older targets' values.

11 Getting this right is not just an issue for advertising agencies. Europe's economic growth over the past two centuries has relied on its consumers lapping up new ideas and technologies fast.

12 The world has never seen a society as old as 21st century Europe. *If ageing means Europe loses interest in things new this century, our pensions and our future prosperity are all at stake.*