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CHAPTER 4

# **An horizon of opportunities and commercial trends**

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## An horizon of opportunities and commercial trends



**D**epending on their life experience and preferences as consumers, baby boomers are less concerned with physical belongings as new experiences; they accept others as they come and have a good sense of humour; they are spontaneous, appreciate social relations and demonstrate a relatively high level of solidarity; their ideals are justice and fair play; they are creative and are attracted by new ideas.

In short, any business wanting to win baby boomers over as customers will need to come up with new and different formulas for capturing their attention; they avoid routine like the plague and can afford to spend money on value-added products and services (in the luxury market) or save as much as possible on day-to-day needs, with discount policies, to spend it all on “things and experiences they really like”.

Marketing managers are also turning their sights on resident non-nationals, who now account for 10% of the Spanish population. These new citizens have helped galvanise demand. They need essential goods, such as food and housing, and they do not want to be without cars and means of communication. When they arrive in a new country, they adapt their original consumption patterns to the realities of the host country, and it is therefore particularly important to introduce your brand to the group just when they are starting to define their new preferences.

If companies are to make the most of this opportunity, they need to develop products or services that match their interests, and it is therefore essential to understand this group properly. A simple initial analysis shows that it is a highly diverse group, with different and distant tastes and interests, depending on the person’s place of origin (Eastern Europe, Latin America, North Africa or Sub-Saharan Africa), life experience, level of education, age and capacity for adaptation.

## Notes

#### 4.1. New consumers

The FTF experts discussed companies’ capacity to adapt to the new situation, particularly with regard to baby boomers and immigrants. On the one hand, some members felt that business is not adopting the right strategies of adaptation, both in terms of business concept and internal management of human resources. At the same time, some found examples of best practice in leading companies, such as Nestlé, IBM, Nokia and Procter & Gamble.

##### 4.1.1. The commercial impact of the elderly

As we have seen throughout this publication, society is ageing fast and this is bringing important changes. As a result, the market needs to adapt to the trends imposed by the baby boomers, now approaching retirement (or in some cases already there).

What will happen to the generation that didn't trust anyone over 30 now that they are reaching retirement age? What will they invest their free time in? How will they spend the money from their pensions—or their earnings if they choose to keep working? Who will look after them when they start to be dependent? As they get separated, divorced and widowed, what will they do when they start hunting around again? How can we capitalise on the success of the sport of the masses?

These and many other questions need to be asked by new business entrepreneurs wanting to reach out to this segment and by veteran companies wanting to tap into what the experts are calling a whole new market of commercial opportunities.

The most important thing is to remember that the baby boomers are born rule-breakers. Their consumption patterns and lifestyles are guided by individuality rather than conformity; they have always done things differently, pioneering trends that would subsequently be consolidated by later generations. As a result, although they are getting old, they still demand products and services that will reaffirm this individuality.

The first and most essential step is to look at demographic surveys in order to trace the possibilities and market niches, which are still legion. An analysis of the market and the competition, followed up by marketing campaigns focusing on specific target audiences, is a considerable guarantee of success and profit.

During their lifetimes, baby boomers have had their own music, their own cinema, their own cars and their own lifestyle. Although all developed countries have witnessed this demographic take-off and the changes it has brought, the United States must be considered the paradigm of the "boomer movement", reflected to a greater or lesser extent in other countries. In both the US and in other countries, this has been a generation of great contradictions: despite the boom in the environmentalist movement, they led the way in buying more and more powerful cars; in the 1960s they rose up against a war on the other side of the world, but three decades later they defended another one (at least, in principle). It was they who managed to get the age for consuming alcohol lowered to 18; as they got older, though, it was they who insisted on raising it back up to 21.

They have seen the rise of modern cultural icons, such as affordable colour television, stereo, microwaves, cassette players, the compact disc, the cordless phone and the PC, among others.

Released from the financial burdens and fears their parents suffered in the Great Depression and the aftermath of the Second World War, baby boomers became the ideal generation for booming business and economy. Visa (1958) and Mastercard (1966), which revolutionised traditional forms of payment, first saw the light of day in the youth of the baby boomers.

And make no doubt about it. Senior boomers are skilful net surfers; they've used the technology at work and they've learned to use it for their own enjoy-

ment. They buy, read, correspond and do their paper work on-line. They buy plasma televisions with Dolby Surround and mobiles with all the latest gadgets. They have a good level of education and an increasingly high opinion of themselves. They spend their money on small luxuries and do not hesitate to experiment with all things new, be it canoeing, flying ultralights, holidaying in Cambodia, getting cosmetic surgery or getting remarried to someone they met on the Net.

Baby boomers have fought for their freedom at every level and have managed to make separation and divorce be seen not only as something that is not negative, but as a doorway to a host of new possibilities. The statistics corroborate the idea that marriage forever is an increasingly rare phenomenon, even among older people. The data<sup>26</sup> are interesting: in 2006, there were 25.15% more divorces and separations among people aged over 60 in Spain than in the previous year. From 2000 to 2006 break-ups have doubled in this age group.

According to Inés Alberdi, professor of sociology at the Complutense University in Madrid (UCM), "the reasons that lead people of that age to break up are the same or very similar to those of other ages. The 2005 amended Divorce Act has led to more divorces in general, since it is now less costly and less complicated. Another important factor is that over 25 years have now passed since the first act and divorce is now more widely accepted among these people and in their circles [...]. People are still getting married for life, but now when problems arise, the spouses are more likely to split up. One aspect that needs to be taken into account is that, with life expectancy increasing, people are willing and able to rebuild their lives".

In less than a decade, all baby boomers will be aged between 50 and 70. The size of this generation and their tendency to break the rules—a feature of the group throughout their lives—has generated a host of business opportunities since boomer children first discovered the hula-hoop, in the 1950s. Now is the time for business to prepare itself for changes in the needs of the senior boomers, who are going to become the largest and wealthiest generation in history, in developed countries at least. In little over five years' time, the baby boomers will make up 40% of the US population, accounting for a disproportionate part of the growth in consumption in a wide range of industries, from electronics and clothing to leisure services, property and health.

At different stages of their lives, baby boomers rewrote the rules on being a child, teenager and adult and now they're going to tear up the rules on ageing too, exchanging burden ageing for ageing well.

The baby boomers' combination of economic potential and openness to innovation offers huge opportunities for companies that are prepared to meet coming changes. For example, some baby boomers will want to keep working, but within more flexible structures; many of them will require help with their finances and their health; there will always be some who want to try new experiences

<sup>26</sup> Source: INE, taken from the newspaper *20 Minutos*, p. 12, 3 March 2008.

and tastes, at the best price; others will look for new ways of integrating into the community. Novel companies that know how to satisfy these needs can find major new sources of profit.

In any case, companies wanting to find a niche in the baby boomer market will have to struggle to overcome a powerful dichotomy: on the one hand, this group has enjoyed more opportunities than any other generation before; on the other, they are more aware of the future, making them anxious and frustrated.

Baby boomers will define the characteristics of the new seniors. To start with, retirement is being seen not as a release or a reward after long years of hard work, but as a change in patterns and priorities. Baby boomers who have taken on tasks of responsibility and form an indispensable part of their organisations prefer to continue working than withdraw altogether from the world of work; their working conditions must be flexible, however. This flexibility involves not only the workplace (office) and hours (flexitime), but also such areas as contribution, expertise and value.

Businesses will need to implement these changes. Although they form part of a generation with certain distinctive features, baby boomers, should not be viewed as uniform individuals in terms of tastes, experiences, priorities and needs. They have different motivations for extending their working life: for some, it is a matter of necessity in order to maintain high purchasing power; for others, it is a source of personal satisfaction and mental stimulation; others see it as a way of keeping up social relations.

According to a report published by McKinsey under the title "Serving aging baby boomers"<sup>27</sup>, most baby boomers are concerned about their finances and their health. However, they are sceptical about financial provisions and traditional healthcare. In the financial area, a large percentage of seniors feel that financial consultants are not objective in their recommendations or think that the products they offer are confusing and do not meet their needs. In the field of health, the report shows that less than 15% of American baby boomers trust healthcare organisations and a similar proportion follow or believe their doctor's advice. More than three quarters of the US boomer population take control of their own health, investigating symptoms on the Internet. Many follow or have followed alternative measures, such as chiropractics (46%), therapeutic massage (39%), homeopathic remedies (37%) and meditation (35%). There can be no doubt that baby boomers offer opportunities for businesses that offer advice to meet their needs and preferences, who know how to interpret their concerns.

This report helps to define three essential approaches for any business wishing to target this segment:

1. **Gift-wrapped retirement.** One way of overcoming the boomers' mistrust of financial and healthcare products is not to bombard them with standard products that fail to meet their needs. They should be offered personalised prod-

<sup>27</sup> David Court, Diana Farrell and John E. Forsyth: "Serving aging baby boomers", *The McKinsey Quarterly*, No. 4, 2007, pp. 102-113.

ucts and services, that are flexible and easy to understand. Baby boomers don't want to feel that companies see them as a dollar-shaped target; instead their perception should be just the opposite—that companies are more interested in the individual's benefit than their own.

2. **The welfare of the masses.** The appeal of alternative medicine among baby boomers offers business opportunities for companies that increase their range of healthcare products and services. Pharmaceutical giant Bayer, for example has created various product lines linked to vitamin supplements for sight, heart, head and joints to combating the deficiencies and ailments typical of this age group. Similarly, increasing numbers of companies have begun to recognise that, for baby boomers, health and welfare start with eating well. AgeLab markets a portable device that tells whether a given type of food complies with recommendations on daily food intake. Tropicana, the fruit juice distributor, has introduced a new orange juice with Omega-3, a substance which experts claim is beneficial for preventing coronary disease.
3. **Individualised health care.** As a result of boomers' mistrust in traditional healthcare companies, distributors of hospital and clinical machinery are now turning to small supermarkets. The idea is to market instruments that will allow people to perform simple medical checks at home on an individual basis, without needing a doctor. Novartis' for example, has popularised a blood pressure monitoring programme in the United States, using a small and highly intuitive monitor, with a programme to educate patients on keeping fit.

The perfect combination would combine low prices and quality service. And of course, the Internet offers a host of possibilities for the most creative initiatives. For example, according to the McKinsey report, one of the fastest growing segments among Skype videoconferencing users is precisely seniors, grandparents who want keep in touch with their grandchildren simply and economically. Financial companies could benefit from the Net and the level of customisation it allows, provided the services they offer are designed in accordance. The crux of the matter is not to make old people feel like old people: baby boomers are very sensitive about their age, and any products and services targeted at them should be very careful never to remind them of it.

Finally, another factor companies need to take into account is the concept of "community", which, though always important, will now be decisive, since many baby boomers are likely to suffer from loneliness after devoting an entire life to work and now seeing their marriages broken down and their children living elsewhere. For all of these reasons, it is reasonable to assume that senior baby boomers are going to be the loneliest generation of old people in history. They will therefore be looking for new ways of socialising. For example, there are already communities in existence that combine on-line and off-line forms of community, centring on a hobby or interest, such as cooking, DIY, tourism and politics; This is the case of Boomj.com and Eons.com, which are already enjoying great success.

In the tourist industry, the United States is again the benchmark, with companies such as Elderhostel, a chain of hostels for older people with all types of convenience to meet their needs at an affordable rate. BabyBoomerTrips.com, the first travel portal for baby boomers offers exclusive packages.

In terms of consumption patterns, the senior baby boomer generation is closer to the needs and concerns of teenagers from Generation Y and the Millennium Generation than their parents, the so-called silent generation, FTF experts believe. They explain that, while there are certain consumption patterns associated with age, the differences are getting steadily smaller. The experts outlined certain areas where baby boomers and their grandchildren are very close, such as the extension of social networking over the Internet, large amounts of free time and an income which, though not very high, is unencumbered by fixed expenses.

To conclude, baby boomers are going to be the most influential generation of old people in history, because of their size and their importance at all levels. We should not forget, however, that like all old people, they have to face financial, physical and social challenges. Companies that anticipate these needs will enjoy a competitive edge in coming years, provided they are aware that baby boomers are not old people, but seniors, with certain features, interests, priorities and concerns that are very different to those that characterised old people in previous generations.

### **Domestic service**

Baby boomers use or demand services that their parents could never have afforded. Domestic service, for example, is common among people from this generation, in a range of forms: from the home help who comes round twice a week to tidy up the bathroom and the kitchen to the live-in maid who takes charge of the children and elderly 24 hours a day. This is a service which baby boomers are not prepared to do without, and which is proving increasingly successful. This generation is appealing to business not because of its age, but because of its earnings.

### **Franchising love**

Baby boomers are not lovers of peace and quiet; instead they look for ways to get out of their routine, through travel, activities, learning, social relations, etc. As a generation they have been relatively untrammelled by the moral restraints of the silent generation, and their relationships, though still much more stable and long-lasting than those Generations X and Y, have in many cases ended in separation, divorce and to a lesser extent bereavement; nonetheless, unlike previous generations, baby boomers do not go into mourning (physical or moral) for the rest of their days, but instead look for ways of reinventing themselves.

In many cases, people who have been out of the courtship game for many years return to the field just as eager and just as confused as ever. These baby

boomers aged between 50 and 60 are looking for different things in a new companion and, surprisingly, they don't find the same thing on the street as they did 30 years ago. Times have changed for everyone. To meet this demand, dating and marriage agencies and social networking sites, such as Match and Meetic have sprung up.

In the US there is one outstanding example of success: The Right One, the largest dating service franchise in the country, with over 100,000 members and 100 offices. As its website<sup>28</sup> suggests, it is not so much that the company targets baby boomers as that baby boomers have targeted it. According to Paul A. Falzone, CEO and founder of The Right One, "most of our customers are baby boomers; it's them who are behind our constant growth and expansion".

The emergence of senior baby boomers has spawned multiple ideas for successful franchises like The Right One. Whereas the silent generation would have been scandalised by the idea of meeting someone through a dating service, baby boomers jump on the experience.

### Travelling as a necessity

For baby boomers, travel is not a luxury, but a need, and most of them have already tried a wide variety of destinations. However, they don't see travel in the same way as in the past, in terms of going somewhere, visiting a few picture postcard monuments and returning, but as an experience in itself: discovering new landscapes, smells and tastes, getting to know people and doing adventure activities. The destinations are becoming more and more exotic: Java, Machu Pichu, China and Vietnam are already common destinations within the reach of baby boomers' budgets.

Adventure holidays have gone from "seeing" to "experiencing" and define themselves as physical and emotional challenges, to which baby boomers are now relatively well-used. They provide an intellectual stimulus and a way of feeling young. As a result, baby boomers do not want to go on a package tour with others because, though many of them are aged between 50 and 60, they're terrified they'll end up with people over 70 (with whom they have little or nothing in common) on the same cruise or tour bus.

A wide variety of niche markets are opening up the tourist industry with products and services that adapt to the need for individualism and convenience that characterises this generation: for example, all tourism parallel sectors, such as suitcases, global medical services, the real estate industry (time sharing is an increasingly common option) and financing abroad, among others, are enjoying large-scale major demand.

One of the latest trends here is to link tourism with social work. Many baby boomers spent their teens and young adulthood vaunting ideals such as peace and love and have therefore developed a considerable sensitivity to inequality in

<sup>28</sup> Website:  
[http://www.therightone.com/  
index.htm](http://www.therightone.com/index.htm).

developing countries. Many are frustrated that they abandoned their ideals for a safe job, and now want to spend their retirement years—or at least their holidays—free from family obligations, fulfilling one of their great aims: helping out.

This formula of voluntary tourism comes in many different options: from collaborating on environmental conservation in the Amazon to building awareness among young mothers in Somalia. It is a way of feeling young, productive and in solidarity, and of discovering sensations and destinations that they could otherwise not know.

In the US, which is the pioneer in all types of businesses targeted at baby boomers, a travel agency<sup>29</sup> has been created that specialises in archaeological and historical volunteer work, offering travel to over two hundred destinations around the country where people can work on projects of this kind. Collaborating in digs, working alongside experts, witnessing scientific discoveries in the laboratory... participating in these projects is free of charge; however, travellers are expected to meet all their accommodation expenses.

### **Who will buy cars when there are no baby boomers left?**

The romance and passion that have always linked baby boomers and their cars ensured a long era of splendour and innovation for the motor industry. However, it is not clear how car companies will respond to the new priorities of younger generations. The US saw a boom in car sales in the 1960s, a phenomenon which has been mirrored in other countries, albeit more discreetly.

In 1964, when the Beatles were topping the hit parade with “Can’t Buy Me Love”, Ford brought out its Mustang, selling over 22,000 units the first day. In 1965, they sold over 400,000 and Chevrolet sold more than a million of its popular Impalas. Ten years later, Toyota overtook Volkswagen as the largest imported brand in the country. The zenith of the Japanese motor industry was not far off.

An individual’s status around the neighbourhood was determined by the type and make of car they drove. The same baby boomers who came of age in the 1960s, raising hell in their Mustangs (in Spain, it was the SEAT) are now counting their pensions. Even today, the automobile industry does not seem to have studied how it should address these changes, in other words how to adapt their cars to baby boomers in search of independence, while at the same time managing to position themselves among the priorities of Generation X and Y, as they did with the young baby boomers.

### **Collagen and retirement**

“All I want is to look as young as I feel”. This is the premise that drives the thinking of senior baby boomers. Many of them keep fit by doing exercise and the majority watch what they eat, but cosmetic surgery has now become part of

<sup>29</sup> Passport in Time Agency: [www.passportintime.com](http://www.passportintime.com).



everyday care for certain sectors of the generation. These services use to be seen as a luxury or were viewed as a frivolous indulgence in the losing battle against time. However, the use of these techniques is no longer as stigmatised as it was before and they have become more affordable too.

For boomers, cosmetic surgery is a way of making their faces and bodies reflect the way they feel, forever young, rather than their chronological age. Women have gone to cosmetic specialists for face-lifts, breast enhancements and liposuction, but in recent years the operations have moved to other parts of the body, with less aggressive and more long-lasting methods (with fewer side-effects). Men have stopped seeing the issue of appearance as being a women's issue and are now gradually beginning to submit to this type of anti-age operation. The most common operations among men are hair implants, reduction in the bags under the eyes, eyelid surgery and micro-dermoabrasion.

Cosmetic surgery and reparatory or reconstructive surgery all come under the umbrella of plastic surgery. In Spain, this speciality is known as "plastic, reparatory and cosmetic surgery". Cosmetic surgery is performed to improve the normal structures of the body to enhance the patient's appeal and self-esteem. Reconstructive and reparatory surgery is performed on abnormal structures, caused by congenital problems, problems of development or growth, injuries, infections, tumours or diseases. It is primarily performed to improve the damaged function, although it can also be carried out to improve physical appearance. This type of surgery is included in a series of benefits offered on Social Security.

The price of these cosmetic procedures varies, ranging from a few hundred euro for Botox treatment to several thousand for breast reconstruction. Changing one's image is now affordable and has become a fashion. Spain now tops the European charts for this type of operation, with 400,000 cosmetic operations a year, and it ranks fourth in absolute terms in the world. The industry is growing by 15% per year.

Botox is the absolute leader worldwide, and accounts for 13.94% of all procedures carried out in Spain. With the third highest number of botox implants in the EU, consultations about the treatment have risen by 50% in recent months in this country.

Of course, there are baby boomers who prefer to "grow old naturally" and for them there exists a wide range of creams, gels and complete anti-ageing treatments, which are more economic and more natural. Both the lovers of the rejuvenated look and those who want to look good, but look their age, offer a wide variety of business opportunities.

#### **4.1.2. Immigrants, a new world**

Following the economic stagnation suffered in Spain in the last decade, there has more recently been a strong renewal of the target group, with three million

new consumers in the last four years. Most relevantly, non-nationals account for 78% of population growth. Spain is the most multi-ethnic country in Europe, with 4.5 million immigrants. As this growth has been exponential so far, it is forecast to hit 8 million by 2025.

And in terms of evolution, the greatest number of immigrants come from Europe (43%), followed by 36% from the Americas, 16% from Africa and 5% from Asia. The typical immigrant is young (aged between 16 and 45), male (rather more than half are men), with an average educational level higher than the Spanish average and 67% of them are in employment.

Clearly, the range of origins creates cultural differences and diverse consumption patterns; nonetheless a number of common features can be traced. TNS Worldpanel has made a detailed study<sup>30</sup> of the purchase and consumption habits of the foreign population in Spain.

The report shows that 66% of the foreign population enjoy doing the shopping, as compared to 63% of the total population in Spain, and that 49% spend as little time as possible shopping, as compared to 52% of the total Spanish population. This means that immigrants are more inclined to do this task, in keeping with their somewhat more traditional values and the novelty they find in shopping in a different country.

Forty-six percent of foreigners said they liked trying new products, and were attracted by novelty items, as compared to 33% of the total surveyed. Non-nationals are also more impulsive in their purchases: 43% said they stuck to a shopping list, as compared to 49% of the total surveyed, which shows the important power of communication at the point of sale in attracting this group. This is confirmed by the fact that 10% said they often buy things only because they have seen them on the shop shelves (higher than the Spanish average of 8%). They are also influenced by other forms of advertising outside the shopping centers. 47% often buy food products because they have seen them advertised, as compared to 42% of the total.

The data show that the immigrant population is a galvanising force in mass consumption, which grew by 4.5% last year. Why "galvanising"? Because, despite accounting for only 10% of the total population, they represent a third of the growth in mass consumption markets in Spain. Without them, the growth rate would have been the same as elsewhere in Europe, where the figure is 3.3%. Two industries that have benefited from the migratory phenomenon are cheese and perfumes.

Immigrant households are less keen on fresh produce (different varieties of meat, fish, shellfish, fresh bread, etc.), which are very closely linked to the consumption patterns of each country of origin. On the contrary, they are more inclined to buy products such as dry food, beverages and all types of dairy products, as well as pre-prepared dishes. In order to understand better the make-up

<sup>30</sup> TNS *Inmigrantes: consumidores que suman*, TNS Worldpanel.

of their shopping basket, it is of prime importance to know the motivations behind their shopping. TNS Worldpanel has identified three:

1. **Health.** The quest for good health is more normally associated with a more senior segment of the population, a group which is under-represented among the immigrant population and as a result, the typical ingredients of the Mediterranean diet (the paradigm of a healthy diet) are to be found in smaller quantities in their shopping baskets.
2. **Pleasure.** They say they save more in order to be able to buy something special. Like other consumers, they say that like to treat themselves, which in terms of mass consumption means buying something sweet. Their consumption of cakes, whipped cream, nuts and filled biscuits is much higher than the Spanish average.
3. **Price.** Among the immigrant population, the price factor has more influence on purchasing decisions than the Spanish average. 24% of immigrant households considered price to be the most important factor when shopping for a product, as compared to 20% of the total Spanish population. This sensitivity to price helps own brands to position themselves strongly in their shopping baskets, representing 32.4% of the spending of foreign households and 29.5% of all households.

Non-national households fall behind the average in the importance they give to the shop itself. They value the presence of low-price products more highly than the organisation or care of the shop or the level of service they receive. The so-called "dynamic channels" (hypermarkets, supermarkets and discount stores) are their main source of supply, accounting for up to 73% of their spending, according to data from TNS Worldpanel. As might be expected, supermarkets take up most of this spending, but non-nationals are high users of hypermarkets (21%) and discount stores (12%); both figures are above the national average.

Among their favourite outlets are the "hard" discount stores Alcampo, DIA and Lidl, which are the market leaders in the geographical areas with the highest number of non-nationals.

Immigrants have become one of the main driving forces in the growth of the Spanish economy. They provide labour, consume products from the domestic market and create resident families. They are new consumers who have joined the domestic market and offer a host of opportunities to companies who know them well and know how to gear themselves towards them.

In May 2007 the communications group Omnicom held its second "trends meeting", which focused on immigrants as an emerging consumer group. The conclusions are revealing<sup>31</sup>:

<sup>31</sup> Website:  
<http://www.elperiodicomediterraneo.com/noticias/noticia.asp?pkid=296936>.

- Non-nationals are considered to be excellent payers and do not generate bad debts.

- Banks are targeting new products at immigrants, on the grounds of their positive experience with this group.
- It is also estimated that 12.9% of foreigners now own their homes, with the remainder renting. The proportion of owners among Latin American immigrants is considerably greater, at 14%.
- In terms of everyday technologies, 96% of immigrants have a mobile phone; 33% have a computer; and 20% have an Internet connection. Only 33% of Latin American immigrants have a car, as compared to 38% of Africans and 40% of those from other European countries.

Marketing firms are examining proximity strategies, keenly aware that success will require a respectful understanding of these new residents and their needs.

### Remittances

Immigrants from Latin America allocate nearly 20% of their earnings to the remittances they send back to their countries of origin. According to a study entitled *Últimos estudios de los hábitos de consumo de los inmigrantes en España (Latest studies of patterns of consumption among immigrants in Spain)*<sup>32</sup>, Latinos send the most money (around €260, compared to an average of €242), ahead of African immigrants and those from other European countries.

### 4.2. New business

The age at which companies traditionally tend to abandon consumers is around 35. There is a widespread belief that brand promiscuity is a passing phase and that after 35, there is a definite shift towards brand loyalty. However, this does not appear to be entirely true. The market for the under-35s is shrinking and producers can no longer afford to ignore older groups.

Furthermore, immigrants have always been relegated to second place despite comprising a tenth of the population. The first companies to learn how to ascertain the tastes and consumption patterns of this sector could achieve a major competitive edge over their competitors.

When it comes to analysing which areas will benefit most from the consolidation of the baby boomers and immigrants as new consumers, the experts forecast that the beauty and leisure industries will experience unparalleled growth, provided they know how to seek out the opportunities. Specifically, education, technology and food will be the big winners among the baby boomers, whereas among immigrants, the main ones will be the healthcare industry and education.

<sup>32</sup> Nielsen.

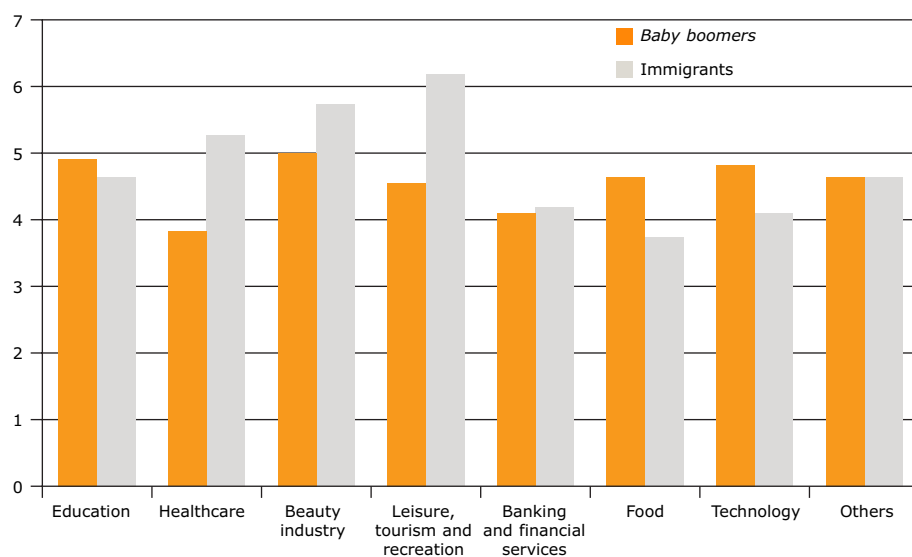


Illustration 24. Sectors benefiting from aging and immigration (on a scale of 1 to 10).  
Source: internal.

However, the experts did not agree as to whether there was a clear trend with regard to the industries likely to benefit most. Some suggested the healthcare industry for old people and the financial sector for immigrants, but others proposed leisure and tourism for the former group and education for the latter. What does seem clear is that if properly handled all products and services related to leisure, beauty and education could generate some interesting business opportunities.

#### 4.2.1. Adapted products and services

The FTF experts agree that all new businesses targeting baby boomers and immigrants must know their target audience, starting from the basis that both groups are very internally diverse. The experts were asked to analyse the parameters that will condition the choice of one product or service over another in the two groups. Their conclusions are shown in Illustration 25.

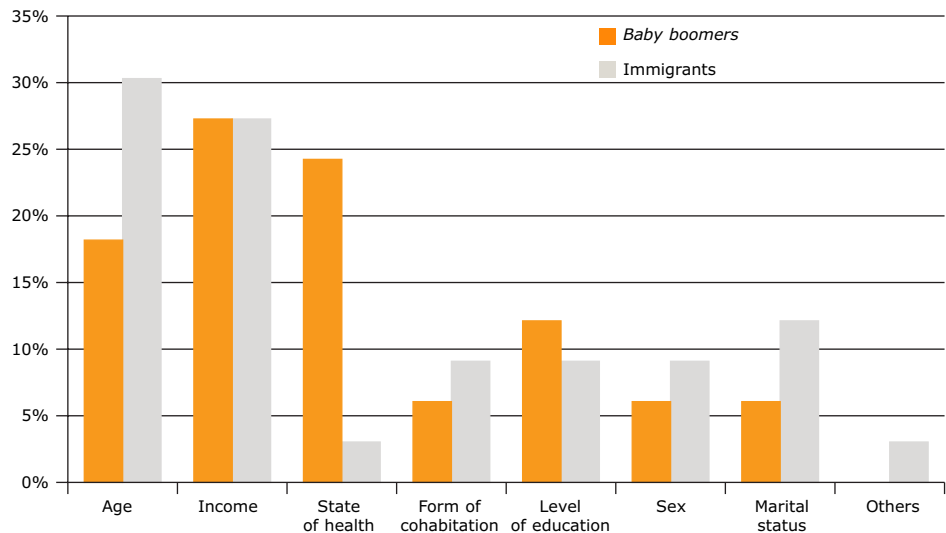


Illustration 25. Factors influencing choice of purchase among baby boomers and immigrants.  
Source: internal.

### Baby boomers buy like young people things that they enjoy like seniors

The baby boomer generation continues to form the foundation of economic, cultural and purchasing power, but they are still practically invisible to the large firms. Baby boomers are also the generation of change: they are not afraid of new experiences and new products. Indeed, they actively seek it out. They are constant and perspicacious buyers and appreciate products that are ethically sound and aesthetically attractive. They stress quality over novelty appeal. They are particularly open to "rational" sales, but also enjoy shopping with their emotions.

With painstaking analysis and taking these starting points into account, it is possible to conquer the baby boomers' pockets but how should one go about capturing them?<sup>33</sup>:

- **Tone.** They are looking for products and messages that are direct and sincere. They're not stupid and they don't want to be treated as such. Advertising must be articulated, refined and intelligent... but always brief and to the point. They want solutions, not lessons on living.
- **Brand architecture.** Baby boomers appreciate brands that are sincere, transparent, ethical, socially aware and honest in their internal and external processes. For them, the gain is a by-product, not an end in itself.
- **Brand strength.** The brand must be characterised by the same simplicity, refinement and singularity that should also accompany the message.

<sup>33</sup> Based on information taken from <http://inexmoda.org.co/actualidad/064.htm>.

- **Brand Legacy.** What is needed is not some gesture at a return to the denim-wearing rebels and errant dreamers of Woodstock; nor do they want references to “getting some satisfaction” or attempts to cash in on some false association with Bruce Springsteen. If the brand wasn’t there and wasn’t part of it they don’t want it trying to muscle in on the act. A dishonest legacy creates an empty brand, and empty brands seldom resist the winds of change.
- **Brands for heroes.** All baby boomers know that heroes have feet of clay. They are born opponents: they question and challenge. Their sympathy is with the underdog, not with the war veteran. There is a hidden desire to do good and to support those who do good in a global context.
- **Power brands.** Baby boomers like brands that inspire, educate, enlighten and promote or facilitate knowledge. They admire brands with creativity and innovation, the ones that surprise them by being simple, obvious and true.
- **Brand poetry.** Unlike Generation X, this is not a cynical generation. They combine pragmatism with spirituality. Consequently, brands must satisfy internal needs just as much as external ones and should not avoid using mysticism as a powerful selling tool.
- **Transgenerational brands.** Baby boomers connect with their children and grandchildren, so that they share brand knowledge with the lower tiers in the family. They move across different cultures and ages, in search of brands and products that reflect their own attitudes. They don’t tolerate brands that directly tell them their age. When addressing baby boomers, it is as well to think “young” rather than “old ” and think more about attitudes than physical states.
- **Consumer power.** Baby boomers tend to be well-informed consumers; in other words, they know exactly what they want and insist on those products satisfying their needs. This generation perfectly reflects the idea that well-informed consumers have a difficult relationship with brands.
- **Time famine.** To imagine that baby boomers are leading a high life with unlimited spare time would be a mistake. Even those who have retired suffer from the modern malaise of “time famine”.

Some industries are now rubbing their hands at the potential of the boomer market. Financial services companies are making great efforts to attract the senior market. Cosmetics firms too have turned their attention to them: the entire cosmetics industry has gone from brightly-coloured products for teenagers to anti-ageing solutions, because the people who represent the bulk of the market and the money want to halt the ageing process, not strut their stuff in the disco. In any case, the greatest bonanza is still to come in the areas of travel and entertainment.

Many industries will undoubtedly benefit from these changes and from the new consumption patterns. In practice, we can gain some good examples from com-

panies that have made the best of the business opportunities the baby boomers offer:

- **Cosmetics.** The growing enthusiasm among older consumers for products that help reduce the signs of ageing has been beneficial for innovative cosmetics companies such as **Avon**. Over recent years, this global company has looked at the concern over aging and has introduced a number of skincare products, such as the Anew line and Wrinkle Corrector, a cream that rejuvenates the skin with almost surgical precision. Avon has also launched Cellu-Sculpt Body Treatment, a product designed to help keep the skin firmer and softer and the body slender, and prevent the formation of cellulite. It is worth noting that Anew, Wrinkle Correct and Cellu-Sculpt Body Treatment are not classified as cosmetics, but rather as “cosmeceutics” (skincare and body care products that are much stronger than cosmetics, with ingredients that affect the biological functioning of the skin). As the percentage of older consumers continues to grow worldwide, an increase in this type of product on the market is also anticipated.
- **The motor industry.** When **Ford** discovered that drivers over 50 had a relatively high death rate, they decided to investigate and develop ways of improving safety, including accident-prevention systems, increased impact resistance and improved post-accident assistance. However, they faced a challenge: how could the engineers and designers know and experiment with the limitations of advanced age? To resolve the problem, Ford engineers created the “senior suit”, a cross between an astronaut’s suit and a bee-keepers outfit. Using it allowed engineers to simulate the mobility, strength and visual limitations some old people face. The suit added volume and restricted movement in key areas of the body, such as the knees, elbows, stomach and back. The gloves reduced the sense of feel and the lenses simulated cataracts, reducing visual capacity. The senior suit, developed in 1994, has been used in many Ford vehicles since and has been instrumental in improving design for elderly consumers, including greater ease in getting in and out of vehicles<sup>34</sup>.
- **The Home Depot** retail chain, which has nearly 1,880 outlets across the United States, has taken good note of the changes in baby boomers’ preferences. They have seen how many of them are extremely pressed for time, and how at that stage of their lives, they are willing to hire other people to take care of any improvements; for example, in the home. As a result, the company, which in its day was a champion of the “Do-It-Yourself” concept, has diversified to promote a service model based on the idea of “Have it Done”.
- In 2003, **Walt Disney** launched *Magical Gatherings*, targeted mainly at people over 50, which organised trips with friends, grandchildren and generation-fellows. Among other things, the company allows customers to use their website<sup>35</sup> for planning the trip and simplifying the process of drawing up a common itinerary. *Magical Gatherings* has proved to be very popular among

<sup>34</sup> Ford research benefits senior drivers, Automotive Engineering International, Tech Briefs, Jan 2001.

grandparents wanting to travel with their grandchildren, and the Disney theme parks are a very popular gathering point for multi-generational family visits. The magic of this offer is that it touches skilfully on the social and kinship networks of the consumer groups. Not only does it offer an attractive experience for them and their loved ones, it also creates a social landscape that includes all members of a group. The company offers a range of experiences that can be enjoyed together, ranging from tours, shows and entertainment options to restaurants and entertainment recommendations, without needing to separate or divide up into generations. Like Disney, services industries that identify opportunities related to the networks of older adult consumers will have the option of creating new offers and generating new income.

- Telecommunications. A very novel service for mobile phones has been launched in South Korea<sup>36</sup>: **LG Electronics** sells mobile phones with biosensors that can help people with diseases such as diabetes—which is more prevalent among the elderly. The phones are especially adapted to monitor blood sugar levels. Users prick their fingers to obtain a blood sample and apply it to a strip. They then insert it into their mobile, which reads off the information and sends it to the doctor or a family member. The devices sell new for nearly four hundred dollars. **Nokia** too has just launched a new conceptual design, a product/service with the functions of a personal assistant, targeted at older people. Among its functions, it can recommend how much of a particular food the person can eat, when they should go to the supermarket to stock up, manage drug dosing schedules, etc. Most of the functions are health-oriented: for example, monitoring medication, doctor's appointments and hygiene. Naturally, the device stores all the information, allowing for complete monitoring. The hardware and interface feature a fantastic design, very suitable for such a specific sales target group. Large icons, touch screen, voice recorder, etc. The creators say they wanted to offer a control system that anyone could understand, with very clear options.
- Property. Real estate visionaries, who monitor population trends closely, say that they are preparing for an increase in the demand for retirement homes or what some call "active adult communities", for over 55s. In Spain, the most significant development are the so-called "senior resorts". These are complexes inhabited exclusively by people over 55, who enjoy all the conveniences a holiday resort can offer: the latest in home automation, sports, cultural and commercial facilities, care and medical services, etc. Senior resorts are an innovative product designed for old people who want to enjoy life in an environment that is tailored to their needs. Judging by current trends, these complexes are set to spread fast: there are now 8 resorts on the Costa del Sol and the Costa Blanca (with 1,380 homes) and another 14 are planned by 2010, and are now at different phases of development.

<sup>35</sup> Website:  
<http://disneyworld.disney.go.com/>.

<sup>36</sup> "Soon, cell phones to monitor vital signs", *The Wall Street Journal*, 15 December, 2004.

The FTF members examined some of the conditioning factors baby boomers experience in establishing their consumption patterns, as compared to the previous generation, the "silent generation", which prized "burden ageing" over the "ageing well" of their children (see Illustration 26).

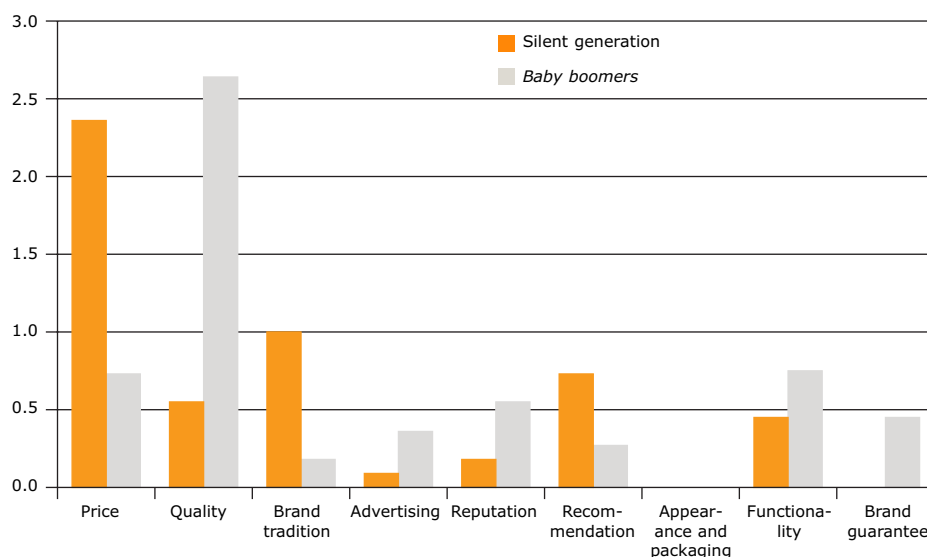


Illustration 26. Factors conditioning consumption habits of baby boomers and silent generation (on a scale of 1 to 10).  
Source: internal.

Global service and product companies that start assessing, adjusting and updating their offer now to better meet this growing and influential market of over 50s will have greater opportunities to extend their customer base and to gather in older people and better rewards. Those who ignore this mass demographic change and its global impact will be missing out on a really important opportunity.

### Brand migration

Immigrants have been revolutionising the market for several years. They now represent 20% of Vodafone’s new customers and also one out of every three newcomers at La Caixa. 30% of the Tecnocasa mortgages go to foreign residents, and 15% of Caja Madrid’s. The group accounts for 9% of sales of used cars and in some companies up to 50%, as in Fualsa, which has an important supply of second-hand vans, which are used for family purposes. The figures give just an idea of the consumer potential of the nearly 4.5 million immigrants living in Spain who, according to forecasts from the Instituto Nacional de Estadística, will reach 5.7 million (the 12.6%) by 2010.

Specialist reports and research in this area are still very limited. This is a very recent phenomenon, although two factors may help to explain it: the use of self-exploiting labour—family businesses predominate—and the response by these businesses to a demand among immigrants that is not merely economic. Formal and informal support networks facilitate access to funding and to the demand niche of what some writers call “ethnic enclaves”.

The most common idea is that this new customer niche is relatively untapped, as speaker after speaker insisted at the symposium on cultural marketing organised by the Instituto de Empresa in collaboration with A.C. Nielsen in March 2005. The base of the problem lies in the lack of knowledge of immigrants’ purchasing power. The fact is that 65% of immigrants are forced to make price their first priority when shopping, but they nonetheless also demand quality in products. The experts argue that businesses are afraid of committing themselves to this segment and launching campaigns targeted at them because of the possible negative effects they might have on other customers, due to the social rejection of immigration in some sectors. Most local businesspeople do not consider that this group has sufficient purchasing power yet to buy certain products. To reach the other 35% who might be interested in other issues apart from price, it is necessary to analyse their short medium and long-term needs.

The FTF members looked at the factors that condition the consumption patterns of this group, concluding that price is the keystone when purchasing goods and services.

This enormous surge in new consumers has given wings to old and new businesses alike. Sometimes it is neither the product nor the service that changes, but its presentation: “Latino friend, do you need a car?” reads an ad in a car dealer’s window—even though it is not actually backed any particular offer!

Several companies have adapted skilfully to this trend:

#### Telecommunications

The first thing an immigrant does on arriving in Spain is to buy a mobile, often at the airport itself. On average, immigrants spend 40% more on pre-paid mobile phone services and 14% more if they have a contract, according to figures from **Vodafone**. Immigrants now account for over 10% of the company’s customer portfolio and over 500,000 users are signed up to its My Country service.

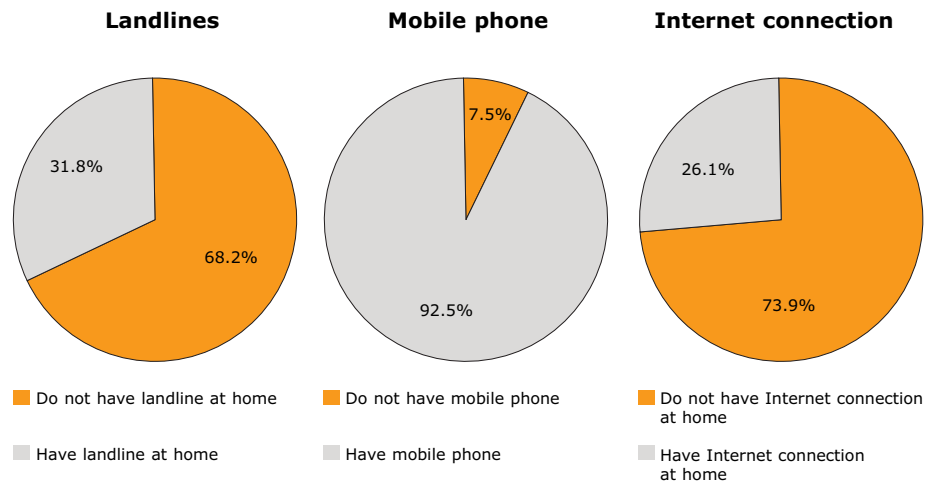


Illustration 27. Penetration of telephony in Spain.  
 Source: Asociación para el Conocimiento de la Población Inmigrante,  
*Estudio de Medios para Inmigrantes. Resumen General EMI 2007.*

### Estate agencies

Some companies, like **Tecnocasa**, have found it very easy to adapt, located as they are in low and medium-income districts, offering a competitive, near-at-hand service.

In 2007 17.39% of home buyers in Spain were immigrants, 2% more than four years ago; demand among Spaniards fell by 2% in the same period<sup>37</sup>. The property group highlighted the fact that immigrants have not yet been affected by the slow-down in the industry and are playing an increasingly important part in property sales.

<sup>37</sup> According to a study by Expofincas.

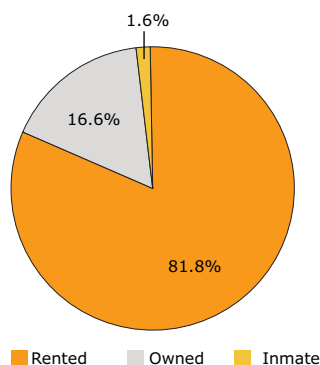


Illustration 28. Property of Residence (2007).  
Source: Asociación para el Conocimiento de la Población Inmigrante, *Estudio de Medios para Inmigrantes. Resumen General EMI 2007.*

### Insurance

The insurance firm **AXA Winterthur** plans to increase its market share among new residents in Spain, a strategic segment for the group, since it accounts for 5% of all its private customers. The company is planning a major sales offensive, based on two major lines: on the one hand, a broad and well-differentiated product range and on the other, the introduction of new specialist offices in cities with the most immigrants (who now number 4.5 million, or 10% of the Spanish population). The new supply of products designed by AXA Winterthur for immigrants comprises four products: motor, life, accident and assistance.

### Banking sector

Banks first began to show an interest in immigrants via the remittance business, which at current present rates will come to €6.3 billion this year. Only 20% of remittances are currently sent through banks.

Financial institutions have begun to hire immigrants and to offer them "multi-language" telephone attention to win them over. Repatriation insurance is one example.

In this way, financial capital and the top companies in the property, phone, insurance and mass consumption industries are demonstrating, with their own speculative and business interest, that the phenomenon of immigration is here to stay, and that they are trying to integrate it into their areas of business, in their own way. The reality is indisputable and the banks are sharpening their hooks ahead of the new prize.

### Shopping centres

Basically, immigrants tend to adapt to Spanish customs eating habits<sup>38</sup>, while at the same time preserving, as far as possible, their traditional food; although immigrants like local dishes, they find them somewhat insipid compared to the cuisine of their own countries. As a result, the major food chains are now beginning to market products imported from Latin America.

One example of success is **Carrefour**, which in 2006 launched a website<sup>39</sup> targeting this group with traditional services and products from their own countries. They also ran an Internet campaign with different formats of banner inserted on the sites most often frequented by immigrants. These were backed by commercials on the most popular radio stations among these groups. Do these differentiated campaigns pose any danger? The exploitation of ethnic consumer markets, as has happened with the Hispanics in United States, is leading to the construction of restricted and delimited identities, which also exploit their exoticism, in a somewhat caricatured format, on domestic markets.

### Mass consumption

The Valencian wine manufacturer **Torre Oria** is looking to adapt their supply to new consumers and has launched a new wine targeted at immigrants from Romania, the most numerous group in the province of Castellón. The plan is to market it throughout Spain during the year. One of the keys to its penetration on this market is its "excellent value". The wine, Tara Mea (which means "My Earth" in Romanian) has been prepared with collaboration from a Romanian oenologist, "who knows first-hand the tastes and trends of these new consumers".

Another positive experience came in September 2007 with the First Hispanic-Moroccan Meat Fair. The symposia brought Spanish meat companies offering products slaughtered in accordance with the *halal* rite<sup>40</sup> into contact with Moroccan companies to develop commercial ties and ensure food safety.

Also pursuing the Moslem population, the **Central Lechera Asturiana** dairy was awarded Halal Guarantee Certification from the Halal Institute for its full-fat, semi-skimmed and skimmed milk products. The products, which will carry the Halal Guarantee label issued by the Islamic Council and will be sold under the trade name *Halal de Al Andalus*, will be distributed in malls, targeting both Moslem consumers and non-Moslems who for one reason or another want to buy *halal* products. Central Lechera Asturiana is the first company in the dairy industry to gain certification for this type of product, marking a major advance in satisfying the demands of the *halal* market which more and more is demanding safe guaranteed products.

The importance of immigrants as consumers of products is beginning to be such that organisations like the Federation of Consumer Associations and Users of Andalusia (FACUA) are developing training and information campaigns under the ti-

<sup>38</sup> According to a study entitled *Eating habits among immigrants in Spain 2007*, conducted by the Ministry of Agriculture, Fishing and Food (MAPA) in collaboration with Nielsen, which surveyed the main immigrant groups from Central and South America, Africa, Asia and Eastern Europe and analysed their eating and shopping habits.

<sup>39</sup> Website:  
<http://www.carrefour.es/comoencasa/>.

<sup>40</sup> Suitable for Moslem consumption.



tle *Immigrants and their rights as consumers*, in which they distribute a state-of-the-art guide in Spanish, English and French to advise immigrants of their rights and prevent some of the abuse they might suffer due to their lack of knowledge of the language, the products and their rights.

**Coca-Cola** is launching new products intended to “seduce” new consumers in Spain. The company is already marketing them in the countries of origin of its target audience but now wants to do the same in Spain, taking Madrid and Barcelona as pilot cities. These products include Inka Cola, a well-known drink in Latin American countries, and Sunfill (a flavoured orange juice), drunk in Morocco and in some other African countries.

### Tourism

Passenger air traffic between Spain and Latin America grew suddenly by a 25% in 2004. The reason was that many immigrants had not returned to their countries for fear of not being allowed back into Spain, a problem which was resolved for some with the regularisation process. The low-cost airline **EasyJet** has chosen the city of Tangier for its third route between Spain and Morocco (after Marrakech and Casablanca); **Ryanair** recently launched a connection between Girona and Fez (Morocco) and **Iberia** decided to double its direct flights between Madrid and Bucharest (Romania) from the beginning of the 2007-2008 winter season and is offering special prices on its routes to Poland.

### Cosmetics and Personal Hygiene

The cosmetics industry is well aware that there is a great difference between the hair of ethnic groups such as Caucasians and Asians and that of others, such as Africans. It is the latter population segment that is demanding most solutions from an industry whose products are based to a scandalously large degree on the “white standard”. Launching a new made-to-measure cosmetic product for hair or skin means investing first in research and development and then in innovation. This is especially important in view of the fact that the experts estimate that in twenty years time, half of the world’s population will be multi-ethnic. Chicago recently witnessed one of the first steps in this direction. At the Ethnic Skin and Hair Congress organised by the French multinational L’Oreal, American and European scientists showed the results of their research—still a long way from being definitive, given the small numbers of people studied. In the United States, Amy S. Paller, president of the Department of Dermatology at the School of Medicine of the Northwestern University in Chicago has just opened an Ethnic Skin Centre; similar centres have followed in Detroit and Miami. Dermatologists say that a knowledge of dark skin means knowing how the skin of a Pakistani, Brazilian or Senegalese patient functions and reacts to certain types of laser and how it is affected by anti-acne and anti-ageing creams.

**The franchise as a business opportunity.** As immigrants settle in this country, increasing numbers are becoming employers or self-employed, demonstrat-

ing a marked entrepreneurial spirit. More than 1.75 million foreign workers are now registered in the Social Security and of these, 240,000 are listed as self-employed, especially in the catering and retail industries.

By nationality, Chinese and Pakistani immigrants are currently the largest business creators. Businesses run by foreigners have helped commercially revive urban areas such as Lavapiés in Madrid, El Raval in Barcelona and Russafa in Valencia.

As for the type of company they set up, there is an emphasis on ethnically-orientated businesses—providing the immigrant community with products from their own culture that are not available in Spain; and circuit companies, which help immigrants stay in contact with their countries of origin. Another common option is to exploit ethnic exoticism to attract the broader public to their products and, on occasions, their culture, establishing a relationship that favours integration of the group and its business initiative on the market. One example is the travel agency Dominicana Tours, which organises holidays in the Dominican Republic.

The Ecuadorian community, one of the most numerous in Spain, already enjoys direct support from a bank from their own country on Spanish soil. The country's second largest bank, Banco de Guayaquil, has set up a branch office in Madrid precisely to provide incentives for Ecuadorians to create businesses and collaborate in developing trade between the two countries.

According to the Spanish National Federation of Self-Employed Workers, small business has lost 46% of its market share to the large malls. Immigrants' shops are condemned by local shopkeepers as being an essential cause of the decline in the industry, but in fact they help galvanise small business in this country at a time of difficulty.

#### **4.2.2. Design, labelling and delivery**

Although it is difficult to determine the preferences of people aged over 50, specific patterns of change can be traced among ageing consumers in a number of areas. A report by Deloitte Research<sup>41</sup> offers a framework of reference for looking at the changes faced by 50+ consumers in the biological, psychological, economic and social area. Understanding these changes can provide information that will help in designing products and making well-informed decisions. Despite the fact that the level of change may vary for consumers aged over 50, 60, 70 and 80, the essential framework can be used to create scenarios and find focused responses for any consumer over 50. Some best practises are listed below:

- Household items. Most seniors remain agile well past 70; however, they gradually begin to lose essential skills: they appear to have less strength or agility to open jars of food and bottles, and greater difficulty in gripping garden

<sup>41</sup> Cabrini Pak and Ajit Pambil: *Riqueza con sabiduría: atendiendo las necesidades de los consumidores de 50 años en adelante*, a study by Deloitte Research.

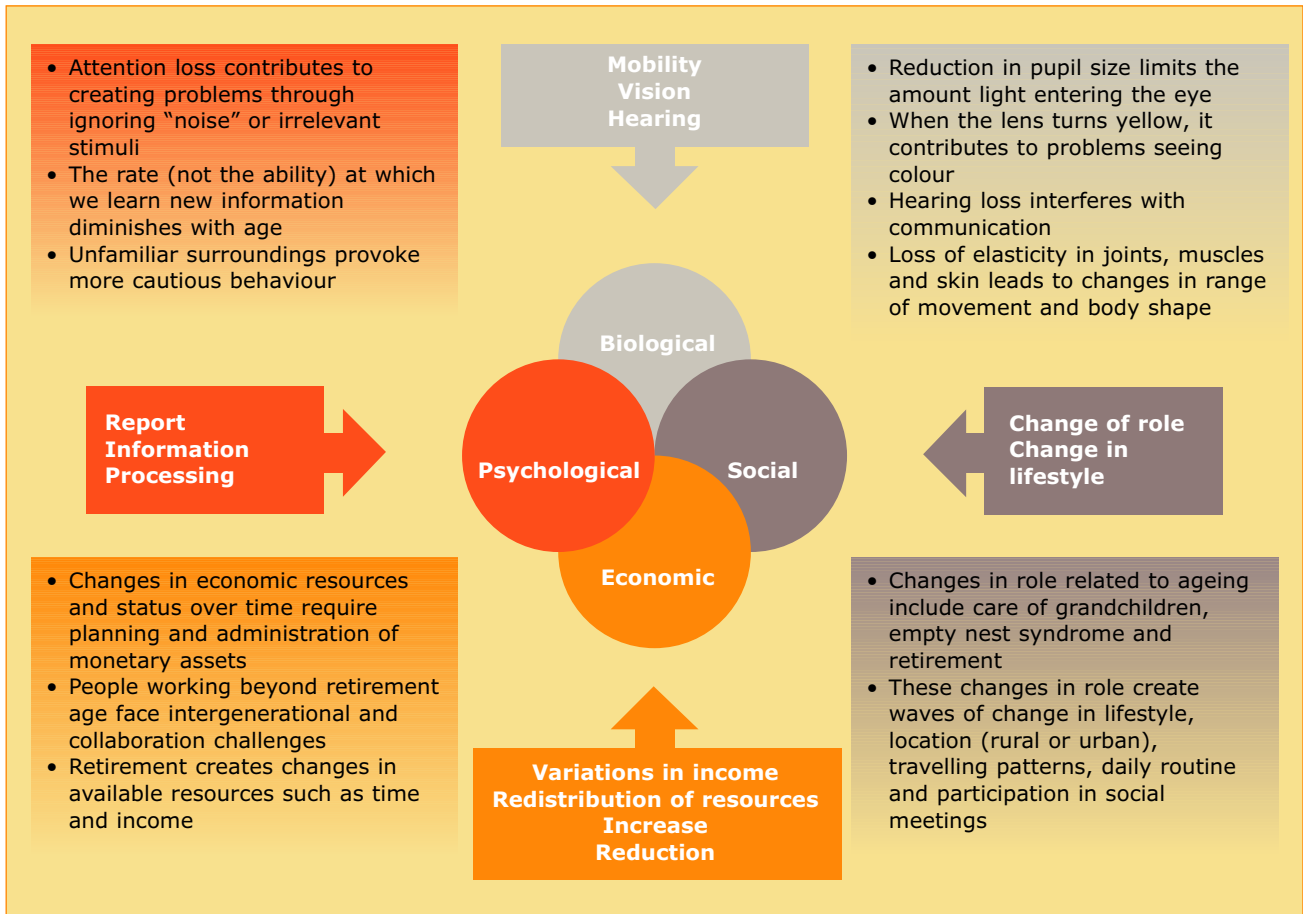


Illustration 29. The ageing process can transform consumers.  
Source: Deloitte Research.

secateurs or loading and unloading the washing machine. Some shrewd manufacturers of domestic appliances and tools are carefully adjusting their designs to suit older consumers. And along the way, they are realising that the products redesigned for this demographic group can build cross-generation loyalty among people who appreciate intelligent design. One of the first companies to get involved in this area was Oxo International, manufacturer of the Good Grips line of kitchen utensils. Sam Farber, a retired executive, came up with the original collection of easy-to-grip utensils for his wife who suffered from arthritis in her hands. Farber's aim, back in the 1990s, was to develop an attractive line of kitchen utensils in collaboration with Smart Design in New York, which would combine style with ease of gripping, twisting, pushing and tightening. The first designs were based on sessions with older consumers, chefs and people with movement difficulties. Today, Oxo produces over

350 products with rubber grips to prevent slipping and elliptical handles to ensure safe handling. They now have a broad customer base and have won many prizes for their designs, which are included in the design collection at the Museum of Modern Art in New York.

- Domestic appliances. There are other domestic products that have been re-designed to better suit elderly people and people with reduced mobility, which have also attracted a broader customer base. These include Whirlpool Corp. Snapware, the leader in domestic appliances, which specifically designed its Duet front-loading washer-drier with a high base to reduce the back pain and fatigue caused by stooping and stretching to load or unload clothes. These companies propose what is known as a “universal design”; in other words they design products with a more modern and stylised appearance that appeals to a wider range of customers, even though they specifically address issues related to the physical limitations of elderly customers.
- Telecommunications. The American company Samsung, through its registered brand Great Call, Inc. Samsung<sup>42</sup>, has developed a new model of telephone, called the Jitterbug, especially for baby boomers. The aim has been to simplify the technology and make it more accessible to everyone. The brand’s products and services are based on three premises: simplicity, customisation and ease of use. What’s new about the Jitterbug as compared to other mobile phones is that it is more ergonomic (larger and easier to hold), easier to use (it has very few, larger, numbers-only, back-lit buttons, and the sound is louder and clearer), and extremely user-friendly (the text on the screen is larger). One of the revolutionary features is that users have round-the-clock access to a Jitterbug operator, who can make calls for them, add or edit numbers and names in the directory and assist with other tasks.

For their part, immigrants always love bright colours and family sizes. They like articles that offer large quantities at a good price, especially amongst mass consumption items (food and hygiene). When it comes to mobiles and textiles, they go for the latest models and don’t skimp on this type of article: they wear the latest trainers, watch plasma television and have the most sophisticated mobiles. They are also receptive to sales strategies in retail outlets, with promoters who speak their language and understand their priorities. Mainly of Latin American origin, they enjoy their leisure time and tend to prefer their own venues and shows. They are perfectly capable of making do with one meal a day so that they can pay for a VIP ticket to a night-time show. These new Spaniards come in a range of profiles based on different parameters, such as employment stability, degree of integration and age.

#### **4.2.3. Advertising and marketing**

Fully aware of all these factors, advertisers are targeting these groups with exclusive campaigns and agencies are beginning to specialise in what has become known as “ethnic marketing”.

<sup>42</sup> Registered trademark of Samsung Electronics America, Inc.

Larger advertisers are creating specific divisions for these consumers and do not hesitate to dedicate parallel advertising to them in their major campaigns. Agencies are also springing up that specialise exclusively in this business.

One clear example is Coca-Cola, which, as the retailer in Spain of the Fioravanti and Sunfill sodas, targeted at Ecuadorians and Moroccans, runs the **Minority** agency, which specialises in advertising for immigrants. José Santa María, communications director at the agency, explains that the campaigns have to combine the creative message and the medium. "You have to create a message that touches the particular situation of these groups, their culture and their language, but in particular, you have to use specific communication channels that will make it possible to reach them directly. And that is where people are failing", he says.

Some of the best channels include the free press, weekly and monthly publications targeted at immigrants and certain immigrant-focused radio stations. Nonetheless, their advertising is also to be found on the streets, on hoardings and in cultural and musical events listings.

Another of these agencies is **Ethnical Consultores**, which works exclusively on this business, with slogans that are as simple as they are effective: "Do you want the new Spaniards as your customers?". In the "ethnic caravan" (a promotional concept developed by Ethnical which uses street marketing) the products are offered directly by ethnic promoters to their compatriots at the points of sale. This method has yielded good results, since immigrants identify more with the product and trust the brand more.

For its part, CBS Outdoor<sup>43</sup> has announced the launch of a series of outdoor advertising sites targeted specifically at the immigrant population, with which it hopes to reach the new consumers more directly and effectively. To achieve this, the company has analysed the lifestyle of the immigrant community and the geographical areas where they mostly settle, and has selected 300 advertising sites in the areas of Spain where 69% of their target audience are concentrated: Madrid, Community of Valencia, Murcia, Catalonia and Andalusia.

As for the seniors, being a boomer does not make an individual part of a specific group. The baby boom generation is no more than a label dreamt up by demographers. Media outlets have realised this and are already designing programmes targeting seniors who travel, seniors who enjoy the good life, seniors who eat out, seniors who like art and seniors who have grandchildren, rather than concentrating merely on their age. Baby boomers need to be segmented up in just the same way as any other group.

The Second Vocento "Advertising Scan" Meeting, held in October 2007, attracted leading Spanish and international experts from the industry. They included the American advertising guru, Matt Thornhill, founder and president of Boomer Project<sup>44</sup>. Thornhill has rediscovered a target audience which controls 70% of economic power in the United States. In his book *Boomer Consumer*, Thornhill

<sup>43</sup> A division of the multimedia group CBS Corporation.

<sup>44</sup> Website: [www.boomerproject.com](http://www.boomerproject.com).



argues in favour of a new form of advertising for consumers aged between 50 and 75. His theories are breaking down all the preconceptions on consumerism in this commercial target group. In the US, there are more baby boomers than members of any other generation, with a high volume of income available to spend on goods and services.

Not only are the consumer target groups changing, the most forward-thinking businesses are also modifying their sales and marketing techniques. The Pareto principle has given way to the discount system, previously restricted to hypermarkets like DIA and Lidl, but now spreading to all industries. In addition, luxury brands are consolidating their position on the market by offering products and services at high prices, which are justified by the experience involved in buying them.

**The Pareto principle**, also known as the 80-20 rule, is named after Vilfredo Pareto (1848-1923), who first formulated it. Pareto noticed that people in his society were naturally divided between the "few of much" and the "many of few", forming two groups in proportions of 80:20. The minority group, formed by 20% of the population, held 80% of something while the majority group (the remaining 80% of the population) held 20% of something. One of the best-known applications of the principle is in the analysis of commercial sales. In nearly all companies where sales are analysed by the number of customers, 80% of sales are seen to come from 20% of customers. Using this information it is possible to identify which customers are of strategic importance and which are not. The Pareto principle also tends to hold good in the product range: 80% of sales come from 20% of the product catalogue. In general, the Pareto principle makes it possible to optimise the results obtained and facilitates strategic decision-making working with real data. Clearly, there are exceptions to the rule and we might find that a residual product is the one that ensures the loyalty of an important customer; more analyses are therefore needed if the right decisions are to be made.

The experts confirmed the trend among businesses to seek not large profits from a few, but small profits from many. On this basis, the 80:80 business model is considered to guarantee future success.

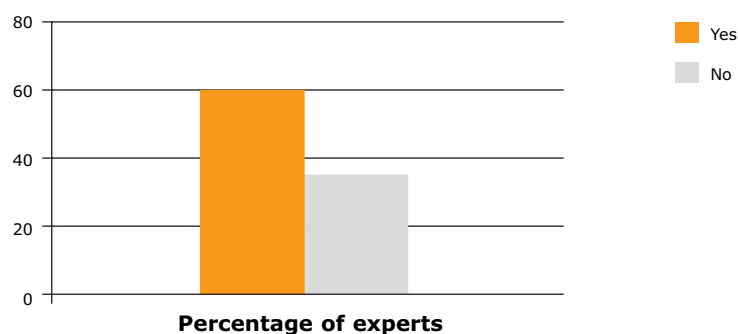


Illustration 30. Percentage of experts who consider that the 80:80 model will work in the future.  
Source: internal.

Most marketing professionals and their agencies use age as a filter to decide whether they consider a target group to be "still alive". However, the key is that someone cannot be pigeonholed merely by their age; rather it is necessary to understand their lifestyle in order to design the campaign: parent, grandparent, unmarried, etc. Someone aged 53 years should have children at university and be thinking of retiring, but this is not always the case.

A common mistake among marketing experts is to assume that the over 50s do not respond to the most avant-garde advertising. Most of the baby boomers have been in the advertisers' spotlight since they were five: cereal manufacturers began selling them Corn Flakes and they had no qualms accepting the hula-hoop. They're not so different to a younger audience: just like them, they look to advertising for education, information and to keep abreast of changes.

Similarly, businesses are allying with technology to reduce advertising and distribution costs. Despite the fact that few companies have yet found the right formulas for reaching consumers in the digital age, increasing numbers are jumping on the bandwagon. The experts analysed which resources were most effective for companies wanting to reach the new consumer groups (see Illustration 31).

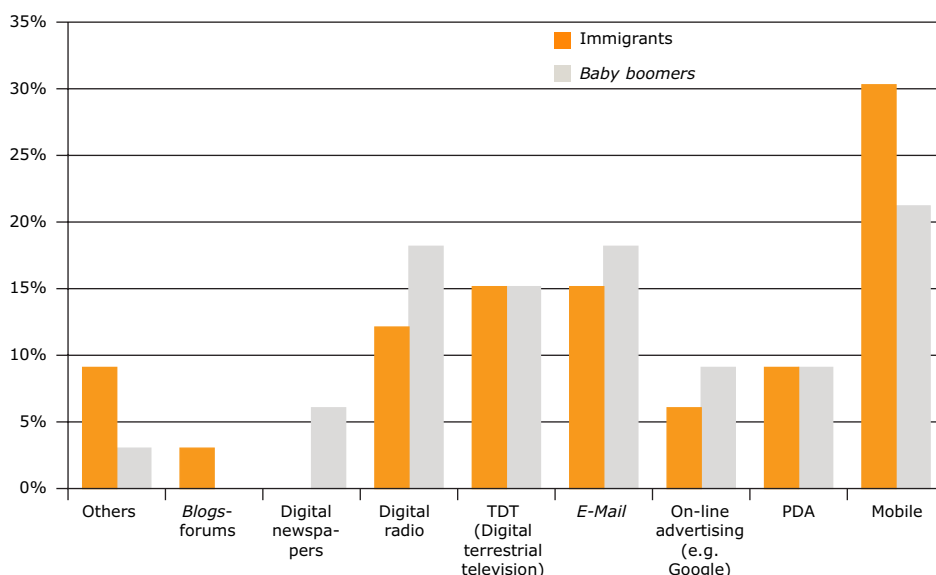


Illustration 31. Communication channels that will create greater ties between companies and new consumers.  
Source: internal.

### 4.3. Media, new scenarios

The media has always been said to be the fourth estate in society; it is an estate that contains many different voices, protagonists, tones, subjects and approaches... The media generates opinion on society and build movements for or against certain characters, political stances, economic decisions and social attitudes.

In Spain, the results of the *Estudio General de Medios (General Study of the Media)*<sup>45</sup> show the continued hegemony of television, followed closely by radio, outdoor advertising and magazines with daily newspapers trailing the usual distance behind. No form of media, with the exception of the Internet, has seen any great difference in its rate of penetration; in the case of the Internet, penetration has gone from 5.6% in 2000 to 26.2% in 2007.

<sup>45</sup> November 2007.

Trend (penetration, in percentage)

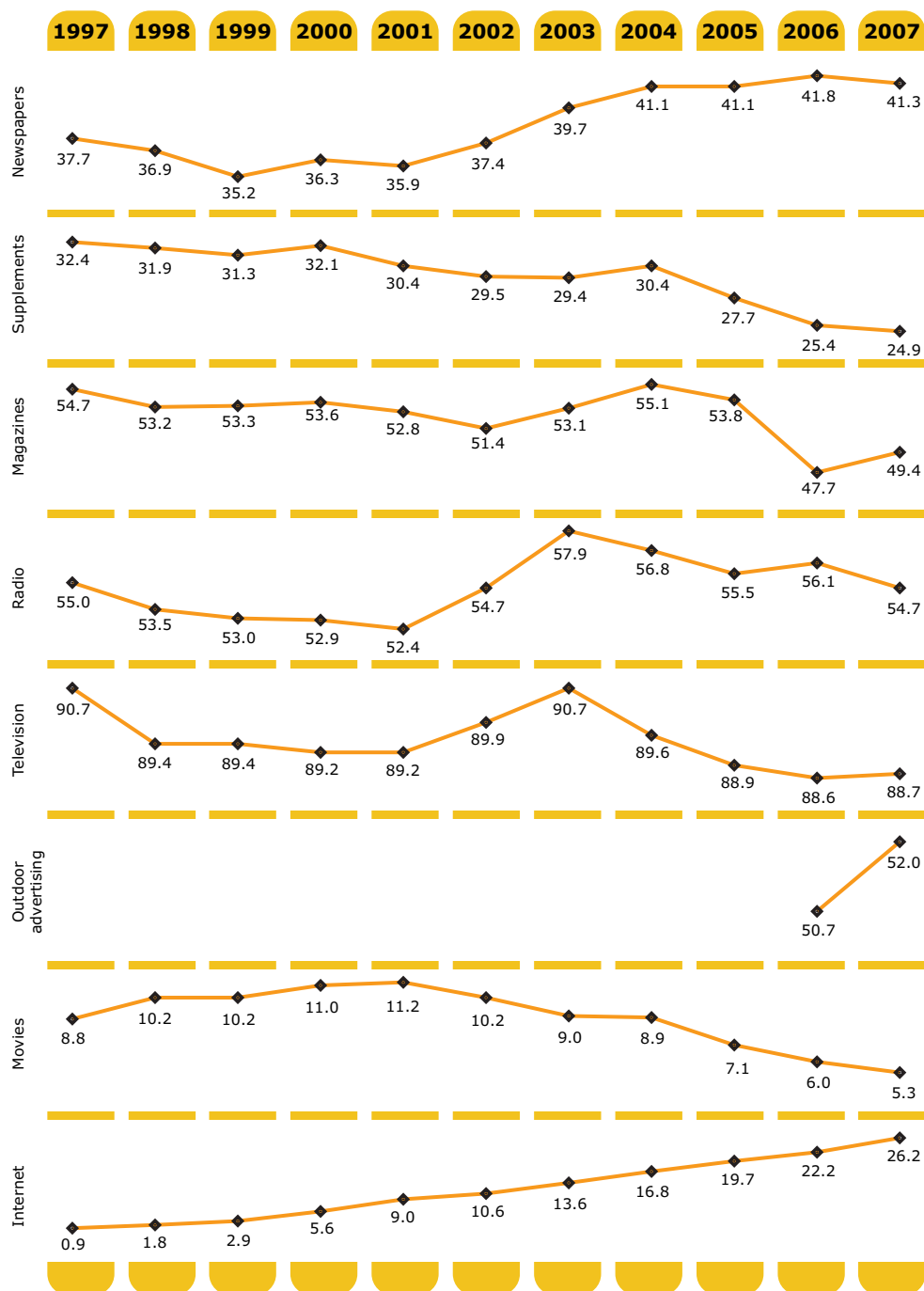


Illustration 32. Trends in general media audience.  
Source: EGM.

As for the audience profile, we can clearly see that the medium with the greatest penetration among people over 55 is television (this segment makes up 33.4% of the total audience), followed by supplements (28.1%) and the radio (26.3%). Newspapers and magazines are relegated to fourth (26.3%) and fifth place (21%) respectively. The Internet remains marginal with a 7.2% penetration rate in this sector, but in view of its growth in recent years it is predicted that it will gradually become more prevalent.

The baby boomers are the first truly media-savvy generation of seniors; although they were already adults when they discovered television, they have lived with it for the rest of their lives. According to a study by the CIS<sup>46</sup>, over-65s watch more television than the Spanish average (86% say they watch every day). Television is therefore the ideal channel of communication for this segment, although they assimilate better the messages transmitted by other media, such as the radio and the press.

The press is not as commonly used by old people, but it continues to be the most reliable of all. According to the CIS study, the habit of reading the newspaper begins to fall off from age 45 and only 22% of over-65s still read a paper every day. The most logical explanation is that they have physical problems, such as loss of sight, which prevent them from enjoying reading, and it might therefore be interesting to look into the viability of a newspaper in a more readable format as a business opportunity.

Spain already offers some best practices amongst the specialist media. *Senda* is a magazine especially designed for active elderly people. For over six years it has been reporting on an area that has been largely ignored by the media. The Senda Group's aim was to bring out a monthly magazine that would rigorously and specifically cover the information needs of elderly people. The magazine promotes active and healthy living, encouraging a positive image of aging in society. The publication reviews a wide variety of topical issues, including culture, leisure, travel, health, politics and business, among others. It also has a high-quality website<sup>47</sup>, offering updated contents that tie in closely with the interests of people over 55 living in Spain.

The magazine *Vivir con júbilo*, from the Planeta Group, is the most widely-read specialist publication among old people, according to official figures from the Oficina de Justificación de la Publicación (OJD). With a national monthly distribution of 75,000, the magazine is now also the favourite among advertisers, making it the senior publication with the greatest advertising penetration, well ahead of any other in its area. *Vivir con júbilo* is a general information publication especially oriented towards older people and it also has a very functional website<sup>48</sup>.

Some very interesting sites can be found on the Internet<sup>49</sup> which act as a model in the industry both in Spain and abroad. Many baby boomers too are skilled net surfers; participating in forums, writing blogs and joining social networks. For

<sup>46</sup> Centro de Investigaciones Sociológicas: *Estudio 2.396*, July 2000.

<sup>47</sup> Website: [www.sendasenior.com](http://www.sendasenior.com).

<sup>48</sup> Website: [www.jubilo.es](http://www.jubilo.es).

<sup>49</sup> See [www.infosenior.es](http://www.infosenior.es) and [www.losmayores.com](http://www.losmayores.com) in Spain. In America, the pages are aesthetically more attractive, e.g. <http://boomerthemagazine.com/> and <http://www.babyboomer-magazine.com/>.

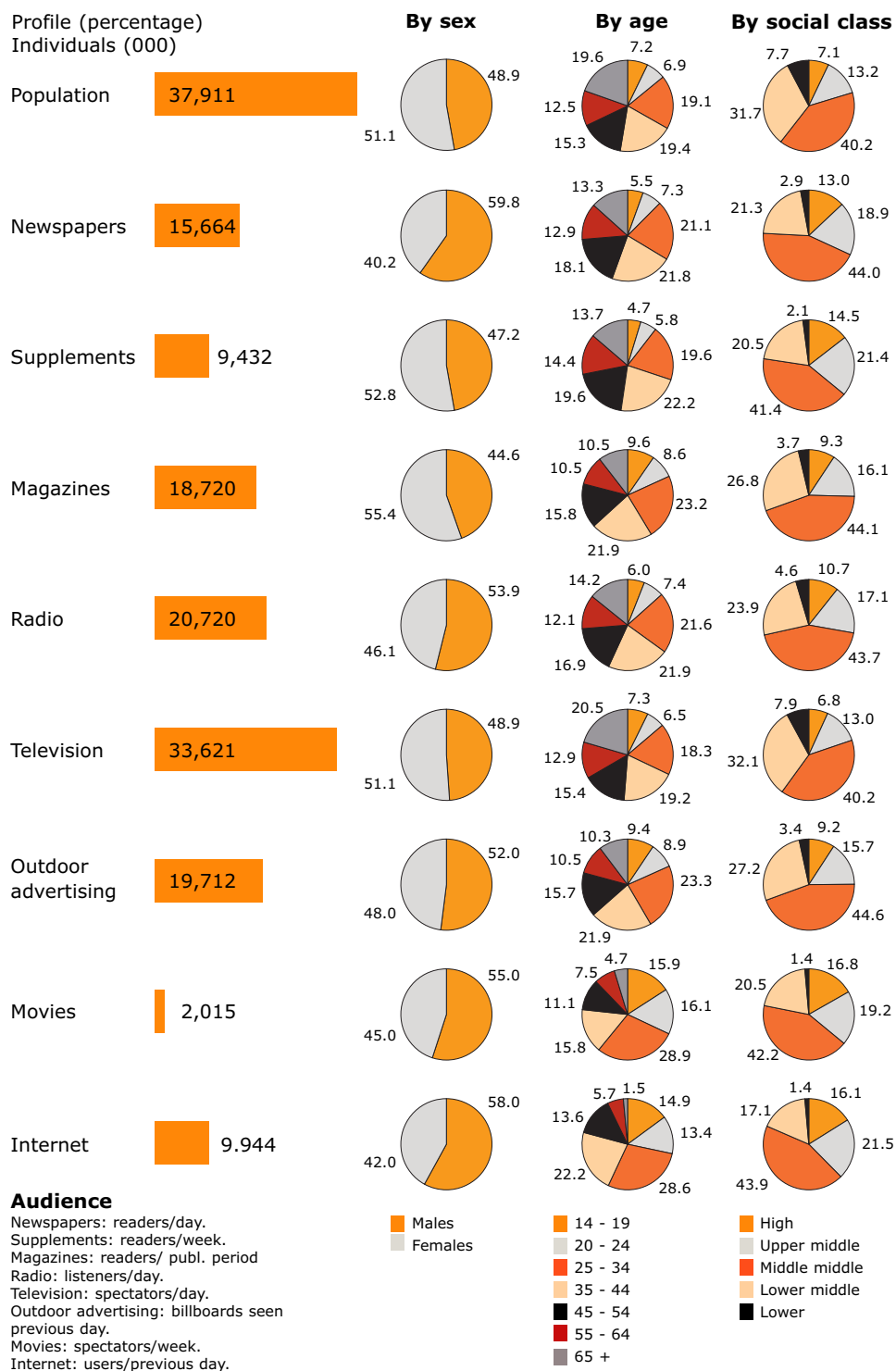


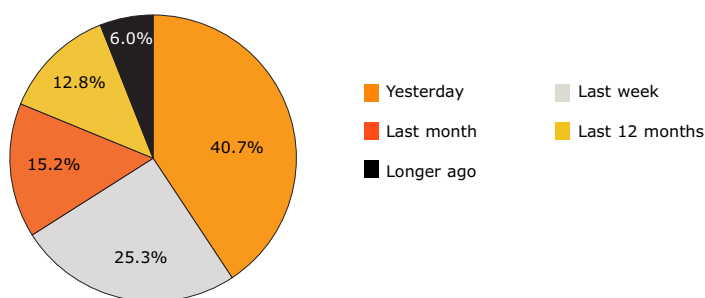
Illustration 33. Audience profile.  
Source: EGM.

example, [www.savvyboomer.com](http://www.savvyboomer.com) is a blog targeted at older people that deals with technological novelties and the latest Internet applications.

Immigrants are avid media consumers, with particular interest in anything related to the latest technology. Having an Internet connection or access to e-mail is not something they see as optional, but an absolute necessity in their lives. According to the statistics, they mostly use the Internet to view websites and read e-mail.

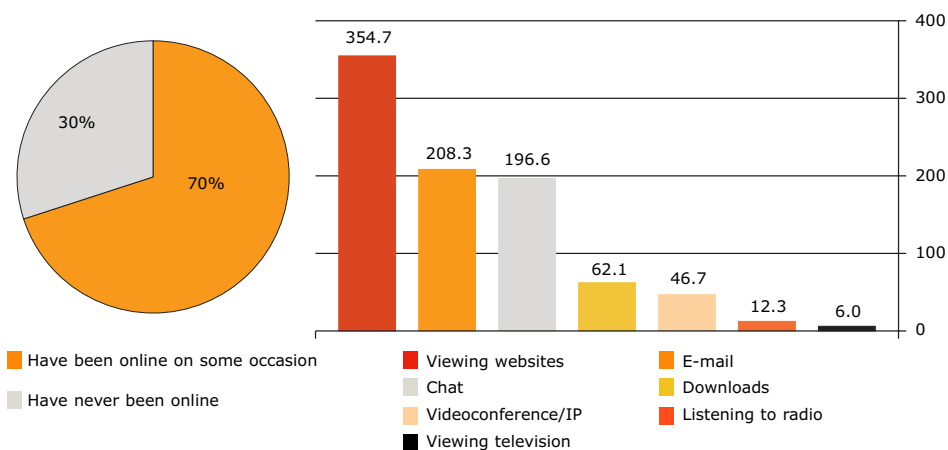
### Last time online

Base: immigrants resident in the community of Madrid who have been online on some occasion, 70% (440,900 individuals)



### Use of Internet

Base: immigrants resident in the community of Madrid who have been online on some occasion, 70% (440,900 individuals)  
Multiple question



<sup>49</sup> See [www.infosenior.es](http://www.infosenior.es) and [www.losmayores.com](http://www.losmayores.com), in Spain. In America, the pages are aesthetically more attractive, e.g. <http://boomerthemagazine.com/> and <http://www.babyboomer-magazine.com/>.

Illustration 34. Online activity among immigrants.  
Source: Asociación para el Conocimiento de la Población Inmigrante, *Estudio de Medios para Inmigrantes. Resumen General EMI 2007*.

As for other media, it would be difficult to pick out any type over another, since the immigrant population is very open to newspapers, radio and television. In the first case, immigrants find the information in the weekly papers targeted at them particularly useful (e.g. *Latino*, *Sí se puede* and *Toümai*), which are overwhelmingly successful among the target communities: their pages are full of advertising and over recent months, they have consolidated their position among the readership by backing social causes and sponsoring sports, cultural and musical events and spectacles. Among the daily papers, there is a clear preference for the free press. In both cases, the average readership is very young (14-44).

The radio is a versatile and convenient medium, which can adapt quickly to changes, and offers information and company. The immigrant sector has for many years been particularly receptive to this medium, on account of the programmes especially created for them. This was followed by specially targeted advertising and there is now a wide range of stations with a clear orientation towards the non-national audience. Most of them are Latino stations broadcasting in format radio, but there are also Romanian and Arabic stations, among others. Most stations offer local coverage, but gain great prestige among the communities because, like the seminars for immigrants, they use their presence at leading social events to consolidate their position.

### Audience

Weekly for immigrants: readers/week.  
 Monthly for immigrants: readers/month.  
 Free general-interest: readers/day.  
 General-interest and sports daily newspapers: readers/day.



Illustration 35. Penetration of daily newspapers among immigrant population.

Source: Asociación para el Conocimiento de la Población Inmigrante, *Estudio de Medios para Inmigrantes. Resumen General EMI 2007.*

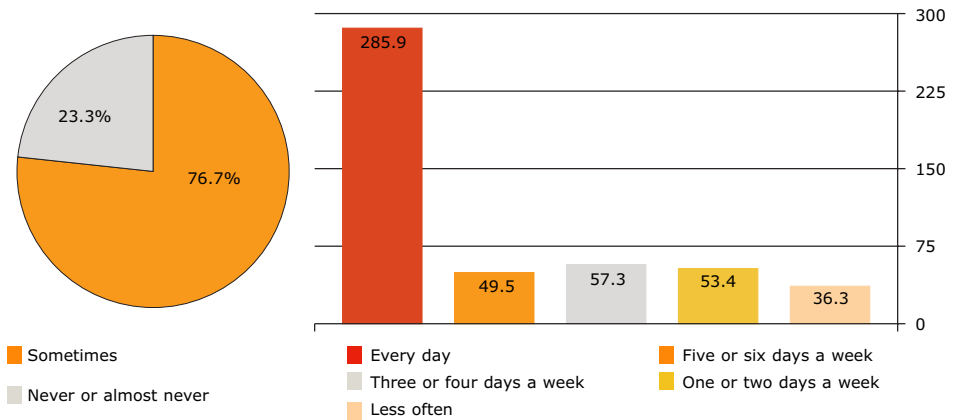


Illustration 36. Frequency of radio listening among immigrant population.  
 Source: Asociación para el Conocimiento de la Población Inmigrante,  
*Estudio de Medios para Inmigrantes. Resumen General EMI 2007.*

Television is undoubtedly important in social integration, given that new arrivals absorb part of the local culture through the news, domestic series and Spanish programmes; they learn who are the leading faces and understand the points of view of the host country. Practically 100% of immigrants spend part of their time every day watching television. In recent years there has been an increase in the number of theme channels specialising in Latin music, soap operas, imported programmes, etc.

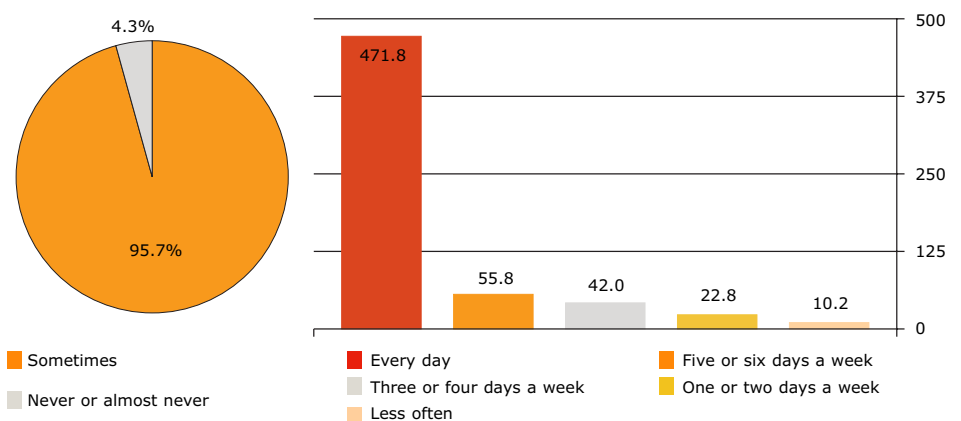


Illustration 37. Frequency of television watching among immigrant population.  
 Source: Asociación para el Conocimiento de la Población Inmigrante,  
*Estudio de Medios para Inmigrantes. Resumen General EMI 2007.*

The Latino community has the largest media offer available to them: newspapers, magazines, a host of radio broadcasters and even a television station (Canal Latino TV).

The conclusion is clear: in recent years there has been a proliferation in the media specialising in baby boomers and immigrants. However, the general-interest media are largely ignoring both segments. The FTF experts set out a series of measures that these media could adopt to reach out to these communities and draw them in as readers, listeners and viewers (see Illustration. 38).

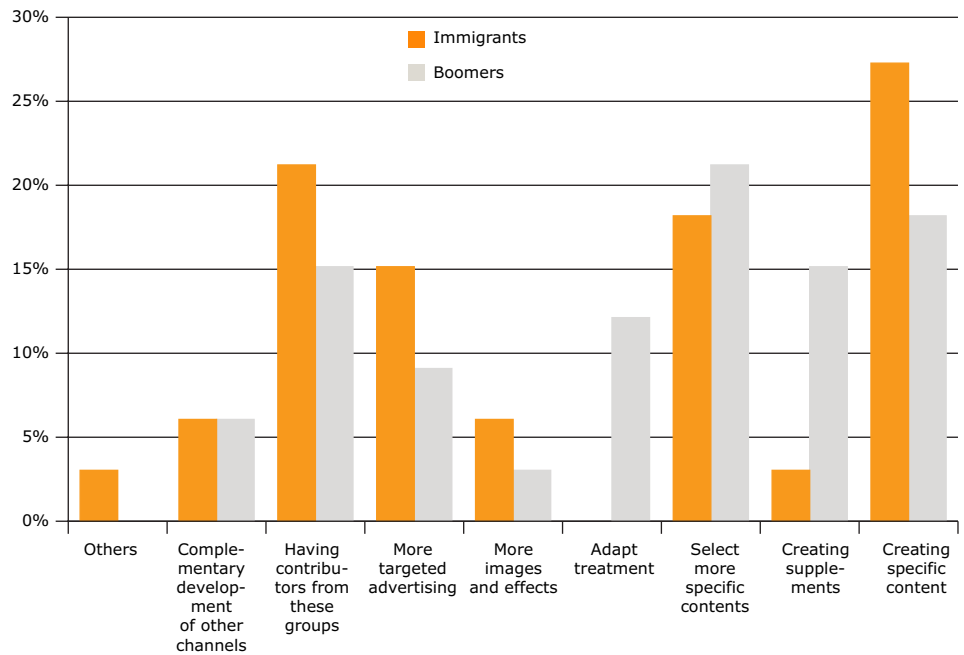


Illustration 38. Actions to consolidate baby boomers and immigrants as consumers of general-interest media.  
Source: internal.