

# GOLDEN AGE

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In spite of what some retailers may believe, Baby Boomers remain an important demographic for convenience stores.

*By Jamie Hartford*

Retailers are on a constant quest to win over the next generation of consumers. Turn on the TV or browse social media, and you'll find marketers tripping over themselves to appeal to Generation Y (aka Millennials) and even get a jump on Gen Z — most of whom don't even



have their driver's licenses yet. But in their eagerness to woo these younger consumer groups, whose spending power has yet to be felt in full, companies are forgetting about a lucrative demographic that already has money in the bank: Baby Boomers.

"They're not the largest population segment out there, but without question they have the biggest spending power," said Todd Hale, senior vice president of consumer and shopper insights at market research firm the Nielsen Company. "Roughly half of consumer spending comes from Boomers."

This demographic is especially important for convenience stores, too. Boomers frequent the channel about twice as often as Millennials do, Hale said. They're also known as loyal customers who aren't obsessed with getting the lowest price — attractive characteristics for an industry that relies on habitual behavior.

For operators who get to know this generation and can meet its unique needs, Baby Boomers could be worth their weight in gold during their golden years.

## LIKE PARENTS, LIKE KIDS

For years, Baby Boomers, who now range in age from roughly 50 to 68 years old, were retailers' most coveted demographic. Recently, however, the focus has shifted to the Millennials.

At 79 million people strong, Gen Y outnumbers the Baby Boomers in terms of population. But what Boomers lack in sheer number, they make up for in purchasing power. Unlike Millennials, who were just entering the job market when the Great Recession hit, Boomers have enjoyed relative prosperity throughout their careers, and that fact is reflected in their consumption patterns. This generation is responsible for annual spending of around \$2 trillion — more than 50% greater than Gen Y — according to the Hartman Group.

But pitting Boomers and Millennials against each other misses the point. Baby Boomers gave birth, literally, to Gen Y. So instead of focusing on one or the other, savvy retailers can exploit the symbiotic relationship between Boomers and their Gen Y kids and appeal to both age groups.

“We introduce things to them or they to us,” Hale explained, noting that he is a Baby Boomer himself. “We’re drinking more craft beer because of them, and we taught them lessons on good eating.”

In many cases, members of these two generations share more than DNA. Thanks to the recession, more than one-third of Millennials were still living with their parents in 2012, according to Pew Research Center analysis. And you can bet that in addition to providing a roof over their heads, Boomer parents are also keeping the refrigerator stocked for their Gen Y offspring.

## BOOMER PREFERENCES

In general, Baby Boomers have a few generational characteristics for retailers to take advantage of. For starters, they’re brand-loyal consumers. Boomers are 23% more likely than Millennials to rate brand names as “extremely” or “somewhat” important, according to a 2012 survey by global investment bank Jefferies and business advisory firm AlixPartners. And that loyalty can also carry over into retailers, said Candace Corlett, president of consulting firm WSL Strategic Retail.

“Their routines have been formed for many more years [than subsequent generations],” she said. “If a convenience store is on their route, that’s their routine, and they’re less likely to change that when something new comes along.”

That’s good news at a time when supermarkets and warehouse stores are invading the convenience store space by getting into the gasoline game. But it’s not to say that retailers should take this demographic for granted. “Stores that have a strong Boomer following need to do everything they can to reinforce those shoppers,” Corlett advised.

Baby Boomers aren’t as deal-driven as the generations that came before and after them, perhaps because they didn’t live through the Great Depression, as their parents did, and weren’t looking for their first jobs during the Great Recession, as their children were — or still are. Only about a quarter of what Boomers spend in convenience stores goes to promotions, whereas for Millennials that number is closer to one-third, Hale said.

But that doesn’t mean Baby Boomers aren’t interested in saving money. “Even though they’ve got more money in their pockets, they’re still more conscious about how they’re spending it,” said April Moffa, director of convenience channel and foodservice insights at market research firm NPD Group. “Coupons are key,” she added.

Boomers are also heavy users of foodservice. “They have been the one generation that’s been supporting all the day parts in the foodservice industry,” Moffa said.

At the same time, this demographic is also becoming increasingly health-conscious. “They’re at a stage in their lives where they’re starting to incur some more medical issues,” Moffa said. As a result, food items with claims such as low-fat, low-sodium and heart-healthy are appealing to Boomers, as are fresher offerings. Snacks and smaller portion sizes are also attractive to this generation, whose members want to watch their weight without depriving themselves.

“Indulgence still matters to them,” Hale said. Boomers over-index on decadent items such as ice cream, but they’re also looking for good-for-you indulgences. Messaging that plays up the health benefits of items like dark chocolate and red wine can really speak to this generation.

## MARKETING MISTAKES

One mistake many retailers have made in trying to appeal to Baby Boomers is separating them from other generations. “The retail graveyard is full of brands that catered specifically to Boomers,” Corlett said, citing apparel company Gap Inc.’s ill-fated Forth & Towne division, whose stores pandered to Boomer women and shuttered in 2007, as an example.

In many ways, Boomers’ needs aren’t that different from those of their younger counterparts, she noted. “They, like Millennials and like Gen X, are juggling family and work. They’re overcommitted. They don’t have enough time. Baby Boomers need convenience as much as anyone else.” They also think of themselves like that famous Bob Dylan song: “Forever Young.”

“The thing you definitely don’t want to do is single out Boomers as the older generation,” Corlett cautioned. “Retailers should reinforce their passion to stay youthful as opposed to targeting their aging bodies.”

Another mistake brands make is lumping all Boomers together. “You have to start with knowing which group of Boomers you have,” Corlett said. Younger Boomers might have teenagers or kids in college and are still likely to be working. This group needs quick lunchtime meals and quick replenishment for household items. “Their needs are similar to Gen X,” Corlett said.

On the other hand, members of the older half of the generation are more likely to be retired empty-nesters. “You need to think more in terms of things that interest them,” Corlett said. That means having fresh coffee during off-peak hours as well as carrying items such as newspapers, magazines and lottery tickets.

# REACHING BOOMERS

Marketing to Boomers isn't actually all that different from marketing to other generations. "How do you reach Baby Boomers? The same way you reach everybody else," Corlett said.

Increasingly, that's via technology. Three quarters of older Boomers and 80% of younger Boomers use the Internet, according to 2012 data from the Pew Research Internet Project. The overwhelming majority has cell phones, and many have even embraced smartphones (35% of younger Boomers and 22% of older Boomers). They also have an increasing presence on social media. Between 2011 and 2014, the number of Facebook users 55 and older grew by 80% according to iStrategy Labs.

"One of the things about Boomers is that they have been one of the most adaptive generations in history," said Derek Gaskins, chief customer officer with Pennsylvania-based convenience retailer Rutter's. "They have iPads, iPhones and Windows phones. It's for us to make sure we put them to use."

Though Gaskins said Rutter's hasn't necessarily targeted Boomers specifically in any of its campaigns, he cited one promotion that seemed to appeal to this demographic. On Black Friday in 2013, the company gave out free coffee and offered fuel discounts to customers who came in to buy gift cards for retailers such as Macy's and Best Buy, and restaurants like Applebee's and Olive Garden. To participate, customers had to check in using the Rutter's app on their smartphone.

But wasn't the company concerned that older consumers might not be familiar with claiming smartphone promotions? "We looked at it as a good opportunity for the team to engage with our customers," Gaskins said. "They were on hand to coach [Boomers] through how to download the app and explain, 'Oh, by the way, we do these offers kind of frequently.'" The promotion resulted in a sales boost during a normally slow holiday weekend and Rutter's hopes to repeat it this year, Gaskins said.

In the end, the message for convenience retailers is that Baby Boomers don't want to be marketed to as the "older" generation. Treating them the same as their younger counterparts — but paying a little extra attention to their specific needs — is enough to increase dollar share among this demographic.

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