

Feature: Ageing demographic could lead to “booming” OTC sales

Baby boomers – generally defined as those born between 1946 and 1964 – comprise nearly 78mn (24%) of the US population. Their increasing healthcare demands, coupled with a tendency to take active care of their health needs, means that OTCs have the potential to play a large role in boomers’ lives as they age. Here, *Insight North America* looks at the health concerns of the age group and the steps OTC marketers have taken to appeal to them.

An affluent, ageing population?

In July 2008, *Ad Age* reported that the average US head of household is now aged 49.5 years. Ageing boomers are changing the demographics of the US population – the US Census estimates that between 2006-2016, the number of US people over 50 will increase by 25% to 111mn, compared to a 1% growth rate for the 18-49 age group (to 136mn). Within the 50+ population, 60-64 year olds will be the fastest growing cohort, according to Lori Bitter, president of marketing firm JWT Boomer.

The Top Marketing Trends for 2008 survey, commissioned by the Marketing Executives Networking Group in December 2007, found that 88% of marketing executives cited baby boomers as their most sought-after target market. This is perhaps unsurprising given the strong purchasing power of this age group – *Ad Age* estimates the demographic’s buying power is around \$3tn. However, a February 2008 study by PR company Edelman found that many marketers over-generalise, misrepresent and sometimes ignore baby boomers. Even though the term spans a 19-year age bracket, marketers rarely differentiate subgroups within the boomer set. Though marketers may think the expression baby boomer appeals to a wide audience, they may be alienating those who resent such generalisation. The Edelman study found that 28% of people who fit the definition of a baby boomer do not see

themselves as one and that 54% of the age group felt that they were misrepresented by the advertising industry.

Boomers & health

One factor numerous studies highlight as a priority for baby boomers is health. The 45+ market already accounts for 61% of OTC sales, according to Event Management Inc, the organisers of the 2005 Successful Maturity event, and this could increase as baby boomers face growing health concerns as they age.

In February 2008, the Centers for Medicare & Medicaid Services reported that 62% of 50-64 year olds suffer from at least one of six chronic conditions: arthritis, high cholesterol, cancer, diabetes, heart disease and hypertension. Marc Rovner, managing director of strategic research firm SmartAnalyst, states that boomers are extremely proactive in managing their health concerns, and the prevention and management of chronic health problems is an area in which OTCs may be able to expand their role. Some OTC marketers have responded to the demand for self care items to manage chronic diseases. For example, OTCs offering cholesterol-lowering benefits, such as Bayer Aspirin with Heart Advantage (Bayer) and CCA Industries’ Mega T Plus weight loss aid – both of which contain phytosterols – are appearing on store shelves. McNeil has also appealed to boomers’ desire to be active in maintaining their health – Tylenol promotes the Keep Moving Program, which is supported by the Arthritis Foundation and aims to educate on how exercise can reduce mild to moderate arthritis pain.

The Rx-to-OTC switch of cholesterol-lowering statins would also have a massive impact on the boomer



Tylenol is used to promote an arthritis education campaign

consumer group. Although the FDA rejected Merck's third application to switch Mevacor in January 2008, it indicated that revised labelling and additional data would be required from Merck in order to gain marketing approval, suggesting the agency has not completely closed the door on the possibility of OTC statins.

Rovner also points out that many baby boomers are reaching a period of life filled with transitions, which often prompts lifestyle changes. Although obesity is rife among baby boomers – a 2005 US Health Report found 39% of 50-64 year olds were obese – many are making concerted efforts to lose weight. A 2007 National Marketing Institute (NMI) report found 40% of all boomers were attempting to shed excess weight. Other lifestyle changes adopted are attempts to stop smoking and a trend towards prophylactic care (see box).

Marketing to boomers

Tackling the subject of ageing is a challenge for OTC marketers wishing to advertise to boomers. Rovner advises the use of "ageless" marketing, appealing to life stages rather than age. Boomers' interest in health is very strongly linked with ageing – their perception of "what 50 looks like" directly affects their health choices, according to Leslie Harris and Michelle Edelman, authors of *After 60: Marketing to Baby Boomers Reaching Their Big Transition Years*.

However, there has been a movement towards embracing rather than fighting ageing. For example, some skin care marketers have concentrated on meeting the needs of ageing skin rather than boasting anti-ageing properties. Dove Pro-Age Body lotion (Unilever) is formulated with alpha hydroxy acid to remove surface skin cells and SPF15 to protect from sun damage, while Kao's Curel Life's Stages Menopause & Beyond contains an ingredient to boost collagen production.



Meanwhile, the Tylenol "Feel better" campaign features shots of body parts belonging to people of a range of ages. The campaign also attempts to provide a meaningful message, conveying the notion that "nobody knows your

Case study: VMS

One of the most obvious signs that boomers are increasingly turning towards preventative care is their growing use of vitamins, minerals & supplements to maintain good health. Research from the Alliance of Ageing in 2002 found 57% of baby boomers take supplements. Boomers are also responsible for driving sales of particular VMS segments, with the growth of glucosamine / chondroitin supplements, positioned to ease arthritis symptoms, being a notable example.

VMS marketers have addressed the demand and multivitamins specifically formulated for over-50s, for example Centrum Silver (Wyeth) and One-A-Day 50+ Advantage presentations (Bayer), are widely available. Additionally, Bayer Nutritional Science was launched in April 2007. The line offers nutritional supplements specifically formulated to address health conditions of particular concern to baby boomers, including eye health, heart health, brain function and joint health.



Eye care marketers have maximised the use of claims related to the National Institutes of Health's 2001 Age-Related Eye Disease Study. AREDS was a 10-year study investigating the role of nutrients in preventing age-related macular degeneration in 55-80 year olds and the NIH are currently conducting a follow-up study. PreserVision (Bausch & Lomb) and ICaps (Alcon) both have SKUs formulated according to AREDS recommendations.

body better than you do" and stating that "the answer doesn't always come from a pill. Sometimes it comes from within". Rovner noted that boomers at a transitional point in their lives respond well to emotionally-meaningful A+P and are very open to new products.

Although some boomers are responsive to marketing that embraces ageing, not all of them feel the same way. Laurence Evans, president of StrategyOne – a subsidiary of Edelman – urges marketers to remember that the term baby boomer "refers to a birthday, not a generation" and that a diverse range of people are included in the

The internet

In 2008, a Focylst-AARP study found that around 82% of boomers now use the internet. They are the web's largest constituency, making up around a third of internet users, according to market research group, JupiterResearch. A 2007 study, conducted by ThirdAge and JWT Boomer, found 82% of boomers who use the web search for health & wellness information. Age-specific health websites have been set up in response to boomers' demand for health information. For example, Feelgoodforlife.com was launched in April 2008 and offers information specifically relating to health issues of over-50s, as well as placing special emphasis on natural health and complementary & alternative medicines.

Usage of networking sites is also increasing among boomers, with sites such as Eons.com catering for over-50s. Marketers have been keen to use targeted advertising on youth-oriented social networking sites such as Facebook and MySpace (see *Feature*, October 2007, pp279-281) and boomer-related sites offer a similar opportunity to target a valuable demographic.

umbrella term. Therefore, some prefer to stick with what they are familiar with. Guarantees, safety and experience resonate with this group, making doctor recommendations and references to a brand's heritage effective advertising tools. Bayer recently revived Alka-Seltzer's original mascot, Speedy, in its advertising to remind consumers of the heritage of the brand (see this month's *Company Monitor*, pp215-218, for more information).

Retailer initiatives

According to a 2006 report from IRI, over-60s are driving the increased use of supercentres – large stores containing separate departments that are often independent from the retailer – and healthcare is an integral factor in drawing older baby boomers to shop at certain retail outlets. As a result, many food, drug & mass merchandisers have made concerted efforts to appeal to the demographic. Walmart's focus on over-60s includes consumer education programmes on Medicare Part D and the "Out in Front" initiative, which has been ongoing since 2006 and aims to broaden Walmart's appeal to

specific demographics in the US population, including baby boomers.

Walgreens' CEO Jeff Rein emphasised the importance of baby boomers to the retailer's growth in the company's Q3 2008 earnings call. He cited the impact of the generation reaching "peak prescription use years" as a factor in revenue growth and store expansion. Since 2006, Walgreens and American Association of Retired Persons (AARP) have partnered to provide over-50s with educational resources on health and medicine use. Meanwhile, Tom Dowd, executive VP of store operations & development for GNC, also cited "the positive trend of the baby boomers" as a factor driving the company's growth.

Despite the relative affluence of baby boomers as a group, the Edelman study found that 50% of male and 60% of female survey participants did not feel they were financially set for life. Private label brands and initiatives such as Walmart's \$4 Prescription Programme – the third phase of which was launched in June 2008 and now includes 90-day prescriptions for \$10 and over 1,000 OTC items for \$4 – can help retailers capture this segment, as well as older boomers, whom IRI state have a propensity to purchase private label items.

Conclusion

Baby boomers provide a great opportunity for OTC marketers – as a demographic, they actively seek out health information and take charge of caring for their health. Marketers' recent attempts to reach out to boomers have shown an intricate understanding of different consumer segments within the age range encapsulated by the term. Companies who make such efforts may be paid off in the future with a loyal consumer base as the boomer cohort ages. ☒

Insight North America would like to thank Marc Rovner, marketing director of strategic research firm SmartAnalyst for his help with this article

Tel: (+1) 646-224-5870

Email: mrovner@smartanalyst.com

Website: www.smartanalyst.com

Essential reports from Nicholas Hall

SURVIVAL STRATEGIES in Consumer Healthcare

Nicholas Hall Survival Strategies are the definitive guides to success in key OTC categories, providing trends & developments, competitive intelligence, case studies, market analysis and future strategies – all backed by detailed charts and tables based on data from Nicholas Hall's unique global OTC database, **DB6**.

NOW PUBLISHED!

- **Cough, Cold & Allergy** (August 2008)

New titles:

- **Gastrointestinals** (April 2008)
- **Vitamins, Minerals & Supplements** (October 2007)

Also available:

- **Analgesics** (2006); **Dermatologicals** (2006)



Want to know more? Call Stacy Wootton on +44 (0)1702 220 204 or email stacy.wootton@NicholasHall.com

The world's biggest OTC shop window

Nicholas Hall's OTC.MarketPlace

Nicholas Hall's **OTC.MarketPlace** is a new concept in global marketing. This new shop window allows companies and individuals to exchange licensing and recruitment opportunities and information on a worldwide basis. Go to www.otc.marketplace.NicholasHall.com today to see the latest opportunities – Products, People, Marketing and Services – in OTC.

Contact Kirsty.Wallace@NicholasHall.com for details of how to advertise on OTC.MarketPlace

Special Introductory Offer!

For a limited period, we will produce and display your ad absolutely FREE of charge.



Nicholas Hall & Company, 35 Alexandra Street, Southend-on-Sea, SS1 1BW, UK
www.NicholasHall.com +44 (0) 1702 220 200