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Serving Senior Living Clients For Over 37 Years

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“You’ve Got Questions . . . We’ve Got Answers”

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THE CHANGING MINDSET OF THE SENIOR CONSUMER

Prospects and Residents are Demanding More as Their Value Perceptions Change

We all recognize the importance of *demographics* of Seniors, but now we must also focus on their changing *psychographics*. In other words, the mindset of today’s seniors.

A New Generation of Seniors is Emerging

Today’s seniors will expect much more from our senior living communities. The typical prospect of the recent past is an 80- to 84-year-old senior who grew up during the Great Depression and World War II. The Depression produced a generation of fiscal conservatives. By the time of the Vietnam War and the rebellions of the 1960s, this group was in their 40s. They reached mid-life in the 1970s as members of the “*The Establishment*” and many were approaching at least early retirement planning during the boom/bust cycles of the 1980s and 1990s.

Companies and their high-powered advertising agencies have spent billions of dollars courting young and middle-aged consumers – the Baby Boomers. Yet very little has been done to truly understand and respond to the mindset of today’s older senior consumer. In senior living, this has frequently resulted in misdirected or wasted marketing efforts - and many vacant units.

It’s time to redouble your efforts at understanding today’s age 75-plus consumers while becoming more savvy about how you market to them. Actually, quite a lot is known about the mindset of the senior consumer; the challenge is translating this knowledge into practical communication and marketing strategies. Take, for example, pricing. Most of us know we should sell *tangible value* before *price*. But, in our zeal to tell our story, we forget that the process involves three very important steps:

1. Truly understand the senior consumer mindset
2. Identify and correct common senior misconceptions
3. Deploy consumer-focused, market-driven positioning

Significant Birthmarks of Today's Seniors

First, realize that you are dealing with senior consumers who have experienced a number of life-changing events, let's call these *significant birthmarks*. Figure 1 summarizes these birthmarks for some of today's 80-year-old seniors, the slightly younger Depression-era children and the oldest Baby Boomers. Let's focus on today's 80-year-old senior and his or her birthmarks:

FIGURE 1		
BIRTHMARKS OF YOUR FUTURE RESIDENT		
<u>Year</u>	<u>Age</u>	<u>Major Life Event/Birthmark</u>
1965	37	Rebellions of the 1960s, Vietnam Protests Or . . . Romped in the mud at Woodstock!
1975	47	Corporate Employee Convert
1985	57	Victim of Corporate Downsizing
1995	67	Fiercely Independent/Very Discriminating
2002	74	Savings rates at historic lows Stock market down over 23% (S&P 500 Index)
2009	81	<i>Your Resident in 2009 ???</i>

Will the resident of tomorrow accept your definition of today's status quo?

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- ***The Depression Era (1929 to 1939).*** When I conduct senior focus groups, I always ask, “Does having lived through the Depression in any way affect your financial decision-making today?” The answer is always a resounding “yes.”
- ***World War II (1940-1945).*** GIs came home from the war, married, bought homes and had children in record numbers (the Boomers). These veterans were motivated to make up for lost time. After getting educated under the GI Bill, they built businesses, careers and personal savings. Building savings was usually a slow, but pragmatic, process.
- ***The “Gray Flannel Suit” Era (1946 – 1960).*** During this period, many men entered the corporate world prepared to spend their careers with one employer. They were generally “team players” – conforming, spending their time responding to the requirements of their employers as they worked through their careers.
- ***Vietnam Era (1960 – 1974).*** This troublesome period created large groups of disillusioned veterans and many “mavericks”. A large portion of “the establishment” did not accept these nonconformists, which only triggered further rebellion against “the establishment”.
- ***The Rebellions of the 1960s (1960 – 1970).*** This time period partially overlapped the Vietnam Era and created considerable opposition to global and local conditions and the general “status quo”.

- **Woodstock (1969).** The Vietnam Era, the rebellions of the 1960s and Woodstock represented unforgettable birthmarks. In the 1960s, the age of today's 81-year-old senior was approximately age 33 to age 43. We must understand that their mindset was influenced by an entirely different set of conditions than the seniors who we currently know, those who have opted for senior living over the past 10 years.
- **Economic Boom (1990 – 1999).** During these very favorable financial times, today's 81-year-old senior was progressing from age approximately 63 to age 72. Things were going very well from a financial perspective. They felt very good about their financial future and security. They were comfortably planning for the advanced stages of retirement.
- **High Tech Bubble Burst/Economic Recession (1999 – 2002).** Just at the point when many seniors were making the big decision to move into senior living, most saw some of their financial savings devastated by low interest rates or plummeting stock market values. Many wondered if they could afford to permanently retire much less move into an "expensive" senior living community.
- **Low Savings Rate/Lost Investments (2001 – 2009).** In early 2009, interest rates on savings accounts hit 40-year lows. The stock market recovered somewhat in 2003. Most had modest gains in 2004 through 2007. However, in 2008, the market declined significantly and by mid-2008, a "bear market" (a 20% plus decline) was declared. Clearly most seniors still have a smaller equity portfolio in 2009 than they did in 2000.

In summary, an 81-year-old senior in 2009 was 7 in 1935 and 14 in 1942. The events they and their parents experienced in their early life molded the senior into a fiscal conservative, someone who is always thinking about and preparing for the next Great Depression. During mid-life they became more outspoken and less likely to accept the status quo.

A Senior's Financial Life Cycle

The financial life cycle of today's senior involves three major phases:

- *In the early years*, they concentrated on raising and educating their children while starting to accumulate moderate but steadily increasing savings.
- *In midlife*, they optimized their lifestyle in a non-extravagant manner and started building a modest estate destined to be a future safety net and a legacy to their children.
- *In their later years*, they have focused on living the good life in a conservative way while working hard to sustain independence. Health concerns seem to surface almost daily for many seniors. But their concerns about health have more to do with avoiding a future financial catastrophe than their own mortality.

The Changing Paradigm

Today's 81-year-old widow could have protested during the Vietnam Era, participated in the rebellions of the 1960s and might possibly have romped in the mud at Woodstock! We can no longer simply say, "***Welcome to our community and enjoy our offering of the status quo***".

Tomorrow's senior living marketing prospects are no longer "the usual suspects". They are raising the bar of expectations and will be much more articulate in their wants and needs.

A word of caution: Don't get misled by the opinions expressed by your *existing* residents. These opinions may no longer necessarily reflect the changing mindset of your *future* residents.

It's also high time to focus on the little details that matter most to today's and tomorrow's seniors. For example, I can't tell you how many times I call into a senior living community and, when put on hold, hear the favorite rock music of the receptionist. What I should be hearing are tunes of the 1940s and the WWII era.

By the way, we're starting to see increased publicity regarding senior living for the Baby Boomers. Yes, the Boomers are aging but no, they're not yet ready for senior living! In fact, the oldest Baby Boomer will be 63 in 2009 and it will be at least 2021 before that oldest Baby Boomer is age 75. However, the Boomers will continue to be a major influence on the decisions of loved ones considering CCRCs, independent living and of course, assisted living.

Today's seniors also place a high priority on leaving their children a financial legacy. Although men were typically the breadwinners, women - in their very important supporting role of homemaker - developed a similarly conservative philosophy regarding personal finances.

Selling Choice and Perceived Value

Throughout life, seniors have made most purchase decisions by balancing affordability, choice and their perception of value. Due to a lifetime of financial conservatism, many seniors are now in a position to focus primarily on choice and value. In fact, many have been making value choices for the better part of their lives. They don't always opt for the lowest price commodity. Many buy Buicks and Cadillacs, for example - not Chevrolets. They dine at the nicer restaurants and buy brand name clothes from the better department stores - not necessarily Kmart or Sears. They also travel extensively.

The Price Sensitive Dilemma for Senior Living

Almost every major product and service aimed at seniors attempts to sell seniors on value, affordability and, where appropriate, quality of life. Yet, when many seniors face the most important decision of the rest of their life - where to live - it seems that we have not done a very good job showing them that senior housing is a good value.

Another challenge is to change the misconceptions that exist about senior housing. Change will be subtle, but definite . . . kind of like the aging process we're all experiencing!

Call to Action

Consider taking these steps:

- Sit with marketing and other key staff to discuss who you are really selling to. Does your marketing message match what today's seniors want and need to hear?
- List ways to modify your marketing message so that subtle changing "birthmarks" are taken into consideration.

The psychographics of the market are changing. Many of yesterday's marketing strategies and positioning will not work effectively in the world of tomorrow.

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