

MARKETING

Retailers risk losing baby boomer clientele with inattentive CRM

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Thomas Pink, fall/winter 2016

By SARAH JONES

An overwhelming 93 percent of baby boomers do not feel loyal to their favorite brands, according to a new report by ICLP.

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With emerging generations such as millennials getting a lot of marketers' attention, baby boomers feel neglected by the retailers they interact with, a sentiment that could cause them to stray. In the United States, this generation holds 70 percent of all disposable income, making marketing to this age group a strategic priority for luxury brands.

"Many retailers are guilty of overlooking and not adequately recognizing and rewarding baby boomers," said Phil Seward, regional director, Americas at ICLP.

"Only 12 percent expect brands to spend time to get to know them better and truly understand their needs and wants," he said. "Likewise, more than three out of four boomers are not rewarded with offers specifically tailored to them.

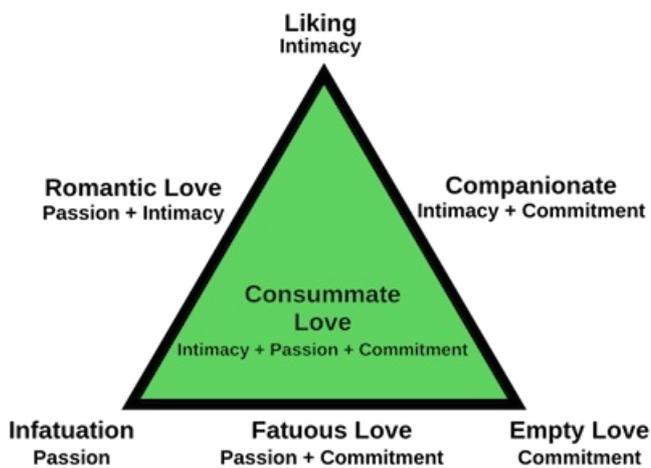
"Retailers should make relevant recommendations and tailor their communications to make shoppers in this demographic feel valued and in turn, increase their loyalty."

Boomer relationship management

ICLP worked with Survey Sampling International to survey more than 1,000 U.S. consumers ranging in age from millennials to baby boomers.

Respondents were asked to describe their experiences of criteria such as trust, recognition, rewards and communication with friends and romantic partners, which were then compared to their interactions with brands.

Working with professor Ron Rogge from the University of Rochester, these responses were then charted using Sternberg's Triangular Theory of Love as a reference. This model measures the strength of love based on three components: passion, intimacy and commitment.



Sternberg's Triangular Theory of Love

The brand relationships that were described in the survey ranged from empty to devoted, with the most passionate and committed also the least likely to walk away from a favorite brand.

Aside from this small group of highly devoted clientele, brands need to do more to prevent losing a customer to a competitor.

About seven in 10 of baby boomers, who are at least 55 years old, feel they are not being rewarded enough for their patronage of brands. Additionally, only 12 percent expect that brands will learn their taste or preferences and tailor marketing toward them.

Personalizing outreach such as product suggestions, content and branded communications is one way for retailers to make up for the perceived lack of appreciation.

Another opportunity is a rewards program tailored to the member's wants and needs. Currently 77 percent of boomers say that perks and offers are not customized to them.



Image courtesy of Mandarin Oriental

When things go wrong, 60 percent of boomers want companies to admit their mistake and solve the problem quickly.

Earning consumers' confidence also revolves around the products themselves. More than 50 percent of baby boomers rely on being able to trust the quality of a brand's merchandise.

Reaching a level of devotion not only prevents a customer from straying. Those who feel strongly about their favorite brand are more apt to recommend it to a friend.

Only one in three boomers said they would regularly suggest their top brand to another consumer, showing room for improvement.

Spending power

Millennials were the most likely of any adult generation to have purchased a luxury good or service within the last 12 months, but these consumers have the weakest buying power, according to a report from the Shullman Research Center.

A lot has been made of the up-and-coming consumers, as marketers seek to woo them to their brand even before many of them have the means to make high-end purchases. This strategy may pay off down the line, but luxury brands would be smart not to ignore more established clientele ([see story](#)).

Traditional in-person experiences are still essential for reaching the wealthy baby boomer market, according to a new report by WealthEngine and Forbes Insights.

Baby boomers generate nearly half of the United States' after-tax income, an amount of \$3.6 trillion, and overwhelmingly prefer in-person to online purchases for all luxury products and services except for travel. Although much is made by marketers, brands and researchers alike about the significance of reaching the millennial consumer in digital spaces and according to her preferences, the boomer must not be forgotten ([see story](#)).

Beyond boomers, ICLP advises brands to focus on all generations with tailored efforts.

"Retailers must implement personalized engagement strategies that surprise and delight' consumers across every demographic, so each customer should receive tailored communications, benefits, offers and recommendations on an individual level, using insights derived from big data," Mr. Seward said.

"Brands must also remember online and mobile platforms no longer pertain to just millennials as baby boomers and Gen-Xers are shifting more of their shopping activity online, and using many of those same rewards apps."

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