

The background of the header is a black and white photograph of a modern building's glass facade, reflecting the sky and surrounding environment.

Consumer Segments of Consequence in 2020: Are you prepared?

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By 2020, several consumer segments with distinct needs, preferences and identities will have emerged as significant audiences for many brands. Marketers that begin paying attention now will reap the benefits.

As in personal relationships, it takes time to build credibility with consumers who do not know and trust you. As a result, brand marketers need to look out to the horizon to identify consumer groups that are gaining in influence and financial clout, and decide which deserve their attention and investment today. Those who wait too long – or ask for preference and loyalty too soon – are likely to be passed over in favor of those who show sincere interest (and investment) before they “have to.”

Building bridges can be as much about creative and messaging as it is about finding the

exact right media channel to leverage. It's also about understanding the subtle nuances that distinguish one segment from another. The "reasons why" that resonate with your current core target audience(s) may or may not differ from those you know less well. We currently see five target audiences that are not only gaining in buying power and influence, but are also too often pigeon-holed in terms of their presumed habits, preferences and needs. Marketers are advised to look more closely to ensure that their actions have the greatest chance of resonating with the members of these segments.

Boomers (Born 1946-1964)

Boomers are the largest generational segment in our lifetime. In the US, those born between 1946 and 1964 account for almost one quarter of the population and control nearly three times the amount of disposable income held by younger generations.

1946 to 1964: think about that. While we label them all "boomers," what this means is that older members of this segment are likely to have been personally (and perhaps dramatically) impacted by World War II, while others were born many years later into the decade of peace and love. How could all these people share the same values? How could they look and think the same? The answer is that they can't, and yet... how often do we see boomers represented as white-haired, happy retirees, fussing over golf clubs or grandchildren? The answer is, too often – and that has to change.

Four things to remember:

- By 2020, most boomers will be retired and able to spend money on items that will fuel more active lifestyles than those their parents lived at the same age. There will be big opportunities for cars, travel, electronics, health and medical insurance brands.
- Boomers are more youthful and energetic than their age would suggest regarding behavior, lifestyle and use of personal technology.
- The digital revolution has changed the way we carry out everyday tasks,

and it's no different for boomers, who enjoy the convenience of doing anything and everything online far more often than many brands seem to expect.

- Boomers are adopting new technologies and new media at a fast rate. They use technology not only to manage their lives and stay connected, but also for selfish, personal enjoyment... just as their younger compatriots do.

Millennials (Born 1977-1994)

Millennials (sometimes called Echo Boomers or Generation Y) will make up nearly half the global workforce by 2020. Many have seen their families live through economically challenging times, including the financial crisis of 2007- 2008. In 2012, The Associated Press reported that one in two new college graduates in the US were either unemployed or underemployed, and those in Greece, Spain, France and many other countries have experienced very high levels of unemployment and less than stellar prospects. For many, finding full-time work will mean having disposable income for the first time. By 2020, many will be starting their own families, making them likely buyers of automobiles, household furnishings, clothes and baby items, in addition to medical and financial products and services.

Five things to remember:

- Millennials tend to consider themselves as unique individualists. They appreciate being able to personalize your content and products to suit their own preferences.
- This group is not just a target segment: they see themselves as a generation to be catered to and served. They need to be told why your product is relevant to them.
- Brands with a purpose are transparent and authentic. Millennials expect you to clearly express a point of view and reinforce it in every decision you

make.

- Technology is a useful tool but, for this group, it is a means to an end. Millennials expect you to bend to fit their device and platform preferences, not the other way around.
- Anytime, anywhere communication is a key expectation for this group. Millennials expect your brand to be accessible via every channel.

Dads (Men who have children living with them)

The number of dads involved in household purchasing decisions will be on the rise between now and 2020. There are a number of factors driving this dynamic, including an increasing number of females making more than their male partners and a rising population of single-father homes. In the United States alone, the number of such households has increased from less than 300,000 in 1960 to more than 2.6 million in 2011.

Three things to remember:

- When it comes to ads for products and services targeted at parents, dads don't want to be forgotten, and they don't wish to be viewed as an appendage. Messages that include involved fathers have a greater chance of being well received without producing a negative reaction among women.
- Dads have not yet caught up to women when it comes to using digital channels for everyday shopping and buying. When grocery shopping for the family, dads are more likely to use traditional media to help make decisions.
- More fathers are not only breadwinners, but also caregivers. This new, more personal role can be acknowledged in advertising messages to great effect.

LGBT (Lesbian, Gay, Bisexual, Transgender)

In use since the 1990s, the term “LGBT” is an adaptation of the earlier “LGB,” which itself began replacing the word “gay” when describing a larger mixed sexuality- and gender-based community. Whichever term is used, this group has significant purchasing power: in 2012, an estimated \$790 million in the United States alone (MarketResearch.com). And do members of the LGBT community make purchasing decisions differently than their non-LGBT counterparts? According to a Harris

Research/Witeck Communications study, 88 percent of LGBT adults and 70 percent of non-LGBT adults are likely “to consider a brand that is known to provide equal workplace benefits for all of their employees, including gay and lesbian employees.” The study also found that 62% of non-LGBT adults were no more or less likely “to purchase everyday household products and services from companies that market directly to gays and lesbians,” while 58% percent of LGBT adults were more likely to do so. As LGBT citizens gain legal rights around the world, including the right to marriage and adoption, they will become a more influential and vocal group. Why should brands care? Here are just a few statistics related to the rising spending power of LGBT households vs. the general market in the US:

- 23% higher median household income and 24% more equity in their homes (Prudential)
- 26% of gay men say they will pay more for top quality brands.
- 30% have taken a major vacation in the past year.
- 40% bought a new smartphone in the past year.

The last three figures are from a Community Marketing, Inc. 2012 survey of 13,000 LGBT Americans

Three things to remember:

- While the LGBT segment is currently more inclined to spend on experiential, non-tangible services such as travel, home and tech products, this is changing as their households become more traditionally

familial. For example, as more LGBT households include children, messages about toys and other kid-focused products and services will become increasingly relevant.

- The LGBT community is more richly varied than it is often portrayed. The portrayal of upper middle-class white (and sometimes African-American) males is no longer representative of the entire segment.
- Although sexuality is an important part of the LGBT identity, members of the LGBT community have wide-ranging interests and concerns, including the environment and social justice.

Hispanic (Multicultural)

Hispanics are the largest minority in the US, and the majority of the population growth in the country is attributed to this segment. By 2020, it is projected that this group will make up almost 20 percent of the US population. Most important, this demographic segment will have buying power of nearly \$2 trillion in 2020. Hispanic Millennials are seen as trendsetters and tastemakers for all population groups. As their numbers swell, their influence will continue to grow.

Things to consider when targeting this segment:

- Advertising in Spanish matters, even among English-dominant Hispanics. Spanish-language advertising is generally more effective for Hispanics.
- Latinos aspire for true biculturalism, celebrating their ethnicity and blending with select aspects of mainstream American culture.
- Collaborative decision-making is common among Hispanics. As a result, the argument could be made that advertising should be geared toward the influencer rather than the decision-maker.
- Hispanics are early adopters of mobile technology.

It is critical that brands recognize the new wave of consumer groups that will have

enormous purchasing power by 2020. Those that don't will run the risk of losing their customer base, falling behind and becoming irrelevant; those that do are likely to earn loyal and vocal new fans.

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