

## Cohorts: Age-Based Marketing

### What Is a Cohort?

The concept behind marketing to a cohort is simple: most people in the same age group—that’s what determines a cohort—tend to share a significant number of experiences, goals, and values. This information can help you make smart choices about how to market products and services.

It sounds obvious—most of the time, you wouldn’t promote long-term-care insurance to college students or market body piercings to senior citizens. But thinking about cohorts can help you understand your customers in far more subtle and powerful ways.

The idea is that, although individuals make purchasing decisions, they do so based on events experienced while coming of age (late adolescence/early adulthood, or generally, when they were seventeen to twenty-three). These events, called defining moments, influence attitudes, preferences, values, and buying behaviors. And these attitudes, values, and buying-behavior motivations for each cohort remain virtually the same *throughout their lives*. That’s why, for example, those who came of age during the Great Depression still are financially risk-averse and tend to “save for a rainy day” while those Baby Boomers who were teenagers during the 1960s (when economic times were good) are more likely to “buy now, pay later” even during economic slumps.

Grouping people into cohorts is not the same as segmenting them by generations, because cohorts are defined by influential societal events, which can happen at any time and shift societal values and attitudes. For example, the cohort defined most by World War II spans only six years, but the post-World War II group covers three times as many years.

And since cohorts can be described by a consumer’s age, they offer businesses an especially efficient and effective way to target marketing efforts. Cohort segments can be the holy grail for marketers, since cohort members are generally large in number and respond to similar marketing products and promotional communications.

### Who Says So?

The information that follows was adapted, with permission, from the work of Charles D. Schewe, a professor of marketing at the University of Massachusetts at Amherst and consultant to numerous companies, large and small.

### How to Use Cohort Information

To use cohort segmentation most powerfully, combine what you know about people’s age groups with what you know about your customers’ *lifestyle* choices. Examples of life-stage segments are young careerists, young families, empty-nesters, retirees, and so on. Most people follow a pretty predictable path through life stages such as these, and their purchasing behavior is likewise predictable within each life stage. (Young parents want baby paraphernalia and more living space, for example.)

But each cohort brings its unique value structures as it goes through these life stages. For example, consider grandparenting, which begins typically about age fifty. Those older cohorts who suffered through the Great Depression and found satisfaction in holding the family together became nurturing grandparents. Baby Boomers, who created “latchkey children,” may well bring their tendency to keep children “at arm’s length” into their grandparenting life stage. Alternatively, they may be finding they lost much personal satisfaction in their parenting years and become doting grandparents. In either event,

life-stage behavior is fashioned by the cohort values brought to that life-stage.

Taking into consideration just two things—lifestyle and age cohort—you can target your product or service to the group most likely to embrace it.

You can use this information to:

- develop new products to meet the unique and unmet needs of a group.
- reposition your brand to appeal to a specific group.
- craft communications to resonate with a cohort's core values on an emotional level. (For example: Toyota created the spin-off brand Scion specifically to appeal to young adults. Scion car ads use language and show images emphasizing fun and freedom, since those are core values of this age cohort.)
- plan how your marketing should change as your target age cohort moves through the life stages. (Example: Gap started by marketing clothing to teenagers, but as that cohort grew older, added branches for Baby Gap and Gap Kids. Yet they still reflect Generation-X values in product offerings and in the style of their promotional material.)
- choose images, sounds, and spokespersons identified with a cohort to tap feelings of nostalgia from when they came of age.

Cohorts do not open doors for the marketing of all products. The marketing of motor oil, retractable pens, and potting soil do not seem to require an understanding of cohort values. Marketing to specific cohorts is especially effective, however, for those selling food, music, clothing, cars, financial services, insurance, and entertainment products.

Well-done cohort marketing tells customers in the target group “This message is for *you!*”

### Seven American Cohorts

Dr. Schewe's research divides American adults into seven cohorts based on an intensive content analysis of a wide range of publications and studies scanned over a ten-year period, focus-group research, and various quantitative studies. Those seven cohorts are visited next.

### 1. The Great Depression Cohort

This group was born between 1912 and 1921, came of age from 1930 to 1939, and represents about 7 percent of the adult US population.

They were defined by the Great Depression, whose influence can be seen today most strongly in this group's attitudes toward saving, spending, and finances generally.

They experienced the catastrophic effects of the steepest economic drop in our nation's history. The S & P 400 (the broadest measure of the economy as a whole available at that time) fell 69 percent between 1929 and 1932, and took twenty-four years to rise again to its 1929 level! This profound and far-reaching economic event scarred members of this cohort and is still reflected in their embrace of financial security.

Example: A West-Coast savings and loan boosted deposits from this cohort by stressing that the financial institution used its money for mortgages. This message—“We build homes”—coming from a TV personality of their era, appealed the need for financial and personal security.

### 2. The World War II Cohort

Born between 1922 and 1927, this cohort came of age from 1940 to 1945, and represents about 5 percent of the adult US population.

World War II defined this cohort. The economy wasn't booming, but it was recovering from the Great Depression and unemployment wasn't a major problem. Instead, this group experienced a common enemy, shared experiences, and—especially for the 16 million who served in the military—a sense of delayed gratification. (The average length of military service was thirty-three months, so marriages, careers, and plans to have children were all put on hold until the war was over.)

The war brought horrors and deprivation, but also unexpected benefits. For some, the war years brought a defined role and social status within the armed forces, a measure of freedom from their particular social norms, and an opportunity to travel the world when that was still rare.

This is a particularly important cohort, because people over age sixty-five today control more than half of the nation's discretionary income and hold 77 percent of all financial assets.

To market to this group:

- Keep the message simple, clear, and to the point.
- Use rational appeals rather than emotional ones.
- Use visuals.
- Use print media rather than broadcast media. (They're used to it, and it allows them to absorb material at their own pace.)
- Use contexts in your messages that evoke memories of pleasant past experiences.

Example: Playing on these memories and values, a direct-marketing campaign boosted cable TV subscriptions from this cohort. Their piece featured a photo of General McArthur and the copy "If you remember V-J Day, we've got some new programs you're going to love." Response rates surged from 1.5 percent to more than 10 percent.

### 3. The Post-WWII Cohort

Members of this cohort were born between 1928 and 1945, and came of age between 1946 and 1963. This cohort is large—representing about 23 percent of the adult US population—and spans an unusually long time, eighteen years.

This group enjoyed a long period of economic growth and relative social tranquility, despite the Korean War and a brief recession. The first stirrings of the civil-rights movement and rebellions presaged the events defining the next cohort, but generally the times were conservative and conformist, with people valuing the comfortable, secure, and familiar.

Example: The Vermont Country Store sells nostalgic products. In a catalog peppered with photos from the 1950s, this copy touched memories: "When I was young, I knew kids who were allowed in their living rooms only on special occasions—and usually under adult supervision. Now, instead of a chilly room used only to entertain on holidays, we can really relax in our living rooms."

### 4. Baby Boomers I

Although the Baby Boom includes all those born between 1946 and 1964, there are two boomer cohorts. The first wave was born between 1946 and 1955, and came of age between 1963 to 1972, representing 17 percent of the adult US population.

The boomers have dominated marketing since they first appeared, making household names of Dr. Spock's baby book, the TV show *Leave it to Beaver*, hula hoops, Coke, McDonalds, and Clearasil, among other products.

While they grew up, society changed profoundly. The Kennedy assassination signaled an end to the status quo and galvanized a large group of boomers to social activism that questioned authority, opposed the Vietnam War, and demanded civil rights. Individualism was as highly prized by this cohort as conformity was by the post-WWII cohort. Other core boomer values include self-indulgence, a love of stimulation (an offshoot of drug culture), and a "buy now, pay later" attitude toward consumption and debt.

Boomer activism took place amid good economic times, and they expected a better material lifestyle than their parents had. Because they had every reason to believe things would stay strong economically, there was little need to save for a rainy day (or retirement).

Because this group is accustomed to questioning authority, marketers should provide more information than usual to substantiate their product claims.

### 5. Baby Boomers II

The second wave of boomers was born between 1956 and 1964, came of age between 1973 and 1983, and represents about 26 percent of the adult US population.

This group was shaped by the end of the Vietnam War, Watergate, and the Arab oil embargo that ended the stream of economic gains that had lasted, largely uninterrupted, since 1945.

The social activism of the first boomers gave way to a narcissistic preoccupation with themselves. This was reflected, for example, in self-help books such as *I'm OK, You're OK*.

Second-wave boomers, like the early boomers, are spenders as opposed to savers, but for different reasons. Early boomers expected rosy economic times to continue. (“So why save?”) Later boomers experienced an economic tumble and high inflation, which combined to encourage debt as a way to maintain lifestyle. Late boomers assume they can always get a loan or another credit card, and will never have to “pay the piper.”

Example: A major finance company promoted home-equity loans by telling this cohort, in essence, “Everyone else has a BMW, or a new set of golf clubs, and they’re no better than you are. Even if you don’t think you can afford them you can have them, now.” This pitch would cause anxiety for the WWII and Depression cohorts, but makes perfect sense to late boomers.

## 6. Generation X

Born between 1966 and 1976, Gen Xers came of age from 1984 to 1994 and represent about 22 percent of the adult US population.

Many words describing this cohort are negative, for example, “slackers,” “a generation of aging Bart Simpsons,” and “armed and possibly dangerous.” But this cohort has had nothing solid to hold onto—not the institutions of the Post-WWII cohort, not the early boomer’s idealism and activism, not even the narcissism of the late boomers.

Consequently, they search for emotional anchors via “retro” behavior (there’s been a resurgence of interest in proms and fraternities, for example) and political conservatism. Many feel alienated, ask “What’s in it for me?” and are resigned to a world that seems to offer them a bleak future.

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Example: A way to reach this cohort, which has no major defining moments, is with irreverent, rebellious, self-mocking, and sassy portrayals (think *South Park* and *The Simpsons*).

## 7. N-Gens

Born between 1977 and 1987, the N-Gens span those who came of age from 1995 to those coming of age today, and represent about 12 percent of the adult US population.

This group, unlike the Gen Xers, is very hopeful about the future. Most came of age during an economic bubble. They are team players and have respect for institutions, unlike the leading-edge baby boomers. And this cohort embraces diversity, unlike many older generations that came of age before the civil-rights movement.

N-Gens, so called because the Internet has become their “engine” for conducting life, are multitaskers who are quite at ease with impersonal means of communication such as e-mail and text-messaging. Schewe expects that this may lead to their being less comfortable with face-to-face relationships, though the marketing ramifications of this are unclear.

Understanding these cohorts can open doors to greater target marketing. It takes time for the values of any cataclysmic event to surface. Many considered 9/11 a cohort-forming defining moment, but the evidence does not support this. Few of the values that emerged directly after the tragic event—increases in patriotism, religion, civility, sense of family and community, and desire for security, for example, have stuck. They had a quick upward spike but soon returned to former levels.

We are now experiencing a dramatic downturn in the world’s economy, a change that is having widespread impact on our nation. Will it be the next “defining moment” watershed that creates a new cohort for those coming of age today? Only time will tell.