

Out with the New, In with the Old: The Ageing Population as a Driver for Change

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Hosted by: Instinctif Partners

Older consumers are the fastest growing segment of the UK population and control one-third of the country's total wealth, yet the financial services sector seems obsessed with 'millennials' and the 'new'. How can financial services companies redress the balance to ensure they serve older consumers appropriately and with sufficient care, and thereby win market share of this influential and fast-growing population? Joanna Murphy of Copylab reports from The Financial Services event.

The ageing population as a driver for change... in financial services

- Research indicates older consumers have less trust in financial services and less confidence in planning for their future and retirement versus younger consumers
- The financial services sector's failures in serving older consumers are widely reported in traditional media, which impacts upon brands and trust in the industry as a whole
- Older consumers represent a huge commercial opportunity for financial services firms: one in four of the UK population will be over 65 by 2050
- Accessing existing research and insights is critical for understanding older consumers and to be able to create or change products, services and communications to better meet their needs
- Older consumers are a broad group with diverse needs and are not necessarily vulnerable, but they may need greater support in decision-making and in considering realistically their health risks or other life changes that become more likely with age
- Many older consumers do not access sources of information regarding financial matters, but uptake levels of online media content are high among this age group, and they are most likely to be followers of news content
- Much of the language and many of the images associated with older consumers continue to reflect outdated stereotypes; the financial services sector can lead change in this area, by communicating and representing older consumers in a way that reflects their real lives
- The regulator has stated that information provided to older consumers should be direct, simple, avoid jargon and highlight key messages

The ageing population as a driver for change... in the workplace

- Life expectancies have greatly increased; 64-year-olds are now likely to live another 25 years, with many continuing to enjoy good health and active lives – despite this, men are exiting the workforce earlier than they did in the 1950s
- The ageing population poses a significant challenge to society and the economy; the government estimates that in 50 years £170bn more funding will be needed each year unless older members of society work for longer
- Among UK employees, the fastest growing age bracket is 50 years and over; in 1992, one in five UK employees were over 50, now it is one in three

- 7 million young people will enter the workforce in the next decade, while 10 million will retire; this leaves a shortfall of 3 million workers
- The UK has typically bridged gaps in the workforce through immigration, but if Brexit reduces immigration, this will put even more pressure on the domestic workforce
- Workforce participation collapses after 50: at the age of 50, nine out of 10 workers are still in work, but less than one in two remains in work by their mid-60s
- Research also shows that people aged between 50 and 65 are the most stressed and least happy in the UK
- Most employers have not caught up with changes in the make-up of their workforce

Aviva's "Mid-Life MOT"

- Aviva canvassed its over-50 workers and gained the following insights:
 - One in five believed their age was a barrier to their career within the firm
 - They believed career development stopped as they aged
 - They had massive collective experience within the firm
 - No one likes to think of themselves as 'old' – language use is critical
 - They worry about how the country can support its ageing population
- Aviva's "Mid-Life MOT" was launched following the 2017 Cridland Review, which concluded that helping people to work longer is more important than changing the state pension age
- The "Mid-Life MOT" consists of a series of inclusive educational sessions to help older workers understand they are critical to the future success of the organisation and to help them manage their wealth, work and wellbeing to support a fuller and longer working life
- There was huge demand for engagement, with 94% take-up for the pilot
- The results included an improvement in confidence about careers and accessing support, and an increase in appreciation for the organisation
- Feedback from participants was that the "Mid-Life MOT" should be offered for employees aged 45 years or older
- The business case is strong: if attrition is reduced by 1%, the benefits outweigh the costs of the scheme

The ageing population as a driver for change... in marketing

- Historically, banks and financial companies focussed on recruiting customers at a young age, believing that people rarely changed providers; teams of younger marketing executives were sometimes hired specifically to assist in this effort
- While research and insight are critical, marketing teams also need to feel empathy with a target audience, yet marketing and PR staff in any company are usually younger than the average age of its workforce, which is still some years younger than many older consumers – this is a challenge
- Much progress has been made in recent years regarding improving diversity in the marketing workforce – particularly with regard to race, sexual orientation and women – but the same focus has not yet been given to age

- When considering making changes to communications, marketing departments need to consider carefully the cost/benefit and time/benefit of pursuing new audiences or communication channels versus retaining existing customers using current methods of communication
- While the balance needs to be adjusted as customers change their preferred sources of information and methods of communication, brands must take care not to pre-empt these changes and thereby lose customers who are continuing to use the more traditional methods
- Brands should be generally wary of moving away from tried and tested methods of engagement with more conservative audiences; research has shown that consumers do not need to love a brand in order to remain with it, but if brands do something wrong, they can quickly lose an existing customer base

Key Takeaways

- The ageing population trend is here to stay. Firms must find ways to address the challenges it poses and embrace the opportunities it presents
- There are already some good examples of firms reaping the rewards of improved engagement with older consumers, by understanding and meeting their needs

Thank you to our speakers:

Andy Lane, Partner, Instinctif

Alistair McQueen, Head of Savings & Retirement, Aviva

Martin McGovern, Former head of Brand & Channel Marketing, Aberdeen Standard Investments

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