

# Multigenerational Marketing Grows Up

by Joyce Kauf

Gen X... Gen Y... Baby Busters... Baby Boomers... From infants to seniors, marketers serve up a soup of alliterative and alphabetic segments, each with its own unique makeup. To find out how multigenerational marketing adds up for the beauty business, the Fashion Group International assembled a panel of experts for its "Beauty by Numbers" symposium.

"Niches are giving birth to niches," explained Carol A. Smith, senior vice president, Elle Group Publishing Director, who served as moderator for the May 9 event. As President and CEO of the Parenting Group at Time, Inc., Smith built a multi-brand company of magazines, books, and branded merchandise. She introduced the panel that together represented "over 125 years of collective wisdom." To each, Smith posed the question: "Can one beauty brand... one company... one retailer be all things to all people?" It appears that in the beauty industry, the ayes have it.

To understand the beauty landscape, Timra L. Carlson, president, NPD Beauty, provided a trend overview. Most beauty marketers begin with age. But that is only a starting point; companies need to identify "traditional purchase drivers" and must "extend the brand without alienating core customers."

Citing the Estee Lauder Companies and LVMH for their portfolio of brands that establish a multi-generational customer base, Carlson advocated that companies pursue "multi-focused marketing" by offering a portfolio of products and diversified brands.

Carlson, who spearheaded the development of NPD BeautyTrends, the first industry source for point-of-sale information for prestige cosmetics and fragrances, offered this advice to companies:

- Know your strengths
- Understand individual purchase drivers
- Understand general market trends
- Be where your customer is

The list below shows the individual purchase drivers for three key segments within the beauty industry. While the list focuses on women, men too have different purchase drivers. These differing and often contradictory drivers underscore the difficult road to success.

## 13-17 Girls\*

- Not brand loyal
- Newness is important
- Shop on price

## 35-44 Females\*

- Brand Loyal
- Price is important
- Convenience is a purchase driver

## Baby Boomers\*

- Value company integrity
- Less price sensitive
- Most discretionary income

\* The NPD Group/NPD BeautyTrends

In conclusion, Carlson identified these market trends impacting the industry:

- Consumers are changing
- Retail homogeneity
- Price, value and convenience driver factor
- Consumer confidence declining
- Surgical procedures more accessible
- Natural is in
- Time is the new commodity

### **Multi-Generational Marketing - The Answers**

"No - but with qualifications," replied Dan Brestle, group president, The Estee Lauder Companies. He cited Cover Girl and Clinique as the two brands that "come closest" to being all things to all people. Brestle attributed Clinique's multi-generational success to the fact that "it's never been too cool or over-promising." Clinique is "safe, easy, and not challenging."

Never having been associated with a "face," Clinique has never appeared dated which has increased its appeal. Furthermore, its entry point "on top of mass" makes it attractive to both the mass and prestige customer.

Brestle, who oversees ten specialty brands, including Aveda, Bobbi Brown, Bumble and bumble, jane, Jo Malone, Kate Spade Beauty, La Mer, Prescriptives, stila and Darphin, believed prestige products have the edge in multi-generational marketing because of their department store distribution. It allows for targeting to age and ethnicity with beauty advisors and through specially themed in-store events.

In this challenging economic climate, how should department stores position themselves? "You can't succeed as a generalist without a finely-tuned approach," said Kate Oldham, department manager of Saks Fifth Avenue in New York. The strategy is predicated on knowing the market in their 60+ branches. According to Oldham, their core customer is college-educated, in her 40s with a household income of \$180,000. However, Oldham explained that the store also attracts the younger customer who "aspires" to the sophistication associated with Saks Fifth Avenue.

"Beauty Place" reflects Saks Fifth Avenue's concerted effort to broaden its appeal to multi-generational beauty customers. More than a department, it's a destination with a "well-balanced portfolio of brands" that requires constant "expansion, contraction and editing." The inclusion of iconic brands is essential to appeal to the more youthful customer. Oldham noted that their fragrance bar "captures every segment."

Enhanced service is another important element in keeping your core customer and attracting new customers. To help customers stay on top of the trends - while at the same time establishing Saks Fifth Avenue as a beauty authority - the store launched their "Saks Suggests," a monthly program highlighting a trend and the products to create that look.

"Yes - in my humble opinion - a brand can be all things to all people," explained Joseph M. Horowitz, president and CEO, Clarins Group USA for the past 16 years. "Micro-segmentation - fracturing the market beyond the usual and customary - is how we meet the needs of people across all generations." The key to success is combining it with "macro-customization" made possible by recent advances in technology.

Using moisturizer as an example, Horowitz noted that the "traditional" classification offers a product for dry, normal or oily skin. But, using micro-segmentation, you create a product with multi-generational appeal.

## Product Attribute - Segment

Line preservation - 30 year olds

Firming - 40 year olds

Countering hormonal changes - 50 year olds

The same principle applies to sun care. Use micro-segmentation to expand the benefits of sun protection to "wrinkle prevention." Promote a sun care product as "formulated especially for children" and you've extended your market to the older, more affluent mother.

Horowitz pointed to Starbucks as an example of a company that "allows a large audience to have the feeling of customization with a commodity."

"We're not in the beauty industry," asserted Lyn Kirby, president and CEO, ULTA. "We're into indulgence." She described her stores as a "resource for women to experience, to play and to learn about beauty products." Their appeal transcends all segments because they provide consistency in "entertainment, education, escape and esthetics."

Kirby, whose career spans both domestic and international marketing, was adamant that "it is not about being a beauty destination. It's satisfying today's definition of uplifting as defined by the consumer. Age is not one of these factors."

ULTA is shopped by all age groups:

Age Group - Percent (%) of sales

25-34 year olds - 28%

35-44 year olds - 25%

45-54 year olds - 21%

ULTA's best customers shop the stores 13 times a year, attracted by the convenience of one-stop shopping and the proximity to their home. Kirby noted that 60% of women who purchase prestige also purchase mass on the same visit. At holiday time, this increases to 70%.

Proving Carlson's earlier assertion that "time is the new commodity," 70% of ULTA customers live within a 12-minute drive from the store.

"Yes, a company can be everything - if it focuses on connecting with the consumer," explained Marc S. Pritchard, vice president global cosmetics and personal care, Procter & Gamble. "Cover Girl is at the heart of all niche brands. Everyone wants to be a Cover Girl."

Pritchard focuses on creating holistic experiences for consumers. He maintained that you have to "identify what the brand is all about and then find a fresh, innovative way to bring it to life." Using Cover Girl as an example, Pritchard explained the four steps in creating a product that appeals to ages 12 to 90:

1. understand the product
2. discover the brand personality
3. connect across ages
4. produce the right products

Understanding a brand requires "going beyond the data." The numbers tell only part of the story. More important is the information Pritchard gleaned while observing teenagers choose lipsticks or watching a woman apply mascara while balancing a baby on her hip. To discover the brand personality - its DNA - Pritchard looks for what is common across the ages and what is unique.

The use of spokesmodels from Brandy to Molly Sims to Queen Latifah allows Cover Girl to target different age groups with products that bridge the gap from "teens who want cute... to the moms who want color... to the grandmas who want value and cute too!" "Creating products that "exceed their needs at every age" is the last step. "Once you create loyalty," Pritchard concluded, "they stick with you forever."

**Panelists:**

Timra L. Carlson, President, NPD Beauty, a division of The NPD Group, Inc.

Dan Brestle, Group President, The Estee Lauder Companies

Joseph M. Horowitz, President and CEO, Clarins Group USA

Lyn Kirby, President & CEO, ULTA

Marc. S. Pritchard, Vice President, Global Cosmetics and Personal Care, Procter & Gamble

Kate Oldham, Department Manager, Saks Fifth Avenue

**Moderator:**

Carol A. Smith, Senior Vice President, ELLE Group Publishing Director

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*Joyce Kauf is an active FGI member of 10 years. Ms. Kauf participates on our Publications Committee as a volunteer writer. Ms. Kauf also writes articles for the quarterly New York Bulletin.*