

CHAPTER 1

INTRODUCTION

1.1 Introduction

Today, in the 21st century, the world has advanced and populated. Technology, human sciences, and growing economy are responsible to the world's condition now. People have experienced a new level of lifestyle and enhancement. Our grandparents, parents, and children, each generation experience a vastly different world. Starting from the pre-boomers to generation Y. Firstly, let me introduce you the generations. baby-boomers who were born between 1946 and 1964, they were born after World War II. Today, their age ranges from 43-61 years old. After the baby-boomers is generation X (born between the year 1965 to 1979) the generation on the latter is the younger generation, the grandchildren and the children of the pre-boomers and the baby-boomers themselves (*Brown and Orsborn, 2006:42*) Baby boomers accounted roughly 78 million US population in 2006. They spend an additional \$10,000 more every year on consumer goods and services than their younger cohorts. By 2010, adults 45+ will outspending the younger adults by \$1.6 to \$2.6 trillion (*Brown and Orsborn, 2006:18*) Baby boomer women make 80% of home improvement decisions, spend more than \$55 billion annually, account 65% of all new automobiles sold every year and purchase over 66% of computers and it is a fact that disposable incomes are highest for women age 45 to 54 (*Brown and Orsborn, 2006:20*)

Retailers have also progressed for the last two decades. However, retailers are likely to neglect the mature women market which is very lucrative and huge, not just in developed countries but other developing countries as well. The baby-boomer women

who are now coming back stronger as they have matured, successful careers, investments that are made during the 'boom' era, not to mention inheritance from their parents; the pre-boomers. In America 80% of the women are the decision makers in the family in terms of travel, shopping, and choice of living and as much as 30% increase of women aged 45-64 in the next few years (*Brown and Orsborn, 2006: 1*) The size of matured population both male and female received great attention, due to the revolution of longevity around the world. Namely they are more concern to their health and lifestyle as they grow older, and the modern technology in health care that supports them to live longer. There are approximately 300 million people aged over 65 worldwide and is expected to double in the next 20 years as economic conditions improved and nationwide health care made accessible in the developing countries (*Moschis et al., 1997*)

Businesses in America are affected by the aging population; they develop new products or simply modify the ones that are already existed in the market. Moreover, firms design new pension programs, employee benefits, elder-care programs, and training. They begun to realize that keeping older person longer in the job is more profitable rather than finding and train new and of course younger workers because they won't have to pay benefits to retired employees for a longer time (*Moschis, 2003*)

In UK alone, multiple fashion retailers offer apparel that are targeted to younger consumer below the age 45 (*Britwistle and Tsim, 2005*) Furthermore, women aged over 45 have higher disposable income that retailers can't overlook than those younger consumers. They are currently influencing 80% of the \$2.1 trillion baby boomers spend on goods and services.

Baby boomer women have more established careers compare to those younger cohorts and at the peak of their earning potential, with an estimated 52% increase in the category of women over 55 will stay in work by 2010 (*Brown and Orsborn, 2006:19*)

Signs of the revolution in this market have indicated that it will come big, therefore, if marketers abandon this market they will lose their competitive edge to those who already sought this market and have a sufficient research about these women.

It seems they won't bother to research this market or understand them better. These women have to accept the same treatment those retailers give to the younger people while they don't have the same problems or style preference as the younger consumer groups.

As stated previously, the mature women market is huge and this is an opportunity to evaluate the consumer behavior and self-image, examine the mature women market on current fashion clothing provision, better understand, explore them and this study was also to help retailers, especially fashion retailers, identify this market, hence increase their competitive advantage.

1.1.2 Background

The big question is “When does maturity begins?” this question triggered so many marketers and gerontologist to try to define it. Does it begin from 50-55? 60-, or 65 plus? Retailers have ignored the women mature market based on their individuality, diversity including the multitudes of shapes, sizes, varieties and colors (*Nielson and Curry, 1997: 310*) a more conventional approach the mature market is segmented into three groups which are the ‘Young Old’ (55-64), the ‘Mature Old’ (65-74), the ‘Old Old’ (75+), despite the tantalizing allure of tapping their wealth and influence, however, the indications has shown that all three segments have been relatively served poorly (*Long, 1998*) it is difficult to generalize the mature people based on demography only considering the cognitive age and chronological age they have.

The mature people are not going to be more heterogenous but they will behave differently in a certain condition or environment, and constantly changing, thus, marketers should update their information about the consumer behavior of this particular market since it quickly becomes obsolete (*Moschis, et al., 1997*)

As women mature, their physical attributes change, their taste on clothing also change, they are more concern about how to reflect their personality through what they wear and it’s wrong to stereotype these women as cranky, and hard to convince. Furthermore, according to Center for Women’s Business Research, almost seven in ten women 35+ (68%) say the older they get, the more they enjoy trying new things.

There is a persisting perception about the ideal female beauty and that is very related to youthfulness.

The reasons why the retailers abandon the mature women market especially in the fashion clothing industry is that because they tend to cater those younger cohorts due to its larger population today. However, the boomer women who are now mature and older is stated to be staying in the workforce longer. Women aged 55+ don't plan to retire and estimation of 52% increase projected for the work force by 2010 moreover, according to the statistics, they are likely to outlive their husbands on average 6-9 years. In USA alone, baby boomer women have an approximate population of 78 million, while the other younger age groups (Generation X&Y) accounted only 120 million combined together (*Brown and Orsborn, 2006:18*)

Almost similar this happens in Indonesia, as a developing country, Indonesia has gone through a lot of ordeal since it declared its sovereignty in 1945 from its oppressor, Japan and Netherlands. Indonesia now has a population over nearly 250 million citizens, carrying 36.1 million people living below the poverty line (*Source: BPS 2004*) Indonesia was in an economic crisis in 1997 which made the socio-economic condition of the country suddenly collapsed including the toppling of the infamous President Soeharto.

Last GDP per capita recorded in 2006 reached \$3,800 (*Source: CIA- The World Factbook*), along with minimum wage of \$77.5 in 2004, the economic conditions vary. The immense gap between the rich and the poor is contrast in the capital city, Jakarta and the secluded villages in the outskirts of Jakarta.

For instance, big cities such as Jakarta, Bandung, and Surabaya are flourishing with shopping malls, Arcadias, luxurious apartment and office buildings supported by the central government by providing abundant resources to build infrastructures needed.

Whilst those extravagant buildings and skyscrapers, are never to be found in the small cities and rural areas. Indonesian's percentage daily of expenditure per capita by group expenditure of food and non-food in 2002 alone is 58.47 and 47.18 respectively (*Source: BPS, 2002*) with labor force of 108.2 million people. Level of imports reached \$77.73 billion (*Source: CIA- The World Factbook, 2006*)

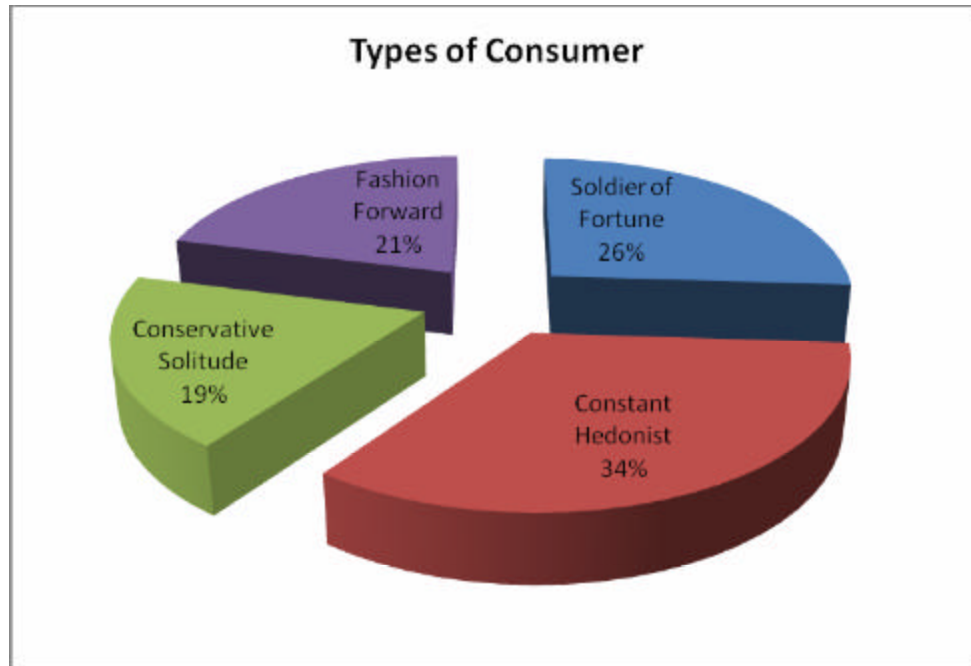
With the population of nearly 250 million people, the working women accounted 47.6% as a percentage of employment-to-population ratio, whereas based on the age group of 35+ , there are 15,631 women employed by the year 2002 (*Source: BPS, 2002*) nevertheless, the numbers below doesn't disqualify the women who are poor.

Baby boomer women who are now matured, have more secure position in their work and family, hence, they have larger disposable income than that of younger age groups as their family commitments reduce (*Birtwistle and Tsim, 2005*)

According to the research done by MarkPlus&Co, around 60% of housewives in Indonesia have 1-2 credit cards and 52% shop with their credit cards and 80% of these women have gone shopping abroad. A survey conducted to 100 young mothers showed that they had an approximate of 10 million Rupiah (25%), 5-10 million Rupiah (10%), and 2-5 million Rupiah (65%) on household spending (*Kartajaya et al, 2005: 178*)

High rollers in Indonesia as much as 55% (with spending more than 4 million per month) spends compulsively. The consumers are divided into 4 types which is Soldier of Fortune, Constant Hedonist, Conservative Solitude and Fashion Forward (*Source: Mix Magazine, April 22- May 20, 2006*)

Chart A Types of Consumer



The data acquired from Mix Magazine April-May, 2006 edition noted that the numbers are from consumers who live in Jakarta, Bogor, Tangerang, Bekasi and Surabaya.

Mature women have the greatest market opportunity because these women will continue spend and work simultaneously and become a potent socio-economic force. Supported by advanced medical treatments, facial surgery, more health conscious, women may feel younger a decade (cognitive age) than that of her chronological age. By better understand the mature women, retailers will gain competitive advantage in the marketplace amongst the competitors who unsought this market. With boomers turning 50 every seven to ten seconds, which result a population of over 4 million in eight years time (*Brown and Orsborn, 2006:21*)

The mature women are becoming experimental as they grow older and open to new experiences including new brands (*Brown and Orsborn,2006:20*). This is an opportunity for marketers to identify them whether through segment specific or product specific strategies because talking only about age is very risky considering the differences between chronological and cognitive age can't be overlooked and are multidimensional. Retailers develop positioning strategies to attract targeted segment in a market.

A research conducted on consumer has confirmed that purchasing behavior and store choice are affected by store image. Later this paper will explain how Hedonic consumption plays a huge role in consumers' behavior on store choice and preference which is learnt through cognitive learning over time. Hedonic consumption designates those facets of consumer behavior that relate to the multisensory, fantasy and emotive aspects of one's experience with products. Multisensory includes tastes, sounds, scents, tactile impressions and visual images. A consumer will not only respond to multisensory impressions from external stimuli but also generating multisensory images within themselves. The colors and shapes that are seen, sounds, touches are experienced as mental phenomena (fantasy). Moreover, hedonic consumption also involves emotional arousal and this is tied closely to the consumption of products such as cigarettes, food and clothing (*Hirschman and Holbrook, 1982*) therefore, store choice depends on combination of several factors; quality, variety of merchandise offered, pricing strategy, and symbolic factors to signal status and affluence.

Later in the paper the author will discuss how the retail store image will influence the purchasing decision of the mature women.

1.1.3 Problem Statement

For decades, retailers have disregarded the growing population of the mature women. As they grow older, have more disposable income, stable family condition, improvement in career; these women have become a gigantic market that are unsought by most retailers.

Retailers in fact are more interested in the younger age group. Fashionable yet they have lesser income, tend to be unstable and volatile in terms of brand loyalty. Mature women are independent and they realize that fashion retailers have ignored them and dissatisfied their needs in apparel. Considerations such as body weight, decreased height, skin elasticity changes, and other problems that they experience as they mature. The fashion retailers haven't catered to these women, and the mature women are forced to take the available goods they actually don't like or even dissatisfied with the features being offered to them. In summary, mature women market is unsought and neglected by the fashion retailers, thus, the retailers need to take measures in providing them products they desire.

Mature consumers are seen differently from the retailers point of view because somewhat the market does not seem as an interesting one and seen as a risky market, thus the mature market are being offered limited or less variety of options compared to younger consumers. The retailers target these young fashionable consumers because they lack of understanding about what the mature market needs, consequently the mature women are being neglected. In the contrary, the mature market is growing rapidly and heterogenous, it is such a shame not to tap this particular market which is very lucrative.

Therefore, women have been offered limited options in clothing, whereas this market is wide open for the retailers to open and try to satisfy those uncovered needs.

Whilst the older women are loyal to brands that have given them benefits and have proven to be suitable and convenient for them to use. The key word is “Experience”, once these women like what they see and receive, they will repurchase from the same brand.

Each mature woman has individuality, and diversity which comprises of multitudes of shapes and sizes as their physical body changes overtime.

It is difficult to set where maturity starts, and how to segment this market. Segmentation based on demography only is not a right thing to do because age itself becomes diverse as each women experience different events in their lives or doesn't experience any events at all.

1.2 Purpose of Study

Therefore, the purpose of this study is to understand who are these women (both cognitive and chronological aspect), and evaluate their purchasing behavior, how they perceive themselves as (self-imagery) and the views of current fashion clothing trends.

This research will then help retailers to gain competitive advantage by understanding more of these women on who they really are based on the segmentation and what do they actually want in fashion clothing, moreover, this research will aid local retailers with the market condition in Indonesia.

1.3 Organization of the entire paper

Chapter 1 consists of the profile of baby boomer women who are now matured aging 40+ has a rapid growth in terms of population due to the medical advances, career improvements, salary wise and how they perceive 'old'. This market is diverse and heterogenous, and it's a shame that marketers jump into a conclusion that they should target this mature women market based on their age or demography while maturity is multidimensional, and by targeting this way, marketers often face the grim reality of failing in penetrating the market itself.

Chapter 2 is theoretical foundation and frameworks which supports the design of solution of the problem. The foundation is summarized and presented comprehensively and in accordance with the problem, the theories presented are referenced from the latest research in the field or from textbooks and other references. The theoretical framework will show a coherent model which shows the relationships between variables should be formulated to find the solution.

In chapter 3, the methodology that is used to analyze the research will then defined including the sampling and the survey instrument as well. Planning, adjustments made in the country, and comprehensive comparison between UK and Indonesia. The result of the research will be presented in chapter 4 along with the discussion regarding the findings. The findings in the previous chapter will be concluded in chapter 5. Recommendation and limitations on the research will also be presented.

Therefore, this paper will reveal, who are these women, evaluate their preferences and study their behavior on purchasing fashion clothing, what are the variables that inflict women in their decisions in buying? Does store choice equal store image? What do they expect from the fashion retailers; listen to their complaints and opinions on the current situation of the clothing industry.