

TARGETING

A few years ago, soon after my 50th birthday, I remember being ashamed when a copy of the Saga magazine landed on the doormat. "Hide it quick unless anyone sees it!" However, insulted though I was, I had to admire the brilliant marketing. Knowing I had turned 50 was easy enough but I had to admit that the magazine itself was a master stroke. Glossy, well designed and packed with good journalism, it could compete with most general interest magazines on newsagents' shelves. And you didn't have to buy it or go down to the shop to get it. It contained its fair share of adverts, but which magazine doesn't? It was great marketing because:

1. *The targeting was perfect. Obviously by age and they would have been able to filter by other demographics such as socio-economic status. Whilst I was not in the market for a cruise, like most over 50s I bought several insurance products, so there was no wastage. How many advertisers can say that?*
2. *It was not a selling document so will not have alienated anyone.*
3. *As well as ads for their own products it included soft sell articles e.g. travel features on interesting places visited by their cruise ships.*
4. *It had a circulation of 1.2 million.*

I'm not telling you when I turned 50 but let's just say that back in the day Saga was a successful business. In 2003 it registered annual sales of £382.7m and profits of £81.6m – a margin of 21.3%. In October 2004 there was a management buy-out, backed by venture

capitalists Charterhouse, for £1.35 billion, with the management owning 20%.

Later, Saga merged with The AA to form Acromas Holdings and in 2014 it was demerged and floated on as Saga plc. Over those years it has increased its financial services product range, grown its cruise business, acquired a couple of travel agent businesses and a healthcare division.

Now it's worth £478 million on the London stock market (35% of its 2004 value), because although its sales have more than doubled to £841 million its 2019 results showed a loss of £162 million. Over the last 5 years, sales averaged £887m per annum but profits only £28m, an average profit margin of a miserly 3.2% compared with over 20% in the good old days. Despite the fact that they are positioned in one of the UK's most attractive target markets! Since 2004 it's estimated there are around 5 million more people over 50 and that over 55s account for over two thirds of the UK wealth. So what's gone wrong?

I think there are 2 problems. First the marketing is much more focused on short term selling than a longer term strategy that gradually takes prospects through the communications spectrum. For example, the magazine isn't free any more. It's £24 per annum, which isn't expensive but you have to pay, and make the effort to subscribe. As

a result circulation has halved to 627,000. Of course, they're doing lots of other marketing. I get Saga cruise mailshots every week. Several. Often more than one a day, all featuring price cuts. It smacks of desperation. If you're constantly getting price offers many people's response is to hang on for the next, better offer.

Second, Saga management is constantly bamboozled by the marketing industry into believing that it must "refresh" its image and appeal to a younger audience. Why? Research by MORI showed that Saga was the most trusted brand in financial services, but it was also associated with older people. For me that's a win-win. How many financial services brands are trusted? And it's associated with old people? Fantastic, that means that the marketing is aligned with the target market.

Unfortunately, the 'older people' image seems to have been a problem for Saga management for some years now. Here's what Saga reported in 2017. *"Saga is relaunching its brand, unveiling a new look and feel for the brand as well as its first ever strapline 'Keep doing' as it looks to evolve the business to ensure it remains relevant for today's over 50s, rather than being seen as a brand for old people. The changes include a new logo, font, colours and imagery".*

And in 2019 – *"Saga is hoping to surge forward in 2019 with a bold, more confident approach to its marketing strategy, amid plans to invest more in its brand over the next year than ever before. This fresh creative approach kicks off in its travel business with a new campaign tapping into the adventurous spirit and passion of its travellers. Positioned around 'The World is Waiting to Meet You' tagline, the campaign features three 30-second TV ads shot in Mongolia, Norway and Spain featuring locals reminiscing about the Saga customers they met during their travels. Saga is also rolling out a wider selection of videos on Facebook using edits of the TV ad. Direct mail will also remain a huge part of the marketing mix but the aim is to use it in a more personalised way."*

Let's hope it works better than the 2017 marketing re-vamp and I look forward to my direct mail becoming more personalised, although the bar is currently set very low on that one!



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