

Entrepreneurial Dominion



John Martin

From Boomers to Zoomers

The Southeastern Institute of Research, Virginia's oldest market research firm, is finding new life through expertise in everything from Baby Boomers to commuting patterns.

Baby boomers just don't get it – they don't know how old they are. They're passing the 50-year milepost by the millions every year, and far from signing up for the American Association of Retired People, they're barely willing to concede they've hit middle age. According to research conducted by the Southeastern Institute of Research (SIR), the Boomers perceive themselves as 12 years younger than their chronological age.

Not surprisingly, observes SIR President John Martin, Baby Boomers also feel that a lot of advertising directed at them is missing the mark. Ad agency art directors and copy writers – average age, 29 – tend to apply the stereotypes of middle age. Says Martin, himself a Baby Boomer: "You've got worlds in collision."

That may be bad news for brand managers wasting billions of dollars on ineffective advertising, but it's a business opportunity for Martin and his partner Elizabeth McLaughlin, who took the helm of the Richmond-based market research shop a year ago. By establishing The Boomer Project with ad veteran Matt Thornhill, they are positioning themselves as experts in generational marketing who can bring strategic insight to their clients.

While zealously preserving the research expertise that made SIR an institution in the Mid-Atlantic marketing community, Martin and McLaughlin have brought new energy to the 40-year-old firm. In the space of a year, they've garnered national visibility through the Boomer Project, forged a relationship with a renowned statistician and demographer, refocused their own marketing on selected industry verticals and landed a slew of new clients, from Colonial Williamsburg to e-commerce provider PayPal.

Most significantly, the new owners have refocused SIR from a firm that delivers rock-solid marketing research,

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Elizabeth McLaughlin,
COO

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largely upon request, into a company that participates in the strategic decision-making of its clients. "When we do research," says Martin, "we start off as business people thinking, 'What's the end goal?' We start with the understanding the strategic goals and business drivers, and only then define the research program."

That kind of thinking comes naturally to Martin. He served several years as president of Siddall, Inc., a research-intensive ad agency in Richmond, when he made the decision to join PBM Products in Gordonsville. PBM, founded by entrepreneur Paul Manning, had the audacious goal of busting into the cozy duopoly that controlled the baby formula business. Martin ran the branding and marketing program that helped vault the start-up into a \$100 million-plus company in just a few years. Among his more fateful decisions, he hired McLaughlin, a go-getter GenXer who brought a wealth of marketing experience from the cellular industry, as a senior member of his team.

Slinging stones at industry Goliaths was alternately exhilarating and terrifying. Martin and McLaughlin served as the truth squad, traveling around the country when one of the industry giants circulated potentially damaging information about PBM's baby formula product and triggered a lawsuit. They hit the road again when the Food and Drug Administration recalled a batch of PBM's formula, salvaging credibility with key distributors and short-stopping what could have been a business-killing disaster.

Thriving under crisis, the duo clicked professionally. They began talking about starting a business of their own. As luck would have it, Robert Miller and Richard Steele were ready to retire after four decades of running SIR and wanted to sell their company. They sent out feelers to Martin, who'd been a loyal client over the years.

"Bob and Richard are the deans of marketing research in Virginia," Martin says. They'd built a team expert in the intricacies of field work, data tabulation, the coding of open-ended questions and other research arcana. "Elizabeth and I saw an opportunity to take a brand, which had a reputation of doing marketing research the right way, and take it to the next level."

When Martin and McLaughlin took over – he as CEO, she as COO – they inherited a strong staff and roster of clients. Although Miller left the firm, Steele stayed on to help manage the transition before retiring by the end of this year. Still, the new owners moved quickly to put their own imprint on the company. First, they changed the company's client mix. SIR had many clients, but a number of them generated projects only episodically. Martin and McLaughlin wanted to focus on clients who saw research as a strategic priority, built a budget for it into their operations and were willing to pay for the insights they received.

Furthermore, rather than scatter-shot their efforts, the new owners focused on key industries where they could speak authoritatively and gain industry recognition as experts. From his days at Siddall, Martin leveraged a strong relationship with the Virginia Department of Transportation into a national reputation in the field of transportation demand management. VDOT is an SIR customer, and transportation now is one of SIR's target industries. Other fields include hospitality & travel – the firm hopes to announce soon the hiring of one of the leading tourism marketers in the country – as well as health care, education and trade associations.

Secondly, the new bosses re-shaped the corporate culture to better fit the new mission. Under SIR's old business model, researchers had the know-how to take projects from start to finish – and usually did. The practice had the virtue of providing clear lines of responsibility, but Martin and McLaughlin wanted to give clients the benefit of a wider variety of perspectives. As far as they were concerned, the thinking behind the questions and the analysis of the results was as important as the raw data.

"We have very high expectations," says McLaughlin. "We want to knock it over the fence for the client. The pace may have picked up – there may be more meetings and more debate -- but we reach a consensus and deliver a product that's been vetted by everyone and reflects the best thinking of the group."

Meanwhile, SIR is building on a proprietary product, the Feature Optimizer, developed under old management to conduct multi-variant analysis on the trade offs consumers make when choosing a bundle of products, services and prices. A luxury resort could use the Feature Optimizer, for instance, to calculate a promotional package of hotel rooms, meal plans, golf and other activities at a variety of price points.

The new SIR has Internet-enabled the Feature Optimizer so consumers can respond to the survey on the Web and their responses can be downloaded directly into a database. Now clients can track results in real time as survey responses pour in. Meanwhile, SIR has formed a strong relationship with Dr. Steven Nock, a University of Virginia sociologist and nationally recognized statistician and demographer. SIR calls upon his expertise to conduct higher level statistical analysis using the Feature Optimizer.

Then, of course, there's the Boomer Project. SIR teamed up with Matt Thornhill, chief marketing officer with Boisseau Partners. Thornhill approached Martin, asking if he'd be interested in helping start the project. Martin thought the project made a good fit. A number of SIR clients -- most prominently the AARP but also a number of travel and hospitality clients like Virginia Tourism Corp. and Colonial Williamsburg – cater to Baby Boomers.

SIR surveyed not only the Boomers but the ad agency creative workers who were crafting ads for them. It's axiomatic in the ad business that branding dollars should be focused on the 18-to-49 demographic because people form brand loyalties when they're young. But the research showed that Boomers display far less loyalty than previous generations, Martin says. Boomers have more disposable income than any generation in history and they're more open to switching.

"Over the last 30 years, people have focused on the 18-to-49 demo. Once you turn 50, marketing people declare you dead," he declares. "But you don't die when you're 50 – you're just beginning to have the financial resources to become a big consumer!"

The original idea was to bring those insights to SIR's clients, but the Boomers boomeranged in an unexpected way. Community leaders in Richmond hired SIR for their "The Young and the Restless" project, surveying the attitudes of the 25-to-34 group towards the Richmond metro area and probing what influenced their decisions to leave the region or stay. McLaughlin, who falls into that age group and moved to Richmond from Charlottesville when she joined SIR, presented the results only a month ago. Now the company is gaining the reputation as an expert in generational marketing generally.

That's just fine with Martin and McLaughlin. Appreciating generational differences in values can only help them do a better job for clients like The Virginia Tobacco Settlement Foundation, which is charged with the job of reducing teenage smoking. "You have to understand viewpoint of each generation, their frame of references," says Martin. "It's all in how you frame the question."

-- July 14, 2004