

The Boomer Boom

Revolutionary from the day they were born, Baby Boomers will continue to dictate—with their wallets—how they're targeted by marketers
| By Christopher Musico

AGE: 44 to 62 (born between 1946 and 1964)

BIGGEST FINANCIAL CONCERN:
Outliving their savings

BIGGEST POLITICAL CONCERN:
Economy
(Social Security/Medicare)

PREFERRED COMMUNICATION CHANNEL: Telephone

Carolyn Burnham (Annette Bening): "Uh, whose car is that out front?"

Lester Burnham (Kevin Spacey): "Mine. 1970 Pontiac Firebird. The car I've always wanted. And now I have it. I rule!"

—American Beauty (1999)

Living up to the loudness of their name, the Baby Boomers have made waves ever since they were born—which most major research organizations peg between the years 1946 and 1964. There are about 76 million of these folks now, according to the United States Census Bureau, and demographers say that America is no more ready to handle them today than it's ever been.

"The government has been wholly unprepared for the Boomer generation throughout history," explains Braun Mincher, author of *The Secrets of Money: A Guide for Everyone on Practical Financial Literacy*. "When everyone came back from [World War II] and all of the babies were born, hospitals were not prepared. When these kids grew older... elementary schools didn't have enough facilities or teachers. This has been the case all along the way."

Instead of waiting for their predecessors to define them, Boomers took matters into their own hands—and will continue to do so, says Matt Thornhill, co-author of *Boomer Consumer* and founder of the Richmond, Va.-based Boomer Project, a marketing research and consulting company targeting this demographic. "They've never acted like the generation before them, and they will not do so as they go into the next stage of life," he says.

The group that shook loose all conventional wisdom during the Vietnam War and the civil rights movement will apply the same mold-breaking approach to its dominance of the nation's consumer



spending. And with an estimated \$1 trillion in annual buying power, these middle-agers are not afraid to open their wallets, says Kenneth Gronbach, author of *The Age Curve*. “Boomers are extravagant spenders,” he admits.

That’s especially true now that most Boomers’ own children have moved out. “There’s a sense of ‘It’s my time again,’” says Sean Seitzinger, senior vice president and general manager for the innovation and consulting practice at Chicago-based Information Resources. “Boomers are struggling with being able to cater to their own needs and having so many alternatives and choices in how to spend time, go on vacations, what they eat, and the type of activities they do. As they have in every other stage of [their lives], they will define the market based on their needs.”

A DIVERSE ARMY

Marketers may see the Boomers as a single group, but their births were strewn across the 1940s, 1950s, and 1960s—which means they’re now *in* their 40s, 50s, and 60s. That series of ages spans everything from having school-age children to empty-nest syndrome to grandparenthood.

“Most Boomers are in the process of either starting or finishing sending their kids off to college, and have been able to pay for their homes,” Seitzinger says. “However, these people are much different than the last 50-plus age group. They are not homogeneous but are rather extremely diverse.”

Mincher agrees, using the term “Sandwich Generation” to describe the plight many Boomers face today: “They may be taking care of both elderly parents as well as their own children,” he says. (It’s a circumstance they share with some of the older Gen Xers coming up behind them.)

As an example, Mincher recalls a man in his early 60s who held a doctorate and worked in the pharmaceutical field. “He still financially supports three grown children, plus his mother-in-law, all on his Ph.D. pension while his wife still works as a teacher,” he says. “I think the guy would love to travel a bit more. He should be in the twilight of his life, and enjoying life.”

Calling it a “double whammy,” Mincher predicts supporting the generation pre-

ceding and following Boomers will not be an uncommon occurrence. Another piece of conventional wisdom he dismisses is the idea of a conventional retirement. “Boomers will end up working longer and waiting to retire,” he says. “They may even [leave their full-time position] but keep a part-time job, because medical care is keeping people alive longer.”

For those trying to tap into the needs—and wallets—of Boomers, this means segmentation, segmentation, segmentation. “Marketers must understand the nuances and needs of this consumer group as opposed to all the others,” he says.

‘HEALTHY’ SPENDING PATTERNS

While Boomers may exhibit a healthy diversity among their life situations, being healthy may be their one commonality. “The driving motivation for Boomers over the next 40 years is going to be spending time, money, and effort to maintain vitality,” Thornhill says. “‘How do I stay vital until I take my last breath?’ No one wants to have a slow, steady decline into old age and think their best years are behind them and [that] they’re over the hill.”

Physical vitality—including health, wellness, and appearance—is a tremendous opportunity, Seitzinger says, and one that marketers are missing out on right now. “Look at discount pharmaceuticals and solutions focused on diabetes, healthy hearts, and pain management,” he says. “These are all very large Boomer market opportunities.”

Health and wellness not only means medicine to avoid illness, but also physical vitality to keep looking good. Whether that means walking into a hospital to get a nip here, a tuck there, or some Botox to eradicate crow’s feet—expect Boomers to invest in staying fresh and clean, so they can continue to pursue the finer things of life. “[This generation] is focusing on health and wellness, but it is balanced with an indulgence trend,” Seitzinger says. “You have this health theory, but then they want more unhealthy food to even it out.”

Instead of running to the plastic surgeon, many will run, lift, and sweat away the stress of 40-plus years of life. “Boomers are the generation back in the 1970s

8 Common Boomer Myths

- 1 | They’ll Sit Down, Exhale, Retire
- 2 | Understand One Transitioning Boomer and You Understand Them All
- 3 | Boomer Consumers are More Brand-Loyal
- 4 | 65 Is the Witching Hour When We Turn Old
- 5 | Boomers Are Rich
- 6 | Social Security Will Be Enough
- 7 | Technology Belongs to the Young
- 8 | Boomers Can Do Only One Thing at a Time

Source: DMW Worldwide LLC

and early 1980s that started the fitness craze,” Thornhill recalls. “When they got out of college, they said ‘Wait, we want to keep playing’ and Nike came along.... The whole fitness craze happened.”

Just as Boomers influenced the mass adoption of fitness centers across the country, Thornhill predicts we’ll see the same when it comes to staying sharp mentally. “It’s kind of a brand-new category,” he says. “They’ll spend money on things keeping the brain supple and exercised.” He may be right: Nintendo’s Brain Age is a popular example of a growing market for educational games not aimed solely at small children. Revenue in 2007 for the brain-fitness software market climbed to \$225 million, up from \$100 million in 2005, according to SharpBrains, a San Francisco-based research and advisory firm tracking the cognitive fitness market.

Of all the ways Boomers try to stay vital, Thornhill notes that Boomers are particularly attuned to their medical health. “If you don’t have your health you don’t have anything,” he says. “Nothing else matters. If you have a [medical issue], everything else takes a back seat to that.”

“I expect to continue seeing higher levels of spend on health and wellness,” Seitzinger says. “That’s pretty high on the list...for these consumers.”

A recent study from San Francisco-based customer interaction solutions provider MarketTools mirrors those assessments. When Boomers were asked which market currently had the biggest impact on their spending habits, only 10.5 percent said the “high cost of healthcare.” Alternatively, the vast majority of Boomers—61.7 percent—said the high cost of gasoline hit their wallets the hardest.

STAY IN TOUCH

Some people believe technology is only truly embraced by the younger groups who’ve grown up in a world reliant on it—the Gen Yers/Millennials and end-of-Gen-Xers that author Don Tapscott writes about in his upcoming book, *Grown Up Digital*.

But that’s a mistake marketers can’t afford to make, says *The Age Curve’s* Gronbach: “Boomers love technology,” he says. A study from New York-based market research company eMarketer finds that Boomers are crawling all over the Web. In 2005, 58.2 million, or 75 percent of Boomers, used the Internet. By 2011, eMarketer expects 63.7 million, 83 percent of them, will be Internet users.

Boomers may be late bloomers, but they’ve taken to the new age of social media. “Boomers are trying to integrate technology more into their lives,” Seitzinger says. “A lot of the advances have been making this more accessible...such as high-speed access in the home, on-demand multimedia, and integrated voice and data services in a handheld environment.” Baby Boomers intertwining their lives with the latest technology is exciting in two ways, he says: First, they’re the ones with the spending power as new solutions come to market. Also, “Boomers, as they have with everything else... will redefine the aging social experience leveraging technology,” Seitzinger says.

There’s a reason this crowd intuitively grasps social networking. “Boomers have been indulging in social networking in the real world for the last 40 years,” Thornhill says. “They’re going to extend some of that into their virtual world. They’ve invested their time and effort putting together a network in their communities.”

But though technology is a factor in Boomers’ social circles, there’s a world beyond, he says. Even with the sudden reversal of the economy, volunteer organizations will see Boomers knocking down the doors to contribute time instead of money. “We already see a larger percentage of Boomers volunteering than the previous generations,” Thornhill says. “[Community groups] will see an influx of talented and experienced Boomers over the course of the next 20 years who want to stay connected and give back.”

MARKETING (UN)INTELLIGENCE

Despite the unique trail Boomers have blazed, marketers have wrongly thought that this generation will take on the same habits and patterns as previous middle-agers did. “A lot of people have conventional views about the Boomers, and many of those are incorrect,” Mincher says. “It’s tough to take a generalist approach.”

Seitzinger also criticizes the nonsegmented approach many marketers take when trying to attract Boomers. “Consumer marketers are not doing a very good job targeting this group,” he says. “It doesn’t fall within a typical marketing profile of what’s attractive, such as the 35-and-under demographic.”

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Marketing traditionally targets those key youth segments, under the theory that younger people are more likely to become long-term, loyal customers. “Most manufacturers today are very category-specific and have reduced a great deal of [their] marketing-research dollars,” Seitzinger says. “There hasn’t been a lot of incremental money to learn more about this new, emerging, and powerful group. It’s been taken up by how to reconnect with teens, Hispanics, and African-Americans... there are very few companies saying that 50-plus is the future of their businesses.”

The lack of research keeps many from

seeing that Boomers are an entirely different cohort than their predecessors, Thornhill says. “It’s just a generational term, yet marketers seem to think they’ll be the next seniors and act like them,” he adds. “They won’t.”

Still, a handful of marketers are beginning to see the light. “They are starting to get it and understand [Boomers] are neither young adults nor old people,” he says. “They’re a group in the middle.”

One example of a company clearly targeting the graying masses is Combe’s Just For Men brand of grooming products. Its latest commercial, for a new product called Touch of Gray, opens with some particularly active Boomers—playing basketball, surfing, dancing, doing karaoke, and just plain enjoying life. The commercial thrums to the beat of the 1960s Cream anthem “Sunshine of Your Love,” and opens up with the line, “The generation that swore it would never get old—*didn’t*. Welcome to the summer of life.” Another campaign, for Ameriprise financial advisers, uses counterculture icon Dennis Hopper to scoff at the definition of retirement: “Your generation is definitely not headed for Bingo night,” he says, with “Gimme Some Lovin’” squealing on the soundtrack. Boomers, the new marketing man-

tra goes, will want to spend their money to make time stand still. (Do we even need to mention Viagra and Levitra ads?)

Thornhill says that while there may be some early movers, it will take a mass shift of dollars to really revolutionize the way marketers deal with Boomers. “The only time the market is really going to make a decision about this is when the pain of Boomers taking their money elsewhere hits home,” he says.

RELOCATION NATION?

Many Boomers are also looking to downsize out of their family-sized homes.

Experts differ on exactly how this shift will occur: Urbanization; relocation to warmer states such as Florida or New Mexico; and 55-and-over retirement communities all get mentioned. But with the ongoing crisis in the lending market, the assumption that Boomers can rely on their arguably biggest asset to help spur spending and retirement may be in question. "The housing market is a significant influence because it's such a large holder of the percentage of their wealth," Seitzinger says. "They're deeply concerned about what's going on [with this situation]."

Essentially, Boomers need buyers for what they want to sell—and that's not guaranteed, especially today. "Someone has to buy their homes for them to downsize, or to relocate," Seitzinger says. "People being able to have financing...is a little bit in question right now." Mincher, who is also a licensed real estate and mortgage broker, agrees. "Big houses are going to be a challenge," he says. "Boomers may have to take less for their homes, which will force them to buy a much

smaller or less desirable [place]. This can have trickle-down ripple effects."

No one can know for sure what will happen to the housing market in the next several years, as more Boomers reach the age of 65, but marketers should keep a close eye on the situation. "Inevitably, Boomer spend will be influenced based on where we land, long term, in the real estate [space]," Seitzinger says. "Every single one of those dollars that comes off the [bargaining] table will be one less dollar for [this group] to spend."

SOCIAL INSECURITY?

Boomers' current spending also turns on their future retirement planning—or the lack thereof. "It's the hope that Boomers will save more, but getting them to actually do a retirement plan and think about this is difficult," Thornhill says. For each of the last seven months, more than 75 percent of Boomers have said they are uncertain or disagree with the statement "I am saving enough to meet my future needs," according to his research. Among Boomers in households with incomes above \$75,000, 66 percent admit they're not saving enough for their future. "Financial services are still faced with [this generation], which is in denial," he adds. What Thornhill sees as denial may just be a streak of self-aware stubbornness: The MarketTools study found that Boomers were the most likely group to have saved "significantly less" in the last year on retirement.

Despite the fact that experts say Boomers do not take on the same characteristics as preceding generations, they largely refer back to their childhood memories of spending. "When Boomers came of age, compared to their parents, they weren't exposed to any kind of difficult or tough economic times," Thornhill says. "Everybody was making money, purchasing products, and the banking industry invented credit cards. The impressionable young children saw demand consumption was good, credit was good—so why bother with savings?"

Mincher also alludes to the fact that many members of the Mature generation worked, earned a pension, and coupled

that with Social Security payments to make a comfortable life after retiring. The same may not be true for Boomers. "They look at people who retired 10 years ago, worked at, for example, General Motors for 30 years, have a pension, and live fine," he says. "Boomers are complacent, but they actually need to plan for retirement."

For marketers, particularly in financial services, this can be a huge opportunity. Thornhill cites the Amsterdam-based ING Group, which offers banking, insurance, and asset management worldwide. In its "What's your number?" campaign, answering a few quick questions at www.INGyournumber.com can approximate how much money you need before you can walk away from your full-time job. After finding out "your number," you are then prompted to opt-in and access a financial planner. "The financial services category seems to have woken up," Thornhill says. ING's campaign, he adds, "is a pretty effective approach in reaching out to Boomers."

GLASS HALF FULL

Despite the current doom-and-gloom about the state of the housing market, retirement, and savings, experts believe Boomers will be able to stay the course and at the same time change the way marketers target consumers. "[This generation] will continue to shape and influence the marketplace directly or indirectly," Seitzinger says. "Boomers are sophisticated enough to rightsize their lifestyle based on their needs."

From bell bottoms to the boardroom, this generation always dictated the way it wanted to be dealt with—and that won't change now. "The sun will always come up tomorrow, and things will be better," is how Thornhill describes most Boomers' worldview. "They're very optimistic as a generation," he says, though, again, he also suggests they may be in denial.

Love them or hate them, this generation is special and will stay that way forever. As Thornhill puts it, "Boomers will be Boomers until the day they die." ☞

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10 Marketer Commandments

When it comes to Boomers today, Matt Thornhill, co-author of *Boomer Consumer*, says there are 10 rules marketers must adhere to if they want to strike gold. "We haven't found ourselves needing to change or modify any of these rules," he says. "They're not time-sensitive."

- 1 | Treat everyone differently.
- 2 | Use emotionally meaningful concepts, words, and images.
- 3 | Be positive.
- 4 | Realize more information is better.
- 5 | Tell a story.
- 6 | Understand my changing values.
- 7 | Make it relevant to me.
- 8 | Play in the gray.
- 9 | Use life stage, not age.
- 10 | Learn, baby, learn.

Source: *Boomer Consumer*