

GET ON THE GRAY TRAIN

Something is roaring into the business community's depot that has been building momentum for years. I call it the Gray Train. On December 31, 2004, the last Baby Boomer turned 40, pushing that train to full throttle. Are marketers missing the obvious and not-so obvious opportunities?

Self-indulgent Baby Boomers want what they want, now. They have business expertise, have received all sorts of training from their corporate employer and now that education allows them to open up their own businesses. Or, they have done so well, they no longer have to work. They can pursue their passion.

A few smart marketers have been positioning themselves to take advantage of this segment that - with few exceptions - has disposable income, time and the inclination to use both to get what they want, when they want it.

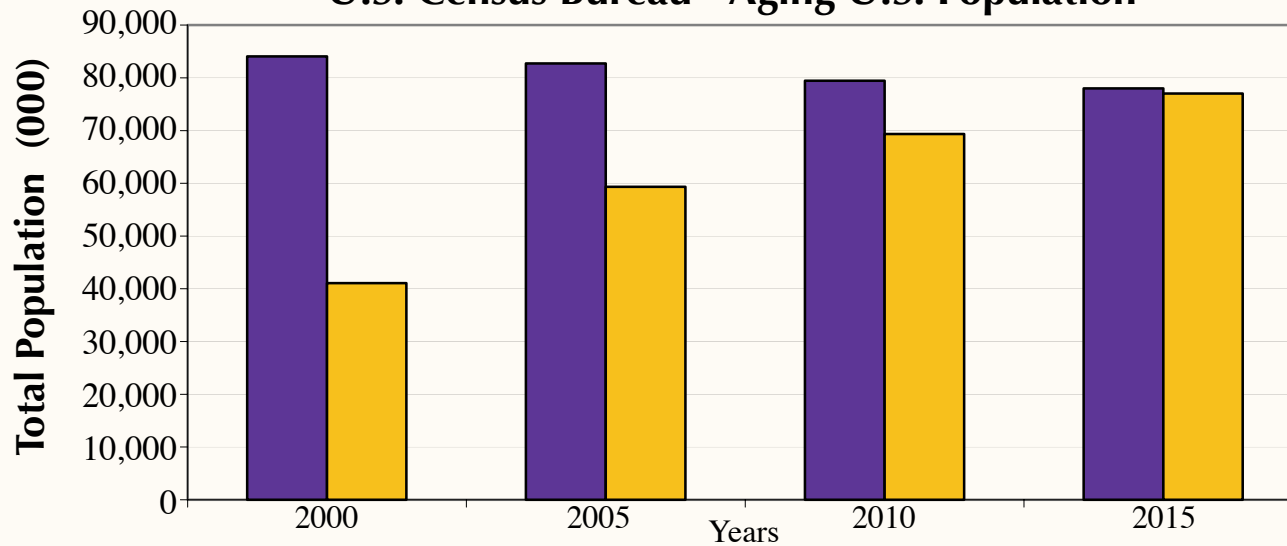
In this Hoover ink Purple Paper, we will examine the demographics and psychographics powering the GrayTrain, and we'll provide some guidance on how to take advantage of this steam-driven behemoth.

The Boomer

Baby Boomers are members of a generation – 78 million strong - born between 1946 and 1964. Boomers control half of all discretionary income and spend \$2 trillion every year on consumer-related services. Half of Boomers will pass 50 in 2005, as 10,000 more see their cake ablaze with 50 candles every day. Despite the size of this demographic segment, it has been reported that only about 10 percent of advertising dollars are spent on Boomers.

Brent Dees, a coach and financial planner to small business owners, says that by 2020 the over-50 population will grow 74 percent while the under-50 population will grow only by 1 percent. By 2010, adults 45 and older will outspend younger adults by \$1 trillion. Do the math, marketers.

U.S. Census Bureau - Aging U.S. Population



Source: U.S. Census Bureau

■ 30 - 49 yr. olds ■ 50 - 69 yr. olds

Contrary to much conventional wisdom, the Baby Boom generation is not homogenous. Let's take a quick look at some of the differences before moving on to the commonalities. Duke University researchers have taken a look at Census figures and have found:

- Baby boomers are diverse, in large part due to immigration. 12 percent of Boomers born between 1946 and 1955 were not born in the US. 15 percent of late Boomers are foreign-born. The percentage of Hispanic and Asians in this demographic cohort has increased dramatically.
- The turbulent 60s didn't define all Baby Boomers. The oldest early Boomers graduated from college during the Summer of Love and the youngest left college during the Reagan years. Barry Manilow was born in 1946. Barry Bonds was born in 1964.
- Many boomers live in poverty: This group has the highest wage inequality of any recent generation, and 10 percent of late Boomers lives in poverty at midlife.
- Baby Boomers are not all political radicals. Opposition to the Vietnam War was not universal. More than 30 percent of early Boomers served in Vietnam.

Despite the above evidence of heterogeneity, there are common threads that define this group. They yearn for youth, and will do what is necessary to maintain it. Family is highly important. When they want something, they want it now. And they want a lot.

Are You Experienced?

Not only are most marketers ignoring the obvious about this segment, they are clueless about what Boomers really want: experiences, particularly those that bring with them knowledge or a chance to connect with family.

On the consumer side of this equation, we see tourism leading the way. Fewer people, baby boomers in particular, are spending their vacations lying on the beach, opting instead for a more educational vacation experience.

TIA – the Travel Industry Association – reports that about 30.2 million adults seek educational experiences with their travel.

Craig Madison, general manager of the Grove Park Inn, agrees, saying that experiences are driving much of his business. In January, for instance, Grove Park held health and well-being sessions at its sports complex.

The New Start package featured five nights at the Inn, breakfast for two daily, four 50-minute massages at the Spa, daily pool access, a fitness assessment, and unlimited access to fitness classes.

A Jazz Weekend featured performances by Dave Brubeck and Melissa Manchester, a reception to meet the artists as well as jazz clinics for those in attendance. Additionally, events like Taste of Grove Park gave attendees the chance to learn a few culinary tips from the chefs.

Madison says every one of these experiential weekends sells out. Other themed experiences he has mounted include Heart of Worship, Ballroom Dancing, Comedy, and Arts and Crafts weekends.

A new study from the Travel Industry Association of America (TIA) and Smithsonian Magazine shows continued and growing interest in travelers' desire to experience cultural, arts, historic and heritage activities. "This survey confirms that travel is one of the most satisfying ways to fulfill cultural yearnings," said Amy Wilkins, Publisher, Smithsonian Magazine. "We know that our readers are hungry for new experiences."

Adds Madison, “related travel trends in which we are seeing strong movement include the basic human need to reconnect: family reunions, couples, Ya-Ya Sisterhood Weekends.”

All In The Family

Family, as Madison points out, is big among Boomers. TIA research indicates that 26 percent of family travel centers on reunions.

Today, when Boomers travel, they often travel with extended family. Boomer grandparents increasingly are taking grandchildren along for the ride, too. In a 2003 AARP survey, Boomers said family will not only play an important role in their travel, but in their retirement too: 57% expect to live near at least one of their children; seven in ten (70%) say they look forward to being a grandparent. Further, the AARP survey indicates that the most important of seven life areas for Boomers was family (44 percent), and most satisfying (63 percent).

In a recent article in Lions Magazine, that family focus was further confirmed. “The Baby Boomers interviewed for this article overwhelmingly responded “family” when asked what they value. Most of their volunteer activities were family or children-centered -- such as Parent-Teacher Association, school board, room parent, treasurer at a cooperative preschool, Boy Scout Leader and soccer coach.”

A survey done by retirement community developer Del Webb also illustrates the desire to bond with family. When asked what they looked forward to during retirement, Baby Boomers said spending more time with spouse or significant other (45 percent) and spending more time with children (13 percent) and grandchildren (17 percent).

Looking Good: The New Fashion Statement

Marketers need to understand that the female Baby Boomer isn't going to graduate to Granny panties, nor will her male counterpart jump completely off the fashion train as did his father before him.

But retailers still seem hell-bent on putting all their energy into the juniors department, while ignoring older shoppers. Chico's and The Gap both get it. Clothes for older women can remain trendy and appropriate, as they do at Chico's. The Gap is developing a format aimed at shoppers over 35. Other retailers will have to follow suit, or be left behind.

"This is too large of an audience to ignore anymore," says Candace Corlett, manager of 50-plus marketing for WSL Strategic Retail in New York. "If you're going to succeed, you're going to have to make yourself relevant to people over 50."

Baby Boomers – ignored by retailers – have moved on. They are making a new fashion statement: looking good and being well. Boomers may accept their age and make self-deprecating remarks about it, but they won't go quietly into that good night of acting – or looking - old. Pump that Botox. Hand me that Viagra. Hit the gym.

So, they are lining up for microderm facial peels, manicures, pedicures, massages and gym classes instead of off-base apparel. Research indicates that Baby Boomers account for more than 35 percent of all cosmetic surgery, and the number is growing.

Dees says that Boomers want to look the age they feel, which typically is 15 years younger than they actually are. "We look in the mirror and say 'who is that old, bald guy?' Now, we have the disposable income to fix what we don't like about ourselves," he says.

And it is not just women. Almost three-quarters of men have a positive attitude toward cosmetic plastic surgery, according to a recent American Society of Plastic Surgeon's (ASPS) online survey. More than 7.4 million surgical procedures were performed in 2003, of which men made up 14 percent. Men are going for minimally-invasive procedures like chemical peels and micro-dermabrasion, too. More than 922,000 men had these treatments in 2003.

Working Class, Leisure Class

The world of work changed on the first day Boomers hit the office, and more changes are coming. Here are some findings pulled from the AARP survey that show how this demographic continues to affect its work environment:

Baby Boomers envision a very novel type of retirement. The survey finds that most Baby Boomers believe that they will still be working during their retirement years.

Fully eight in ten Baby Boomers say they plan to work at least part time during their retirement; just 16% say they will not work at all;

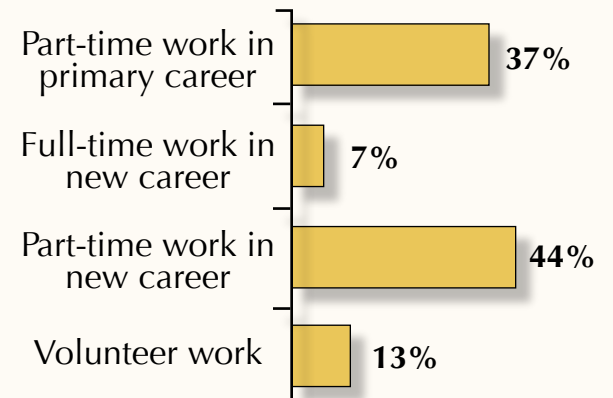
A little over a third (35%) say they will be working part-time mainly for the sake of interest and enjoyment;

About one quarter (23%) say they will work part-time mainly for the income it provides;

Others envision starting their own business (17%) or working full-time at a new job/career (5%).

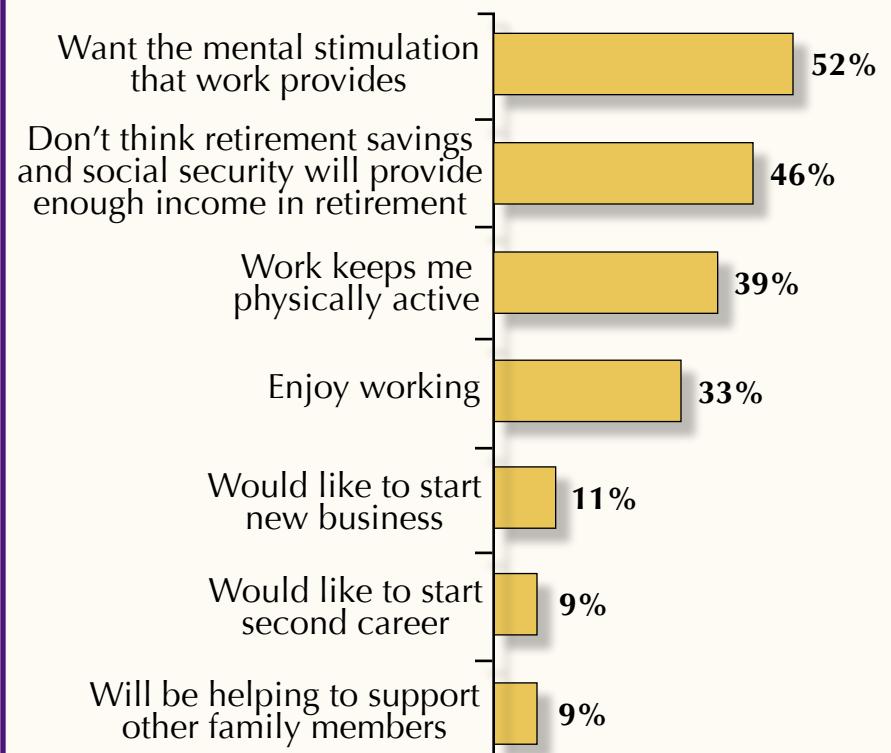
As you can see, to most Boomers work is discretionary, working on their terms. And, what if those terms don't suit them?

Where will you work?



Base: Respondents who plan to continue working after (n=461)
Source: Del Webb Baby Boomer Report

Why will they keep working?



Base: Respondents who plan to continue working after (n=461)
Source: Del Webb Baby Boomer Report

Businesses must learn to handle older workers if they don't want to find themselves faced with a brain drain when dissatisfied Boomer employees take a permanent hike. There are only 44 million Gen Xers to pick up the slack.

Many Boomers already have walked out into their own firms. Boomer executives with big severance packages and stock options are buying and starting their own firms in record numbers.

According to Denise Hopkins, senior director of business marketing solutions for Experian, their new study reveals that small-business owners are on average 50.3 years old. She says small-business owners tend to be stable and family-oriented, coming from traditional households, headed by married males with children.

These older and savvier business owners present a new challenge to vendors. They have often been the recipient of the best training corporate money can buy. So, they may have greater negotiating skills and more procurement knowledge than the people trying to sell them.

Get On The Train

Not only have they had great training, now they are accustomed to it. Baby Boomers think nothing of hiring coaches for all sorts of life skills. Ty Boyd, of Ty Boyd Executive Learning Systems, says his presentation skills training firm has long been dominated by corporate business.

Today, more and more Baby Boomers are coming in to learn to improve their public speaking skills. And executive coaching is becoming a bigger part of Boyd's business, again driven by high achieving Baby Boomers.

Dees' business model has changed, as well. He used to lead with financial planning services, but today he wants to help small business owners do a better job of running their businesses.

“Small business owners typically are not good at running a business and having a life,” he says. “I try to teach them that the business is a tool to help them achieve life goals,” he says. “You can work less and make more money, if you have someone there to help guide you.”

It's not just business where training and coaching are booming. The National Guitar Workshop has seen a tremendous amount of growth in adult population: 45% of its students are baby boomers, and they also are seeing more families enroll together. Belly dancing has taken off around the country, and Baby Boomer women are doing the shimmying.

Marketing To Baby Boomers

A number of themes are emerging from the Baby Boomer research reviewed in this paper:

- Boomers are first and foremost self-interested. They want what they want, and they want it now
- Despite this “want it now” mentality, Boomers are increasingly concerned about having enough money to continue their current lifestyle in retirement
- Although self-involved, they also are very family-oriented and have a charitable side that has not been fully tapped
- When Boomers retire – and that retirement will be radically different from their parents’ retirement - they will want to bring their lives with them, not start new ones
- Baby Boomers don’t think about their ages, so marketers should focus on the benefit of the product or service and not on the user’s age

For marketers, the bottom line is this: Baby Boomers constitute a ripe demographic that has been ignored too long. TV network programmers and Hollywood movie companies, among other marketers may want to take a fresh look at this 78-million-strong generation. My advice: get on the Gray Train and profit.

About The Author

Harry's 26-year communications career runs the gamut from journalism, government public information and corporate communications to advertising and public relations agencies.

A 1976 graduate of UNC-Chapel Hill, Harry earned a BA in journalism with minors in both business and political science. He began his career at Charlotte-based SIS Radio, owner of WAYS Radio and The Weekly Newspapers.

He developed both print and broadcast journalism skills during his six-year stint there. He was a reporter and media critic, as well as an anchor, reporter, color commentator, talk show host, and managing editor of WAYS all-news radio.

Next, he served as a government Public Information Officer, and then handled corporate communications duties at First Union Mortgage.

Then, he swerved into the agency business, with a three-year tour of duty at Barron & Whitesell PR. His clients ranged from finance and real estate to insurance and venture capital.

Loeffler Ketchum Mountjoy, one of the nation's most creatively recognized advertising agencies, hired Harry in 1990 to head up its PR division. In his 11 years with LKM, Harry worked with clients that include First Commerce Bank, NC Division of Tourism, Cargill Dow Polymers, Levolor blinds, Verbatim computer storage products, VELUX Skylights, and Carolinas Associated General Contractors. In 2001, Harry joined wife Terry in Hoover Ink, which she founded in 1987.

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