



## List of Top 10 Common Misconceptions

### Marketing Myths: The Baby Boomer Top 10

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***Blame it on David Letterman. Everyone's got a Top 10 list now, including Baby Boomers.***

Marketers educated in classical consumer packaged goods environments learned everything there was to know about the 18-34 and 25-49 year-old consumer segments. But no one asked what happened to consumers who passed the 50 year mark – until recently.

Many marketers developed a blind spot big enough to ignore Baby Boomers, the largest age cohort in history, who comprise one-fourth of the U.S. population and have discretionary purchasing power of more than \$2.1 trillion per year. Perhaps the easiest way to understand how this could happen, would be to examine 10 of the most common urban myths about Boomers and compare the facts with the fiction.

#### **Myth #1: Boomers don't have any money.**

On just about every conceivable measure of wealth, Boomers are an impressive lot. Households headed by someone aged 55-64 reported a median net worth of \$112,048, roughly 15 times the \$7,240 for under-35 households. According to The Federal Reserve and U.S. Census Bureau, in 2001 the 78 million Americans aged 50+ controlled \$28 trillion, or 67 percent, of the country's wealth.

A MetLife Mature Market Institute study pegged the after-tax household income for 45-54 year-olds at \$64,080 versus \$58,275 for 35-44 year-olds. The 50+ crowd owns more than 70 percent of financial assets in America encompassing 40 percent of mutual funds, 60 percent of annuities and 48 percent of luxury cars.

#### **Myth #2: Boomers won't try anything new.**

Don't tell that to Procter & Gamble, whose Oil of Olay line now includes 30 products aimed directly at the 50+ market. Or the music industry, where people 40+ account for more than 37 percent of sales in the Recording Industry Association of America 2004 Consumer Profile. Or to Vespa, which found that 25 percent of scooter sales went to 50+ year-old consumers versus the twenty-somethings originally targeted by ads.



Historically, Boomers have been not only hungry for things new and different, they have virtually demanded products and services tailored to their needs since birth. Fast food. Running shoes. Rock and roll. Birth control pills. ATMs. Light beer. Self-storage. Mini-vans. Day care. Recycling centers. Soy products. Viagra. Botox. The first generation to cut its teeth on the mass medium of television was quick to embrace video cassette recorders, cell phones and the Internet.

**Myth #3: Boomers won't switch brands.**

Turns out, Baby Boomers are a lot like other consumers, because their brand attachments fluctuate in intensity with the product category. An AARP study found that people 45+ are actually less brand loyal than younger consumers when it comes to home stereos, home computers, cell phones, athletic footwear and career clothing.

A Yankelovich Partners survey determined that consumers aged 50+ were less risk averse overall than those 16-34 years of age. Yet another study for DSN Retailing magazine found that the 50-59 year old set was more likely to switch brands of consumer electronics and health and beauty products than the average respondent.

**Myth #4: Boomers aren't a big enough segment.**

Boomers represent the largest age cohort in history, one whose numbers are outweighed only by their impact on culture and society. Numerical estimates for the Boomer segment range between 76 and 78 million individuals, but that grossly understates their influence and purchasing power. By 2010, informed estimates hold that Boomers will outspend younger adults by almost \$1 trillion each year!

As if that's not enough, Boomers control the purse strings for an extended family as well. Two-thirds contribute financially to the care and upkeep of an adult child as either the primary or secondary means of support. Some 35 million seniors on Medicare also turn to family members for financial advice. Even if Boomers aren't paying for it, they're likely influencing just about every major purchasing decision in the extended family.

**Myth #5: Boomers are too hard to reach.**

If you can't reach Boomers via conventional media, you must not be trying. More than half of Boomers subscribe to a daily newspaper, while two-thirds carve out time to slog through the Sunday editions. Nielsen Media Research determined that Boomers comprise 40 percent of households using TV, while the Television Bureau of Advertising/The Media Center claims that you'll find Boomer eyes glued to the tube for 248 minutes on average a day.

If current media schedules are proving ineffective with Boomers, how about a unique ring tone or podcast instead? Alternative media present even more contact points for connecting to Boomers, since 75 percent of younger Boomers own cell phones and 11 percent rock out to their iPods/MP3 players.



**Myth #6: Boomers won't live long enough to pay off.**

Boomers will be living longer and working longer, supplementing savings with earnings. Three-fourths of Baby Boomers participating in a Merrill Lynch study planned to work into their retirement. According to the Society of Human Resource Management, employers in the decade ending in 2010 should expect the number of workers 55 and older to increase by a whopping 47 percent.

In more general terms, the average life expectancy for a man aged 65 in 2005 was 81; for a woman, it was 84 years old. For a couple that age, there was a 1 in 4 chance that one of them will survive until age 95. That's an additional 16-30 consumer years for the typical American retiree. Further, in the 2010-2030 period, the 65+ population will skyrocket by more than 75 percent. By the year 2050, statistics suggest that the average 65-year-old will live to age 90.

**Myth #7: Boomers just aren't cool.**

Oprah. Ben & Jerry. Candice Bergen. Steve Jobs. Madonna. Bruce Springsteen. Bill Clinton. Bill Gates. Steven Spielberg. Demi Moore. Tom Cruise. Kim Basinger. Tony Blair. Sharon Stone. David Letterman. Nicholas Cage. Johnny Depp. Dale Earnhardt. All Boomers. Enough said.

**Myth #8: Boomers don't understand technology.**

Boomers not only understand technology, they embrace it with gusto. A Del Webb survey discovered that 97 percent of younger, and 94 percent of older, Boomers use e-mail regularly. Fully one-third of computer-savvy Boomers prefer shopping online to retail visits, according to a 2005 Deloitte & Touch USA survey. Respondents also displayed their technology comfort level when adding up the number of digital devices owned—some 5.9 pieces of high tech gear on average, ranging from iPods to digital cameras.

Technology will do more than entertain Boomers in the future, it will vastly improve the quality of their lives. Innovations include a new generation of "thinking" hearing aids that use artificial intelligence to simulate natural hearing processes and a line of lightweight undergarments dubbed "digital Danskins" that use spacesuit technology to lend an assist with lifting and climbing stairs.

**Myth #9: Boomers don't care about fashion.**

Wrinkles may well be the hallmark of the new face of fashion. Sharon Stone just inked a deal as the image for Dior Beauty. Kim Basinger signed on the line with Prada. Actress Julianne Moore added her star to the Revlon firmament. In a stunning case of "goes round", Christie Brinkley re-signed with Cover Girl in 2005, the company responsible for launching her career as a cover girl in 1976.

Retail labels leading the charge for a share of creditworthy Boomer business include Eileen Fisher, Liz Claiborne, Talbots, Ann Taylor, Chico's, St. John Knits, Giorgio Armani, Ralph Lauren, Burberry and Coach. For the year ending June 2004, Boomer women expended \$30.8 billion on apparel, outspending both the Gen X and Millennial cohorts. Boomers bingeing on clothes tend to be replacing outdated apparel or making a special occasion purchase versus buying for the kids. Cotton Inc.'s Lifestyle Monitor determined that women 35 to 55 spent an average of \$76.25 on clothing, shopping an average of 1.8 times with the freedom of buying what they wanted, when they wanted.



### **Myth #10: Boomers aren't adventurous.**

Depends on your definition of adventurous, but the following vacations fit the bill by our definition. According to a recent iExplore study, the most popular once-in-a-lifetime trips taken by Boomers included a champagne flight to the North Pole, travel to Timbuktu, sea kayaking in the Panama Canal, cage diving with Great White Sharks in South Africa, camel caravanning across the Sahara Desert and ballooning safaris over the Serengeti.

So-called Prime Timers looking for fun dropped some \$15 billion on vacations in 2003, outspending other age groups by a whopping 40 percent. And if time or budgets don't permit exotic vacations, they head to Las Vegas, where three-quarters of the visitors were 40-year-olds or better who spent one-third more cash gambling than younger players.

### **Conclusion**

All in all, we'd say Boomers represent a very safe bet for marketers trying to identify a consumer sweet spot. Here's why:

- discretionary income to pretty much buy what they want
- hungry for experiential products and services, on the prowl for the next big thing
- slightly more likely to switch brands than other segments
- big numbers translate into huge sales potential
- voracious consumers of conventional and alternative media
- extended life and work spans mean they're financially viable for decades to come
- wrote the book on cool, and intend to keep it
- plan to leverage technology for a more fulfilling, comfortable life
- plugged in to fashion and trends
- live life with gusto and want to experience everything they can.

One cautionary note. Growing up in the age of Vietnam and Watergate, investigative reporters and consumer protection agencies, Boomers exhibit a definite activist edge when it comes to advertising claims and promotional offers. They understand how marketing works and how to retaliate against companies who fail to deliver—the triple threat of boycotts, blogs and media briefings. Boomers behave like the Scorpios of the consumer zodiac; they can be your most



About Age Lessons: Age Lessons is a “thinking firm” (part consulting firm and part think tank) that converts knowledge of the Baby Boomer cohort into business opportunities and policy recommendations for clients. The Age Lessons toolkit includes tailored products such as BoomerView™ audits that evaluate messages, packaging and products against Boomer normative benchmarks. Additional services include workforce audits and employee retention/recruitment programs, detailed ethnographies delineating the Boomer culture, new product ideation and evaluation services, as well as custom research exploring defined areas of interest to clients. Contact Laurel Kennedy at Age Lessons, 2834 N. River Walk Drive, Suite 500, Chicago, IL, 60618 or call 773.252.0123.

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