



FROM: WAYNE J. UNZE (797-1100)

RE: CASHING IN ON THE BOOMERS!

The “Baby Boomer Bubble” (people born between 1946 and 1964) is rising to the surface, and when it bursts on January 1, 2006, it will herald the arrival of the first members of that enormous demographic to turn 60. Nearly 77 million strong, Boomers comprise about 27 percent of the nation’s population, 42% of all US households and control 50% of all consumer spending (*American Demographics Magazine*).

Never before has a similar group of people controlled such a vast amount of wealth (Boomer spending is thought to be \$2 trillion per year). And thanks to recent medical advances, they will have ample time to spend it. Because of the Boomers, new products and industries will be created and others will be modified in order for entrepreneurs to “cash-in.”

Thanks to Faith Popcorn (*Popcorn Report*) and a multitude of insurance, investment, and institutional studies, we are able to develop a picture of what the future holds for those willing to take the time to cater to this awesome consumer group. In nearly all areas of commerce, ranging from technology to travel, homepurchases to healthcare, Boomers will rule.

Here are some of the trends that have been identified and their industries:

1. Travel and Leisure. Boomers don’t want to live vicariously through their children’s adventures – they want to climb Pike’s Peak, skate at Rockefeller Center and raft the Colorado River. Most will not want the the burden or boredom of a large tour group, but will prefer to travel with friends in small packs.

A few years ago my wife and I went to Spain and Portugal with two close friends as

part of an Untours package. Untours arranged for the flights, rooms and cars, and provided an in-country host in case we landed in jail or lost our creditcards. We were furnished a cell phone to communicate with our host, a list of the hottest places to visit (and to avoid), along with maps and local protocol guidelines. Then we were left to fend for ourselves. As a result, we had a great time at our own pace. Savvy travel agencies will provide “experience agents” to help develop safe and exciting Boomer adventure packages.

Many Boomers will also go back to school to study fields that didn't fit into their schedules when they were cramming to get their BA degrees and enter the corporate world. New, fast-track programs will be designed to attract this hoard, that will take into account life experiences.

2. Health Care. Boomers must maintain healthy bodies or miss out on all the fun spending their retirement dollars. Men who reach the age of 60 can expect to live another 20 years. Women can expect to live an extra 23.5 years. Many Boomers will try to stay healthy by taking their treatment into their own hands. To that end, they will take the time to exercise, exhibit a modicum of restraint in their eating habits and have regular check-ups. Those who can afford to will go to private-pay clinics for annual visits and foot the bill. Boomers will likely purchase supplemental insurance products to protect against catastrophic injuries or illnesses. Vitamins, minerals and other health food products will not only be popular topics of conversation but foremost on Boomer shopping lists. Amazingly, sales of anti-aging potions and lotions are expected to reach the \$30.7 billion mark by 2009.

According to Joseph Coughlin, director of MIT's AgeLab, "Consumer-directed health could merge with entertainment." Electronic communication companies might enter strategic alliances to offer health services through television. Computers might come with arm cuffs to let us check our blood pressure and view the results on screen. Cell phones might automatically monitor body temperature and sleep patterns. AgeLab has already developed a "personal smart adviser" that scans bar codes at grocery stores to compare product ingredients with your doctor's instructions, especially relating to diabetics.

3. Home Purchases. Faith Popcorn calls it “cocooning” but simply stated, it's the Boomers' desire to close the gates behind them when they arrive home. The home will become both a sanctuary and a place of entertainment. Expect to see more gated communities with greater emphasis placed on the kitchen, dining room, outdoor patio and other home entertainment areas. Many Boomers love to entertain and will spend large sums of money for commercial stoves, fine art, outdoor landscaping, equipment and furniture, and any other objects to make their entertainment areas more inviting to guests.

Another identifiable trend is manifested in the active adult communities that have sprung up in the Southwest and other parts of the country. Boomers want to surround themselves with their friends, and will purchase homes in communities to be near their friends. These communities will offer such amenities as tennis, an exercise room, swimming pool, hot-tub, social center, and sometimes golf. One community I visited this Summer on Vancouver Island, even had a fully-equipped hobby and craft area with lathes, routers, kilns and sculpting wheels. As a more extreme example, look for some Boomers to purchase a Bed and Breakfast and either lease or sell the rooms to close friends who would share the duties and costs involved in the care and maintenance of bodies and bedrooms. Funds would be pooled for food, entertainment, building maintenance, utilities and insurance, and when driving becomes a burden (or an impossibility), a chauffeur.

4. Employment. According to a Merrill Lynch survey, 75% of Boomers intend to keep working in their retirement. Most contemplate retiring from their present jobs by the age of 64, and then launch new careers. Some new careers will involve employment (and I don't mean as a Wal-Mart greeter) while others may include business ownership in enterprises that don't require intense hands-on management or where the daily operations may be shared by several partners.

5. Legacy. Boomers I talked to are mixed on this subject. Some would like to leave an estate to be enjoyed by their children, while others (with whom I agree) would like their money and life force to run out at exactly the same time.

In any event, Boomers are an economic force to be reckoned with, and those businesses that discover how to capitalize on this vast consumer group will be the ones the ones who prosper in the next two decades.