

# The Power of the Baby Boomer Demographic as Influential Consumers with Changing Needs and Lifestyles

*Shawn Green*

*(Dunham School of Business, Aurora University, USA)*

**Abstract:** This paper examines the impact of Baby Boomers as a consumer target market with discretionary resources and substantial purchase experience. Also considered are promotional and digital approaches to effectively reaching Baby Boomers. Lastly, addressed are some societal challenges as Baby Boomers continue to age.

**Key words:** baby boomers; marketing; customer engagement; retirement; public expenditures

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## 1. Introduction

The premise of this paper is to identify how relevant and influential Baby Boomers are as consumers and decision makers. This study will also take into consideration the amount of financial purchasing and investment power Baby Boomers have as a total target market. The importance of brand engagement with Baby Boomers and the value providing meaningful experiences are crucial marketing factors. The changing lifestyles of Baby Boomers as they continue to mature will also be discussed.

## 2. Literature Review

### 2.1 Baby Boomer Population Numbers and Trends

The Baby Boomers demographic is an age based demographic of individuals who were born from the years 1946-1964 (Lucier, 2017). The US Census Bureau is estimating the total Baby Boomer population to be 74.1 million or approximately 25% percent of the total U.S. population (Exner, 2017). According to the U.S. Census Bureau, by the year 2030 all Baby Boomers will be age 65 or over. What is even more profound is the impact of an aging population. By the year 2035, it is estimated there will be a total of 78 million people age 65 years and older in the US compared to the total estimated population of children under the age of 18 estimated to be 76.7 million individuals. This will be the first time in US history that the population shift is changed to the degree where senior citizens are larger a population pool than children under the age of 18 (US Census Bureau, 2018).

### 2.2 Baby Boomer Wealth Influence Effect

According to the research of Marketing Charts (2018), in an analysis across generations within the US from the Silent Generation to Gen Z, Baby Boomers possess the highest proportion of US household wealth. Specifically,

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Shawn Green, Ph.D., Professor of Marketing, Dunham School of Business and Public Policy, Aurora University; research areas/interests: marketing strategy, professional sales process and demographic life-cycles; E-mail: [sgreen@aurora.edu](mailto:sgreen@aurora.edu).

Baby Boomers currently have a total of 54% of all US household wealth. Additionally, as might be expected, the baby boomer generation is currently out spending more than any other generation (Marketing Charts, 2019). The work of Epsilon indicates that Baby Boomers are currently spending \$548 billion annually. This is almost \$200 billion more than the second highest spending generation, that being the Gen X generation (Epsilon.com). Odell (2015) reports that the Baby Boomer population in the U.S. is a financial powerhouse with a total of 70% of the nation's disposable income. Additionally, are projected to be the recipients of a total inheritance of \$13 trillion through 2035.

### **2.3 Marketing to Baby Boomers**

There are a number of relevant reasons why Baby Boomers make for an attractive target market in general and through social media platforms. McMullen (2015) has provided a number of valid reasons for specifically marketing to Baby Boomers. As a whole, Baby Boomers in the U.S. have wealth. They also have an annual disposable income in excess of 2.4 trillion dollars, outspending other generations. Baby Boomers represent the most rapidly growing demographic in their use of social media platforms and networking sites. In 2015, 70% of Baby Boomers spent time online. The younger half of Baby Boomers were considered to be as likely to be online as younger adults. McMullen also considers Baby Boomers to be easier to reach than other generations because they are in a position to make a purchasing decision independently, they enjoy shopping online, and will respond to content that is straightforward and providing meaningful benefits.

### **2.4 The Relevance of the Engagement and Experience for Baby Boomers as Consumers**

One of the challenges in marketing to any target market such as across different generations is to have customers be engaged with our companies and brands. Klie (2016) discusses that Baby Boomers are not necessarily more loyal brand than other generations. He points out data from CrowdTwist shows that Baby Boomers are 15% more likely to switch brands than Generation Xers. Baby Boomers are experienced consumers, comfortable with technology, very active and are often still working, at least to some degree. They are seeking to have individual value added and being engaged with in relevant ways. Klie identifies CrowdTwist's recommendation for engaging with Baby Boomers. Be relevant through the development of meaningful ways that engage consumers with products/services that address individual needs. Clearly map out the value of loyalty programs in terms of how they can benefit the Baby Boomer experience and lifestyle. Provide exceptional service and engagement based activities within loyalty programs. In addition, reward Baby Boomer customers for taking surveys, opening email and visiting the retailers' website. Lastly, keep loyalty programs simple in order for them to be fully utilized (Klie, 2016).

Worldwide, there is predicted to be a substantial growth of people over 60 years of age from approximately 840 million people in 2013 to over 2 billion individuals by the year 2050. Patterson, et al (2017) states that the number of travel experiences for people over 60 years of age increased from 590 million travelers in 1999 to an estimated 2 billion total trips per year by 2050. Patterson et al. (2017) believe that the travel experience will be crucial in order for that to be memorable and meaningful. Relatedly, Tansley (2016) has identified the 55+ age group is the singular demographic that continues to increase the number of holidays in the United Kingdom, as well as increasing the amount of local travel within the UK and abroad. She stresses the importance of engagement as part of the key that should be offered. Her recommendations include educational experiences such as dancing or cooking classes, the provision of local high quality entertainment in the form of stage shows or concerts, exercise opportunities and the celebrations of special occasions / holidays, targeted to the 55+ market.

## **2.5 Media and the Use of Digital Communication**

When it comes to the consumption of media, Baby Boomers and millennials do have certain elements in common. They both consume traditional platforms of media and they both utilize online resources. As a result, it may be possible to underestimate the extent that Baby Boomers are engaged with these resources (Valos & Lloyd, 2018).

According to Kerry (2017), The baby boomer generation has a substantial impact on media organizations. This would include both digital based organizations and those that provide television programming. In research that she has identified from eMarketer, Baby Boomers have tremendous influence and overall media consumption. Baby Boomers currently watch approximately 40 to 50 hours of television per week. In total, there are over 195 million adults in the United States that are capable for paying for television use in some manner such as cable or satellite or other platforms. Kerry also points out that the audience of viewers who are 55 years old and over will increase over the next several years while every other age demographic category will decline in overall use. In addition, Baby Boomers, are also spending substantial amounts of time on the predominant Digital platforms of Facebook, Instagram and Twitter. She points out that media organizations should be prepared to have a greater focus on the 55+ market. Odell (2017) reinforces this message as well in stating that Baby Boomers utilize technology more that marketers may realize. The key with digital use of Baby Boomers is that they use it differently from younger generations such as Millennials. According to Odell, Baby Boomers spend time searching with search engines, reviewing email, purchasing online.

## **2.6 Potential Financial Industry Opportunities with the Baby Boomer Market**

Within the U.S. banking industry, Kamat (2018) states that millennials are anticipated to be in the forefront of future growth and profitability. Presently, banking organizations are spending a 500% greater amount on marketing efforts to the millennials in comparison to any other demographic group. In contrast, Baby Boomers have equal if not greater amounts of total spending power and are becoming increasing digital with online banking resources. Financially speaking, Baby Boomers hold tremendous value to financial organizations in the context that they are the deposit holders of two-thirds of all banking deposits within the U.S. Kamat's research is also predicting that Baby Boomers will remain the wealthiest generation at least until 2030. Baby Boomers should continue to have the opportunity to provide substantial deposits and added investments based on her insight from the American Bankers Association. In addition, Kamat has identified from Gallup that only one in three Baby Boomers are considered "fully engaged" with their primary bank. This may lead to viable marketing opportunities for financial institutions that are willing to have a focus on the Baby Boomer market and adapt digital banking products and services for the purpose of greater engagement.

Investment opportunities should continue to exist by following strong growth trends established by clear demographic patterns. For example, Max (2018) indicates that the population growth rate of people 65 years old and above in the U.S. will double between the year 2000-2060. One investment opportunity is in the area of prescription medication. According to her research from Smid Capital and QuintilesIMS Holding, prescription pharmaceuticals will be expected to grow substantially between 4% and 7% through the year 2021. This would far exceed the anticipated growth rate for the US economy as a whole.

## **2.7 Employee Issues for Baby Boomers**

The current proportion of people who are 60 and over is growing and will likely continue to grow as the percentage of the population over 60 increases. The research from Economic Outlook (2018) indicates that wages increase with age, however they do so at a decreasing rate. After the age of 55, the Economic Outlook data suggests

that wages flatten out. One of the causes for the flattening in wages at this point is because mature workers invest less time and resources in education. Baby Boomers are also less inclined to change jobs for possible better paying opportunities than younger generations.

According to Lancaster (2017), the department of labor is predicting that the 55 and over population is among the fastest growing component of the US workforce in total and should help increase the growth of labor through 2024. White Castle Restaurants Vice President Jamie Richardson shared with Lancaster (2017) that their approach to recruiting a more mature workforce is to specifically consider the individual needs and goals of Baby Boomer employees. Some of these considerations are starting to include participation in 401k plan with shorter time frames for eligibility. Robert Maynard's, CEO of the restaurant chain Famous Toastery is incorporating the communication of flexible hours, specific training for all employees, and developing a culture where everybody is treated with respect as if they were a family member. The intent with all of these initiatives is to provide opportunities for recruitment and retention of talented and experienced employees Lancaster (2017).

The remaining employment consideration to take into account is that there are a substantial number of Baby Boomers that retire on a monthly basis. As a result, Leach (2018) points out that there is a great deal of intellectual capital that is leaving organizations. He states that it is crucial that companies have approaches in place to capture as much of both intellectual and institutional knowledge as possible. Leach is recommending reward systems in some manner for transferring relevant knowledge, skill sets and experience to other employees taking on newer responsibilities, rather than only rewarding Baby Boomers for their execution of their current projects/work roles.

### **2.8 Considerations and Challenges for the Future**

As the Baby Boomer population moves forward and continues to age, the considerations, needs and challenges will change, with lifestyle changes taking place fairly quickly. In the work of Barnett (2018), he draws from the insight of former U.S. Secretary of Housing and Urban Development Henry Cisneros. Cisneros states over the next 18 years, the population over 65 years of age will double and the population over 85 years of age will triple. There will be changes and considerations that will take place over this timeframe. Baby Boomers on average overtime will be earning less. In addition, they will be utilizing and requiring more private and public services. Social Security monthly checks will be part of regular financial income. It is also likely that housing lifestyle options will have some measure of downsizing along with specific accommodations for more mature residents. Similarly, Franklin (2016) shares her concerns associated with the aging baby boomer population in the United States in terms of potential straining the country's resources including Social Security and Medicare. As the baby boomer population ages it will also have fewer financial resources as those resources get expended over time. Franklin also identifies health related concerns tied to the aging process such as Alzheimer's disease and other associated forms of dementia.

For Baby Boomers who delayed the start of full-time employment earlier in their career, data from the health and retirement study as identified by Hyungsoo et al. (2018) shows that it would likely negatively relate to retirement funding available when retirement takes place.

## **3. Key Issues for Further Consideration**

The Baby Boomer population and consumer market is currently very influential and a relevant market to serve as has been discussed.

There are Baby Boomer related issues that should be further researched.

These key issues include:

- 1) The impact of Baby Boomers financial resources including wealth and discretionary income in terms of purchasing power.
- 2) The changes of needs, interests and lifestyles of Baby Boomers as they mature over the next ten years.
- 3) Optimal approaches for marketing to Baby Boomers.
- 4) Traditional advertising and digital approaches to effectively communicating with Baby Boomers.
- 5) Developing greater opportunities for engagement and providing relevant consumer experience for Baby Boomers.
- 6) Baby Boomer employment and retirement transition issues.
- 7) The public and private expenditures/investments as Baby Boomers continue to age.

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