



UNDERSTANDING WHAT WILL HAPPEN
WHEN MILLIONS OF BOOMERS "RETIRE"
FROM WORK AND COME HOME.

A THOUGHT LEADERSHIP REPORT

from

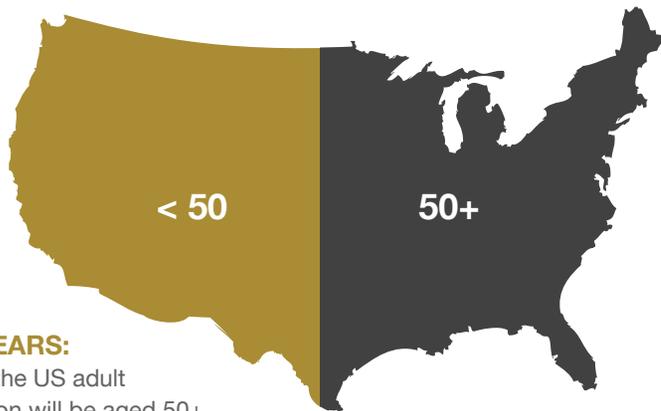
NMI & BOOMAGERS

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What's Happening?

The largest, wealthiest generation in history is now retiring at a rate of 10,000 per day, a trend that will continue every day for the next 17 years.¹ The better part of the nearly 80 million Baby Boomers are now in the process of “reverse commuting” – shifting their daily focus from the workplace to the home-place. As the hours that were once spent commuting and at work are reallocated to the home, the dynamics of how the home is used and how lives are lived within it will undergo sweeping changes. BoomAgers and NMI believe that these changes represent **Marketing's Next Home Run**: an opportunity to tap into unprecedented fast growth marketing products and services that align with newly emergent needs and desires.



IN 3 YEARS:
50% of the US adult population will be aged 50+.

As a new home-centric lifestyle emerges, new products and services will be needed, and the implications for product innovation and marketing practices will be significant for years to come. Google's recent purchase of home systems innovator Nest Corporation for a reported \$3.3 billion is just the “tip of the iceberg” and the latest indication that the re-migration to the home-place is a real marketing power trend. In this Thought Leadership Report, BoomAgers and NMI will identify the inherent opportunities and implications for both established brands and best-in-class emerging companies.

Why Baby Boomers Matter

Before exploring this shift to the home-place, let's take a step back and understand why Baby Boomer-driven opportunities matter. Baby Boomers are the most marketing-friendly generation in history. Ever since the first wave of Boomers turned 18 in 1964 and swelled the ranks of the 18-49 media demographic, the impact of their choices has literally transformed categories and brands overnight. As the largest and wealthiest generation ever, surprisingly, they are now largely ignored since most have moved past age 49. Consider the following:

- In three years, 50% of the U.S. adult population will be 50 and older and they will control 70% of the nation's disposable income.²
- Boomers dominate 119 of 123 consumer packaged goods (CPG) categories and account for close to 50% of all CPG spending. Even so, it is estimated that fewer than 5% of advertising dollars are targeted to adults 35-64.²
- Boomers are relatively brand loyal: 44% report buying the same brands on a regular basis, and more than a third buy products from companies with values most like their own.³





5%
Of advertising dollars
target Adults 50+.



50%
Of total CPG sales
are from Boomers.

The belief that the older a generation gets, the less valuable it becomes as a consumer group, may well have been true of previous generations, but it does not apply to the Baby Boomers. They are healthy, growing and reimagining their lives. They have the most money, they spend the most, and they stand to inherit even more – an estimated \$15 trillion in the next twenty years.²

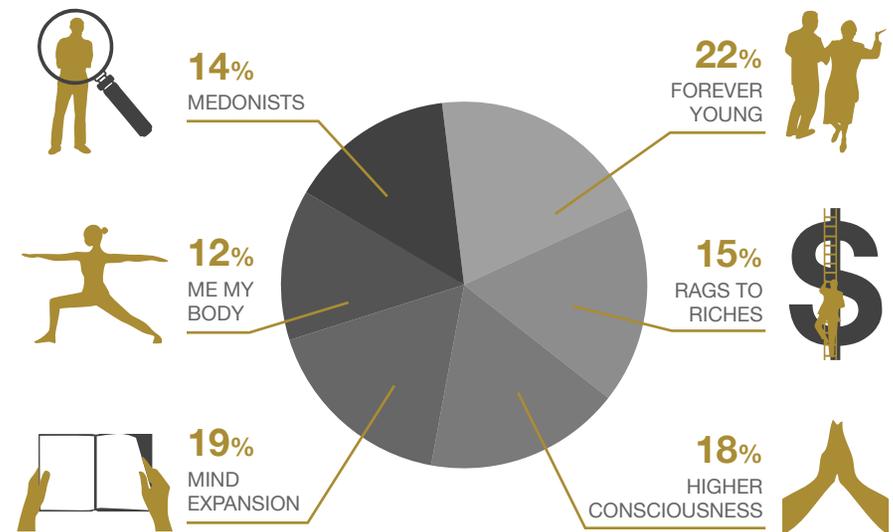
Just as they have redefined everything that matters throughout their lives, Boomers are redefining “aging.” Retirement for Boomers will not be about retreating or stopping, because Boomers are intent on *starting* something new. As they move into the next phase of their lives, Boomers represent a high potential, high return generation for marketers who choose to understand and embrace them.

Who are the Baby Boomers?

A Values View of Boomer Consumers

At nearly 80 million strong, the Boomers have always been too large to understand through a single lens. BoomAgers and NMI have developed a proprietary segmentation that separates Boomers in terms of their values and the emotional drivers of their behavior.

The BoomAgers/NMI Boomer segmentation model divides the generation into six, mutually exclusive, value-based categories which, taken together illustrate the diverse lifestyles and attitudes that exist within this enormous cohort. The taxonomy becomes useful for understanding the emotional triggers to which marketers should pay attention as they create products, services and messages.



The “Medonists” (14%) are pleasure driven and are focussed on living every moment to its fullest. “Forever Young” Boomers (22%) are emotionally driven to live a life free of limitations. The “Me My Body” Baby Boomers segment (12%) is focused on maintaining a healthy body as the key to a happy, productive life. The “Higher Consciousness” group (18%) seeks balance and spirituality as the key to a harmonious existence. Boomers in the “Mind Expansion” segment (19%) are intellectually driven and pursue life in terms of growth and continuous learning. Finally, “Rags to Riches” Boomers seek material rewards and view accomplishment as the measure of personal success.

Changes to Come

Newly emergent, home-centric patterns of living will give rise to a series of changes that will have significant impact on the consideration, choice and usage of an endless array of products and services. Here is an assessment of the trends within the trend.

There's no place like a newly renovated home...

The typical Boomer home has evolved from a comfortable nest that once nurtured a growing family to a space that is in transition. The prospect of more time at home will trigger a desire to alter the home in a way that nurtures the inhabitants' dreams for their future. It is time for the "Me-Generation" to rediscover aspects of their lives interrupted by family and work demands in the years prior.

Data from the National Association of Home Builders (NAHB) shows that 73% of buyers aged 55 and up don't want a second-floor master suite. Boomers wishing to save their joints and avoid stairs have helped fuel this trend. First-floor bedrooms and bathrooms, wider doors and hallways, better lighting, bigger windows and easy to maintain exteriors/landscaping will be common.⁴ After years of paying others to do what they did not have time to do themselves, many home-centric Boomers will get back to being Do-it-Yourselfers. What was once a chore will become a source of *enjoyment* -- made possible by improved home and hardware products now readily available from DIY retailers.

Space vacated by grown children will be re-purposed to support the passions of Boomers. The home will be transformed to become a space to entertain others and to enjoy quality friendships in a comfortable setting. Whether a sewing room, man cave or home office, the way in which home space is used is going to be transformed, and because the endeavor is driven by passion, Boomers will spend considerably more to convert living space into lifestyle space. For the more affluent, expect renovation and expansion on a grand scale.

...in which to grow old

Across the income continuum, Boomers will not only transform their homes for pleasure and passion, but also to facilitate their increasing desire to "age in place" – to remain in their homes and communities for as long as they can.

Many Boomers are coming home to stay; while the previous generation lived their final years in retirement communities and/or nursing homes, however Boomers expect to grow old gracefully without leaving the comforts of their home. A significant 78% of adults between the ages of 50-64 have indicated a preference to age in place at a time when one-third of American households are home to one or more residents 60 years of age or older.²



78% PREFER TO AGE AT HOME,
over aging in retirement communities and/or nursing homes.

NMI Healthy Aging research shows that Boomers will do whatever it takes to stay in their current residence to avoid moving to a senior living facility. Two-thirds do not plan to move from their current residence, and for those who plan to move, it's not into a "home"; it's to a smaller more manageable place (46%), to a place with better weather (25%) or a place that's closer to family (22%). Indeed, next to disease prevention, one of the main reasons Boomers are maintaining a healthy lifestyle is to avoid having to go to a senior living home later in life. This means that Boomers will be more interested in a myriad of services they can get at home such as healthcare services (36%), and grocery delivery (30%), among others.⁶



2/3

Of Boomers do not plan to move.



1/3

Of Boomers do plan to move.

The trend toward aging in place is driven primarily by the desire that Boomers want to preserve their independence. Home is also the place where regular rituals and social relationships can be sustained without a loss of control.

Boomers are not looking for a new place to grow old as much as they are looking for new ways to live better. Innovative housing models are also emerging to facilitate aging in place. Among them are concepts including “villages” and co-housing which merge independent homes into collaborative communities to share the responsibilities associated with aging at home and living independently.

As our aging population continues to age at home, they will be in need of a wide range of new products, services and conveniences that can help them proactively deal with new life circumstances in a way that helps them live uncompromised lifestyles.

Free time creates new freedom of choice

Freedom from the constraints of a defined job will give the lion’s share of Boomers the empowering freedom of choice to go about their lives in a different way.

NMI 2013 consumer research shows that almost half of all Boomers indicate they will stop working completely upon “retirement,” up from a third in 2007. However, for some, continuing to work will be a financial necessity. One in five Boomers consider “employment” as a major source of retirement income. Others will derive social and emotional benefits from staying busy with their life’s pursuit. Either way, a large number of Boomers will continue to work. 10% of Boomers say they will work part-time, and 40% say full-time.⁶

The prodigious Boomer work ethic is well-known. Many will be unable to replace their work routine with new activities that deliver the same intellectual stimulation and emotional reward of accomplishment. Many who have aged out of the professional workplace will have marketable skill sets and will launch small businesses, giving rise to one of the most prolific periods of entrepreneurialism our country has ever seen.

Boomers’ newfound freedom of choice will not be limited to the home, however their newfound applications of passion will always *emanate from* the home.

A healthy home is a happy home

One of the most important aspects of aging is “liberation.” Typically this feeling is triggered by a shift from the structured demands of the workplace to a more flexible post-work lifestyle. Liberation is characterized by the ability to focus on life priorities that were previously sacrificed to the priorities of work and career. Personal relationships and physical health are at the top of the priority list of newly liberated Boomers. The Boomer support network is strong and large: more than 9 in 10 say that as they age, maintaining their independence is very important, and 78% report they have a good support system if they ever need it.

More free time means more time to spend on getting or staying healthy. NMI consumer data show that Boomers embrace the idea of

being the “best they can be” at any age, and most are committed to a healthy lifestyle. They believe that “old age” begins at 68, they want to live to be age 91, and on average they expect to live to be at least 84.⁶



Boomers are the only generation to consistently raise the threshold at which “old age” begins. As Boomers age, their definition of “old age” continues to increase, lending truth to the anecdotal platitude that “Old age is always 15 years older than you are.”

NMI research indicates that Boomers are taking more personal responsibility for their own health.⁸ As such, “healthcare-at-home” will be redefined – not with their parents’ medical equipment, but with mobility-enhancing products, technology and devices that provide at-home solutions. Active Boomers will seek and pay a premium for products that work without calling attention to an age-related disability. Think scooters with style, designer canes and home health-care equipment (even oxygen-tanks) that is less medical in appearance and usage, all with the goal of suggesting positive mobility rather than infirmity.

There will also be significant opportunities to provide innovative solutions to Boomers with newly available remedies for weight management, joint pain management and mobility enhancement (arthritis) among many other widespread health concerns.⁶

Boomers today are reporting declining stress and more sleep. As the economy slowly rebounds from the Great Recession, more Boomers report a renewed optimism about being financially on-target for retirement.⁶ This suggests the opportunity to market products that support solutions

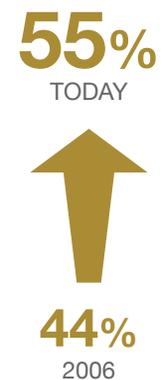
across a range of health issues and medical conditions specifically to Boomers. In fact, more than half of Boomers indicate their biggest fear of aging is “restricted mobility or difficulty getting around,” up from 44% in 2006.

Mobility will be the greatest new high-order benefit, and exercise and diet will be integrated into a virtuous circle for more aging Boomers. Expect Boomers to purchase home exercise equipment and to establish home workout routines. They also will be newly open to alternative healthcare ranging from nutritional supplements to diets to physical therapy devices.

A new kind of screened porch

Boomers live in the age of “screens,” and are active users of computers, tablets, smart phones and other devices. As such, there will be a new array of entertainment and home management options available to them right at home. Almost half of all Boomers show an interest in using technology and electronic devices to manage their health and wellness, suggesting that the practice of “telemedicine,” for example, will increase exponentially and ultimately become an integral part of the Home-centric technology mix.⁸ The opportunities for the “caregiving marketplace” will grow including offerings such as a “Medical Passport” (medical information and advanced directives on a portable flash drive) or “Fotodialers” to provide quick access to phone numbers by using pictures.⁶

Boomers have a desire for connection, and two thirds indicate technology is a vital part of their lives. The majority say they like being constantly connected to other people via mobile phones, texting and email. Seven in ten say they use technology to stay connected with their families on a regular basis.⁶ As the Boomers enter the next phase of their lives, the technology-enabled home will evolve to meet their evolving desires for security, pleasure and health care.



BIGGEST FEAR
Fear of restricted mobility has greatly increased since 2006.

Boomers are also one of the fastest growing user groups of digital and social media. More than half currently use the Internet to research specific diagnosed illnesses, and almost as many use it to learn how to lead a healthier lifestyle or get information about prescription drugs and an ailment, before going to the doctor. In addition, about half of all Boomers now use Facebook, representing a compound annual growth rate of 88% from '08-'13.⁶

Environmental Rebirth from the 1970s

In addition to remaining independent, a majority of Boomers care deeply about protecting the environment and feel sustainability is a worthwhile and enduring value. This belief is on the rise. More than 8 in 10 Boomers think we live in a wasteful society and try to save and reuse as much as possible. 3 out of 4 care about products that use recycled materials.⁷

As they return to the home-place and re-nest for the next phase of their lives, Boomers will be inclined to invest some of their wealth in creating homes that make sustainability easier. The Boomers are in the best financial position of any generation to spend money on rebuilding, recycling and retrofitting their homes for a sustainable lifestyle. Implications for home improvement retailers, homebuilders, contractors and manufacturers include the rapid growth of active and passive

solar energy systems — now standard features in many new homes and renovations – hyper-insulation, geo-thermal heat pumps, composting areas and systems that capture, store and reuse rainwater.

In the 1960s and 1970s as they came of age, many of the Boomers self-identified as activists. The Civil Rights Movement and Vietnam War helped give rise to a generation that adopted and worked for political and social causes. The passion for the environment that was stoked then never went away. It has matured alongside the Boomers, who now have the time, money and maturity to understand that environmentalism begins at home.

Counter Trend: The multi-generational home... a not so empty nest

More than a few Boomers will be coming home to a full house. The share of Americans living in multi-generational households is the highest it has been since the 1950's. Boomers have become the latest "sandwich generation."

The trend toward multi-generational living -- gathering momentum since the 1990s -- has been accelerated by the combined pressures of a systemic economic contraction, depressed housing values, an uncertain employment picture, the inability of many families to find affordable childcare and an overall devaluation of retirement savings. With Boomers' parents moving in and the kids not moving out, many Boomers will find themselves managing an even more demanding home dynamic.

This will provide marketers with the opportunity to address a multi-generational home as a household as opposed to a collection of separate and distinct consumers. This household composition dynamic will affect a plethora of industries from consumer packaged goods to transportation to travel and will have an obvious impact on housing.



MULTI-GENERATIONAL
50 million people, 16% of the population, were in multi-generational households in 2012, up 40% since 1990.

Implications

1. Boomers' increased amount of discretionary time will do more to drive change than any other aspect of home-centricity. How this free time will be used will not be driven by needs, it will be driven by passions and preferences. *Reframe your brand to align with the emerging affinities of Boomers who will be making more product choices, absent of material needs.*
2. As Boomers age, they will seek ways to minimize or offset the effects of living in a complex world, beginning with home life. Products that are merely convenient will become table stakes. Simplicity is a higher order promise that will become the new differentiator for older people living complex lives. *Simplify and streamline how your products are made, described and used. For example, P&G's Tide Pods is experiencing success by streamlining the already familiar process of adding detergent to the wash.*
3. Boomers are experientially driven. Enjoyable experiences will do more to generate memorable, feelings that last well after the product is used. *Connect your product and message development with a broader experience that deepens engagement and creates memories that promote loyalty.*
4. The home-centric lifestyle will support healthier living that will manifest itself in improved diet and meal routines. While Boomers will consume more and different types of food at home, the way in which they prepare and enjoy it will have as much to do with their choices as the foods themselves. *Adopt a new and deeper understanding of how need states are shifting in the context of changing, home-centric behaviors. The frozen vegetable category is well positioned for growth as food companies have made great strides in portion control while also creating steam-prep options.*

5. As Boomers age, they will emphasize quality of life. Since the home is their epicenter of living, this is where their orientation to quality of life will play out most often. Boomers are fundamentally “medonistic” -- they place a premium on pleasure and prioritize their own desires. *Move beyond simply communicating how a brand or product's features differ to communicating how those features deliver benefits that sustain, improve or synchronize with life at home.*

So... Welcome Home!

Sweep off the *Welcome* mat and leave the front door open. Marketing's Most Valuable Generation is coming home to the place they value more than any other. The Boomers are back to where it all started, and they're getting ready to start all over again.

If you're a marketer, this is the only Homecoming that matters now. Virtually everything bought in a grocery store, a mall or the web lands in the home to be used there; in essence, home is where most brands *live*.

Home also is where the Boomers are going to get down to some well-earned living. The “work hard, play hard” generation is catching its breath and getting ready for what comes next; and the next phase will fundamentally involve the home. The most important generation in the history of marketing is about to experience the most dramatic lifestyle change since they were married and started families decades ago. Change begets opportunity, and now is the time to put the home at the center of developing new products, services, experiences and messages for the new aging consumer. If you're looking for the next home run, look no further than the home.

About and Contact



BoomAgers is a modern, creative-services company dedicated to creating communications that help clients capture the full value of the massive but under-leveraged Boomer market. They are experts on the Boomer consumer and have purpose-built a new agency for the new age of marketing. Learn more at www.boomagers.com. Contact them at (212) 260-BOOM.

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NMI is a strategic consulting, market research and business development company specializing in the health and wellness, sustainability and healthy aging marketplace. Learn more at www.nmisolutions.com. Contact them at (215) 513-7300, ext. 214.

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Credits and Sources

1

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5 AARP http://assets.aarp.org/rgcenter/il/beyond_50_communities.pdf;
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