



America's biggest untapped market is hiding in plain sight

Insight: 5 ways retirement-age boomers are shaking up your investing

By: Ken Dychtwald | Keynote Speaker | July 16th, 2014

The consumer marketplace has been overwhelmingly youth-oriented (even youth-obsessed) for decades — but this about to change dramatically, and in ways that will spotlight a traditionally overlooked upside of aging.

Until recently, corporations, marketers and entrepreneurs paid little attention to men and women aged 50 and over. There was, after all, little to spark their interest in a group whose members were thought to be frugal and set in their ways. But now marketers are realizing that they can no longer afford to ignore adults.

How boomers can save more for retirement

Many boomers aren't saving enough for retirement. T. Rowe Price's Scott David explains how advisers can help.

Madison Avenue bears its share of the blame. Big advertising has bred notions about older people that simply don't hold true for baby boomers who reflect the new face of aging. What's required to reach them, and too often missing, is a broader understanding of the Age Wave and how to appeal to this group that differs so dramatically from their parents and grandparents — in both longevity and lifestyle.

Boomers are transforming aging, defining it with more vigor, motivation and purpose. They don't aspire to the old retirement dream dominated by idle leisure, even disengagement. Most intend to work well into their traditional retirement years, many by choice. They return to school, start new careers, volunteer in their communities, and seek purposeful activities.

As a group, the 78 million-strong boomer generation has unrivaled amounts of money to spend. Representing 32% of the U.S. population, Americans aged 50+ currently earn almost \$2 trillion collectively in annual income, and control 77% of the total net worth of U.S. households — almost \$46 trillion. Even though boomers are largely ignored by advertisers, they represent 50% of all discretionary spending power. In fact, their per capita discretionary spending is 2.5 times the average of younger households.

Because of their demographic's huge size, when they reach any stage of life, boomers create huge opportunities for companies that can meet their needs — whether financial, interpersonal, or even hormonal. For example, boomers didn't just eat food — they transformed the snack,

restaurant, and supermarket industries; they didn't just wear clothes — they changed the fashion industry; they didn't just go to work — they disrupted the workplace; they didn't just go to the doctor — they altered health care.

And boomers won't simply grow old. They will transform aging itself.

The 'Age Wave' is coming

As the boomers mature, five key factors will reshape America's marketplace for goods and services — and how and where you invest:

1. Boomers are going to live longer than any group ever has

A 90- or 100-year lifespan will become commonplace. And as they search for the “fountain of health,” they will try all sorts of things to stay healthy and young longer. Watch for growth in anything and everything that can [forestall or minimize physical aging](#) — from joint replacement surgeries to vitamin supplements, nutraceuticals and cosmeceuticals to botox skin treatments and anti-aging spas and/or medical clinics.

2. Boomers will reinvent themselves again and again

They changed majors in college and haven't stopped shape-shifting since. Twenty percent have changed religions and 50% have changed spouses. They are also far less likely than previous generations to be brand loyal — and far more open to new ideas and products. This appetite for trying new things and lifelong learning will not only propel the tech industry (for everything from mind-expansion software to smart homes), but will breathe new life into colleges and universities both as centers of adult learning as well as retirement housing meccas.

3. New adult life stages will require a wide range of products and services

For example, the “empty nest” life stage will unleash an abundance of “discretionary time” — to be filled with everything from walking tours of Europe to cooking classes at the local Y. And watch for grandparents to be the power consumers of everything from toys to college tuitions to starter homes — for their progeny.

4. Experiences will be worth more than things

In an attempt to “live within their means” while trying to improve the quality of their lives, boomers will undergo a psychological shift from acquiring more material possessions toward a pursuit of enjoyable and satisfying experiences, fueling growth in the travel, leisure, entertainment and volunteerism sectors.

At the same time, the financial services industry will launch new products and services to help boomers “catch up” financially, manage more than \$10 trillion of inheritances, extract liquidity from their homes, and mobilize practical saving and funding strategies to carry them through their long lives.

5. Maturity is about to get interesting

The boomers will bring a level of adventure, intellectual curiosity, and sexuality to a stage of life that has been relatively bland. Can you imagine telling Bruce Springsteen that since he's 64, it's time to stop playing music? Or forcing 65-year-old fashion powerhouse Anna Wintour to retire? And that Rolling Stones tour that just started up again — with the band's average age over 70 — maybe those guys should just let it go already? Not likely!

Years from now, historians will scratch their heads over an earlier America that focused for so long on youth when the biggest untapped market — men and women over 50 — was hiding in plain sight.

Ken Dychtwald is CEO of Age Wave and a contributor to ["The Upside of Aging: How Long Life is Changing the World of Health, Work, Innovation, Policy, and Purpose"](#) (Wiley), edited by Paul Irving, president of the Milken Institute. Follow Dychtwald on Twitter at [@The AgeWave](#).

Original URL: <http://www.marketwatch.com/story/5-ways-retirement-age-boomers-will-radically-change-your-investing-ideas-2014-07-16?pagenumber=2>