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CREATE FUTURE VALUE

BACK TO THE BABY BOOM, AND YOUR FUTURE

DEM-O-GRAPH-ICS: The characteristics of a human population or part of it, especially its size, growth, density, distribution, and statistics regarding birth, marriage, disease, and death.

BABY BOOM

As a marketer, when I think of demographics, I don't think of charts and graphs as much as I think about how changes in human populations affect the way they behave. Human behavior is, after all, the driving factor behind all economic outcomes. In this regard, no change in human behavior (largely the outcome of demographic developments) has been more profound and more society altering than what is known as the **baby boom**.

Although the baby boom has no official beginning and no official end, most historians agree that this "boom" started after the end of World War Two when Americans who served in the military came home and got busy making babies. This activity lasted roughly twenty years, into the mid 1960's, and spawned a tremendous increase in young Americans that would change literally every aspect of American society as they passed through the inevitable stages of their lives.

This bulge of humanity moving through its developmental stages can be illustrated by an analogy. Imagine a thirty-foot python swallowing a zebra, and then watching the bulge move along as the zebra passes through the python's system.

You might think this is a gross and sickening example, but I use it for a reason. The unlucky zebra would, in the process of being digested, cause a great amount of distress and even internal damage to the snake. Indeed, the python would need to recover for about a month after eating the zebra.

This distress and need for recovery is an apt comparison to how American society has had to deal with the baby boom. It was much like the python swallowing the zebra. The boomers

represented a huge dose of humanity - all of a similar age - into American society, and ever since then, it has caused incredible distress, both economic and societal.

"BOOMER" INDIGESTION

The first boomer problem Americans faced was the education of millions of new children. Naturally, there weren't enough schools, or teachers available. Communities were hit by surprise, and crowded classrooms were common.

Nonetheless, this explosion in demand for education spawned an "education industry" that included everything from school construction to educating teachers, and all the byproducts of education that support the process. (The school bus industry for example, normally a static business, tripled its baseline production between 1950 and 1960).

This bulge in educational demand continued into the colleges and universities. Once sleepy college campuses "boomed" with students, and naturally, had to expand their own facilities to accommodate all the new students.

That was the first shockwave resulting from the baby boom, and it would forever change the face of American education.¹

After getting educated of course, the boomer needed a job. By 1965, boomers were starting to graduate high school in huge numbers, and a tidal wave of boomers was headed on to college. The job markets were slow to absorb the boomers, and America was gearing up for the Vietnam War (itself and its many spin-offs an employment program of sorts).

Although many may disagree with me on this, it is my opinion that it was the Vietnam War, and concurrent huge government spending programs that helped to eventually absorb baby boomers into the American workforce.

Of course all these workers would need housing, and herewith came the third great shockwave: The American housing industry would boom right along with the boomers themselves.

First it was starter homes - a wife, two kids, and a dog. The three bedroom bungalow became the standard home of the late 1960's and early 1970's. But as time went by, something unique in American history began to take place: the periodic trade-up in house size and cost perpetuated by the ever-increasing income (and mobility) of the average baby boomer.²

The three bedroom 1,500 square foot bungalow soon became the four bedroom 2,000 square foot tri-level, and soon after this, the 3,000 square foot home with a swimming pool, and then the 4,000 square foot, five bedroom sprawling luxury home, and then on, and on...

As long as the income went up, the trade-up continued. All of this behavior spawned the luxury home industry, raising the average home value to historical heights. Even an affluent

¹ Prior to the Second World War, most Americans weren't well educated. In fact, a high school education was considered the mark of a well educated citizen; very few Americans went to college. Fact: in 1947 at the beginning of the baby boom, less than 30 percent of Americans had attended high school.

² Once again, prior to the Second World War, most Americans worked close to where they lived, and generally spent their entire lives within the community they called home. Buying ever more expensive homes, and moving from job to job and from community to community was unheard of, and thought to indicate instability in the individuals involved.

citizen of the 1940's would have thought it absurd (or at least bewildering) to witness "empty nest" baby boomers moving from a five bedroom home into a more luxurious and even larger home *just because they could*.

THE FOURTH AND FINAL SHOCKWAVE

The "trade-up" phenomenon will likely end soon, leaving behind hundreds of thousands of oversized homes that nobody wants.³ This will leave the real estate and home construction industry in disarray, as subsequent generations pick up the pieces.

But wreckage of the housing industry isn't the final shockwave. This final explosion will be in the healthcare market and will permanently change medical care as we know it. To illustrate what I mean by this, I will give you an example that can be drawn right from my own community.

I live in a small town in East Texas - Lufkin. Lufkin is a town of 35,000 people, and this figure has been (more or less) static for the last twenty years. There are two hospitals in Lufkin, one on each side of town.

Two weeks ago, the local newspaper announced that one of the hospitals will undertake a sixty-five million dollar project to double the capacity of emergency, outpatient, and cardiac services, and add 40% more hospital room capacity. This project is scheduled for completion in three years.

As I pointed out, Lufkin is not a growing community. In fact, with the recent closing of three large paper mills, it's likely that Lufkin is shrinking. So, where is this huge demand for hospital services going to come from?

AGEING BABY BOOMERS!!

And this is happening elsewhere. There are now five licensed nursing homes in Lufkin -all full. Currently, there are four applications to the city zoning commission for new nursing homes. Where are the residents going to come from?

AGEING BABY BOOMERS!!

Permanently altering the face of the healthcare industry is the final statement of the baby boom generation. As the demand wanes from the inevitable death of this generation, there will be economic pain, and adjustments to be made that won't be easy.

But right now - and this is where you come in - there are fantastic opportunities in the health care market for those who will read and understand this message.

The healthcare bubble will last for thirty years, and for the bright and diligent among us, fortunes will be made. Fortunes just like those in the real estate and housing markets fostered by the baby boom.

But NOW is your time of opportunity. If you wait, it will be too late; someone else will get the inside track. My two special messages this month will deal with getting health care business, and getting your share of this potentially huge opportunity.

³ In my opinion, this is already happening. Aging baby boomers are not likely to want bigger and bigger properties to tend. It is more likely they will downsize to smaller and very luxurious homes - dumping their "mansions" for the best price they can get into an over-supplied market.

INTEGRA PRODUCT OF THE MONTH

BIO-CLEAN

The move to BIO-CLEAN as *THE* floor cleaner of choice is now stronger than ever. This world-class floor cleaner is the undisputed leader in the INTEGRA new product introduction category.

There's a reason for this, and it's because customers rave about how good their floors look after just two weeks of regular mopping with BIO-CLEAN.

Ask your customers to take the "BIO-CLEAN TWO WEEK CHALLENGE"

You'll both be glad they did!

First gets the business, second gets the leftovers, third gets thrown out - which one are you?

I hope you enjoyed this issue of *Getting Your Share*. Be sure to sign up for the full version to get additional tips and insights – it's free and delivered only via e-mail. If you have any comments or suggestions for this newsletter please e-mail me at JW2437@excite.com. To sign up for the full version of *Getting Your Share* call Leif Anderson at 1-800-366-2477, and say "sign me up." You can also visit INTEGRA's website WWW.theintegraprogram.com to sign up, and find more exciting tips and information while you're there.

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