

# DISTINGUISHED BOOMERS: PORTRAIT OF A GENERATION DEFINED BY CHANGE

by Linda L. Fisher and J. Michael Dennis

While Boomers seem to be everyone's golden opportunity, appealing to them requires a unique and sophisticated marketing approach

This year the oldest Baby Boomers will turn sixty—and before the end of the year, half of Boomers will have turned fifty. In the midst of rapid social change, Boomers played a large role in huge 20th-century developments in technology, in industry, in education, and in government. At the same time, they helped to bring about the tipping point in America's global perspective, including environmentalism and diversity of outlook, as well as social practices and values. A few examples include more mainstream roles for women and minorities and the wider acceptance of diversity of values and social practices.

Although largely satisfied with where they are in their lives at this point, Boomers have high expectations for an even better life in the future. Many are not financially prepared for

retirement, and most plan to work well into retirement age—many because they have to in order to survive (i.e., they “work to live,”), but many also because work provides them with other benefits, such as social connections, the ability to contribute, and the opportunity to continue to learn (i.e., they “live to work”).

All these things mean that organizations and companies of all types cannot necessarily approach Boomers at age fifty and over the way they approached previous generations.

In recent years, AARP has commissioned numerous surveys partly or wholly about Boomers, some conducted by Knowledge Networks. They show that consumer companies and organizations, like AARP, face major challenges in creating and maintaining brand loyalty among the Boomers. We all must learn how to be relevant and develop an



<sup>1</sup> AARP, "Boomers Turning 60," June 2006.

emotional connection to the broad spectrum of Boomers—in part by understanding the lifestyles and needs of the diversity of segments within the Boomer cohort.

### BOOMERS AT MIDLIFE—OPTIMISTIC AND AMBITIOUS

We have learned in our research that Boomers' approach to the 50-plus stage of life is affected by some distinguishing themes, divided into four areas: demography, attitudes/values, lifestyles, and consumer/media behavior (see Table 1).

The key life-stage themes are seen in an optimistic and ambitious world view. In AARP surveys from 2002 to 2004 ("Boomers at Midlife: The AARP Life Stage Study"), Boomers were found to be:

- Satisfied with life
- Ambitious for the future
- Optimistic
- Yearning for self-reliance

Yet in some areas, we found that substantial numbers of Boomers feel "out of control," especially in regards to finance, leisure, and work/career issues.

In 2004, Boomers remained basically satisfied with their lives; 82 percent of Boomers said in 2004 that they were "satisfied with the way things are going in my life today." Moreover, 72 percent say they believe their lives will be even better five years into the future. Will this optimism change with age? There is little evidence that that is happening. At age 60, 77 percent of those born in 1946 still say they are basically satisfied with their lives, and more than eight in ten (86 percent) look

forward to the next five years, feeling confident (85 percent) and hopeful (86 percent)<sup>1</sup>.

When forced to select one of seven life areas as most important, these areas are regarded as most important

- Relationships with family and friends (39 percent)
- Religion or spirituality (24 percent)
- Physical health (19 percent)
- Personal finances (8 percent)

Fortunately, Boomers' greatest source of satisfaction is in the area of relationships with family and friends: 62 percent are not only satisfied, but "very satisfied," with their relationships—virtually identical to the proportion (61 percent) who say they have a "great deal" of control over their relationships.

Boomers hope to see the greatest improvements (approximately a 20 percent improvement in perceived well-being) in the two life areas in which they are least satisfied: leisure and finance. Just 22 percent are "very satisfied" with their finances and 30 percent with their leisure activities.

Boomers are least confident about achieving their goals in the same two areas where they aspire to the greatest gains: leisure and personal finance. A likely explanation is that in these areas (as well as work and career) they feel least in control of what happens in the future. It is important to note, however, that even in these areas, more than half of Boomers surveyed are confident of achieving their goals (53 percent in their leisure activities and 58 percent in their finances), and four in ten feel they are in control (40 percent feel in control of their finances; 45 percent for leisure activities).

Table 1: Characteristics of Boomers at 50+

DEMOGRAPHIC THEMES	ATTITUDES AND VALUES
<ol style="list-style-type: none"> <li>1. DIVERSE RACIALLY AND ETHNICALLY</li> <li>2. MOST STILL HAVE THEIR HEALTH (85% SAY IN GOOD HEALTH)</li> <li>3. MOST ARE MARRIED</li> <li>4. MOST ARE WORKING</li> <li>5. IN PRIME EARNING (AND SPENDING) YEARS</li> <li>6. MORE THAN EVER ARE SINGLE BY CHOICE</li> <li>7. MORE ARE OR HAVE BEEN DIVORCED</li> <li>8. MANY HAVE NOT SAVED ENOUGH TO RETIRE</li> </ol> 	<ol style="list-style-type: none"> <li>1. SATISFIED WITH LIFE</li> <li>2. OPTIMISTIC FOR AN EVEN BETTER FUTURE</li> <li>3. INDEPENDENT AND SELF-RELIANT—DON'T TRUST AUTHORITY AND SEE ONLY THEMSELVES HOLDING THEM BACK FROM REACHING THEIR GOALS</li> <li>4. LOOKING FOR WAYS TO CONTROL OUTCOMES, ESPECIALLY IN FINANCE AND LEISURE</li> <li>5. LOOKING FOR "MY TIME"</li> <li>6. STARTING TO THINK ABOUT LEGACY</li> </ol> 
LIFESTYLES	CONSUMER AND MEDIA BEHAVIOR
<ol style="list-style-type: none"> <li>1. WORKING PAST "NORMAL" RETIREMENT AGE</li> <li>2. CAREGIVING FOR CHILDREN, GRANDCHILDREN, PARENTS</li> <li>3. DIVORCING, DATING, PERHAPS REMARRYING AT MIDLIFE OR NOT</li> <li>4. TRAVELING FOR FUN AND WORK</li> <li>5. LOOKING TO SPEND MORE TIME ON THE "THINGS I ALWAYS WANTED TO DO"</li> </ol> 	<ol style="list-style-type: none"> <li>1. CONTINUING TO BUY TO ENHANCE LIFE EXPERIENCES—WHETHER IT IS ADVENTURE TRAVEL OR A NEW SUV OR PLASMA TV</li> <li>2. ALWAYS LOOKING FOR SOMETHING BETTER—WILL SWITCH BRANDS IF A NEW PRODUCT BETTER MEETS THEIR NEEDS</li> <li>3. USING TECHNOLOGY FOR FUN AND WORK, INCLUDING RESEARCHING PRODUCTS AND BUYING THEM ONLINE</li> <li>4. ON INFORMATION OVERLOAD (BUT CONTINUING TO SEEK INFORMATION FROM MULTIPLE SOURCES)</li> <li>5. WILL VOLUNTEER AND GIVE FOR THE RIGHT CAUSE</li> </ol> 

## ECONOMIC SECURITY AND WORK

Boomers are better off financially than they were 15 years ago—to be expected, given they are now in their peak earning years. Collectively, they earn \$3.7 trillion each year and spend over \$2 trillion. Their median household income is approximately \$64,167, and median net worth is \$107,000; but one in four has less than \$10,000 in savings.

Boomers are, of course, quite diverse in their economic well-being. For the first-wave Boomers who are older, median net worth is \$146,000; for second-wave Boomers, it is about \$86,000. In addition, Boomers who are homeowners have a median net worth of nearly \$175,000.

When it comes to retirement, Boomers are not as well prepared as one might think; perhaps the Boomers themselves are not clear about their status. According to a recent survey by Fidelity<sup>2</sup> about Boomers

- Boomers have \$35,000 in median total household personal retirement savings.
- Boomers typically save \$2,750 annually for retirement.
- Boomers are on track to replace 59 percent of their pre-retirement income.
- Boomers who save in a 401(k) have an average 401(k) account balance of \$80,000<sup>2a</sup>.
- 57 percent of Boomers expect to receive a pension (either own or spouse's).
- 22 percent of Boomers will rely on the sale of their primary home for income in retirement.
- 69 percent of Boomers will rely on working at least part-time for income in retirement.

- Of the 69 percent of Boomers expecting to work in retirement:
  - 68 percent will do so to cover basic expenses.
  - 52 percent will do so to receive employer health benefits.
  - 23 percent will do so because they want to stay busy (not to cover expenses).

These findings are consistent with recent AARP surveys of Boomers and of workers age 50 and over. According to the 2002 AARP study “Staying ahead of the Curve: The AARP Work and Career Study,” two out of three 45+ workers in 2002 were already Boomers, and many were very engaged and satisfied with their work. Many also felt that work helps keep people feeling healthy and productive. In fact 84 percent said they would keep working in some capacity even if they won the lottery and were financially set for life.

In the interest of “checking in” with Boomers as they age, AARP recently conducted a survey of 800 Boomers born in 1946—those turning 60 this year. More than half (54 percent) are indeed still working, and another 14 percent plan to go back to work. Just 25 percent consider themselves fully retired. Moreover, across a range of measures, those who are still working are doing better in their lives than those who are not working but not fully retired, either.

For example, 81 percent of those who are working are very satisfied, compared to 85 percent of those who are fully retired; but among those who are neither working nor fully retired, only 60 percent say they are very satisfied. More than half of those in this “not

2. Based on data collected from Fidelity's Retirement IndexSM. Figures are based on calculations by Fidelity's asset-liability modeling engine using data from a national online survey of over 1,000 working American Boomers age 41-59 in 2005 reporting at least \$20,000 in HH income. The survey was conducted for Fidelity by Richard Day Research, Inc. from September 9-13, 2005.

2a. Figure based on FESCO 2005 recordkeeping data indicating an average 401(k) balance of \$80,000 for 41-59 year olds.

3 AARP, "In The Middle: A Report on Multicultural Boomers Coping with Family and Aging Issues," 2001.

working and not retired" group say their physical health is worse than they had expected it would be at age 60; this physical decline is more than likely a large factor in the number who are not working but would like to do so.

## BOOMER LIFESTYLES

Perhaps because they didn't do anything "on time," the Boomers are experiencing many of life's important events after 50. These include:

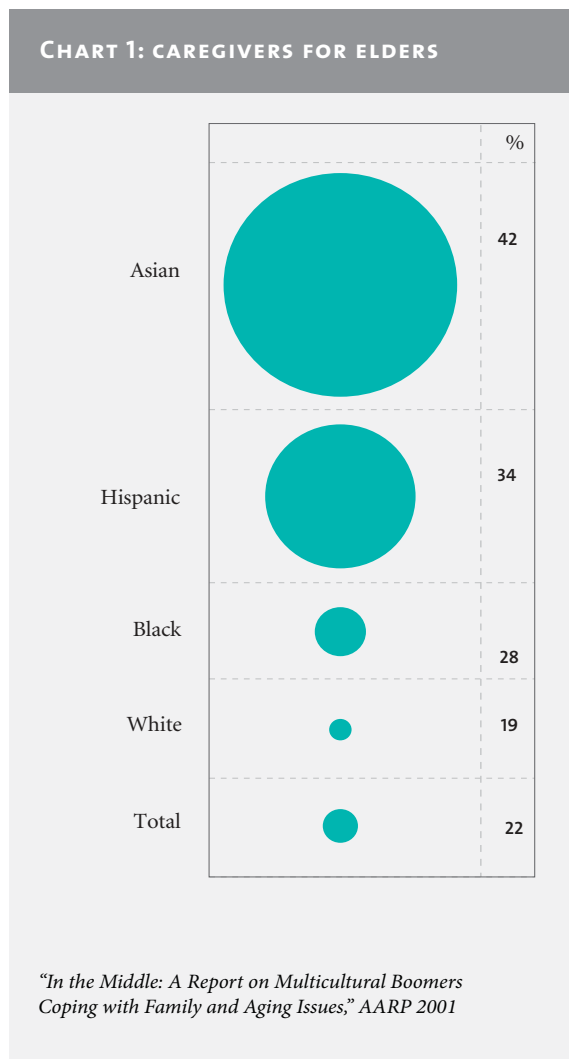
- Becoming a parent
- Starting to care for aging parents
- Changing jobs
- Divorcing/remarrying/staying single
- Becoming a grandparent

Leading-edge Boomers also face such heavy-impact life events as major illness and/or death in the family, major illness in themselves, and empty nest.

## 25 MILLION ARE IN THE SANDWICH GENERATION

Many Boomers are part of the Sandwich Generation, people caught between the often conflicting demands of raising children and caring for aging parents or other relatives. Their lives can be especially stressful and hectic. They feel stress from both ends of the spectrum, as they often have both children at home and older parents who may need their help.<sup>3</sup>

Nearly all first-wave Boomers say they do such things as shopping for their elders or



driving them places, and a little over one in five see themselves as serious caregivers (see Chart 1). Care-giving of elders by Boomers is not equally felt along racial and ethnic lines. More than four in ten Boomer Asian Americans (42 percent) see themselves as caregivers for their elders, followed by Hispanics at 34 percent, then African Americans at 28 percent. Whites are the least likely to say they are



helping to care for, or pay expenses for, an elderly relative (19 percent).

#### SINGLES, DATING, AND DIVORCE AT MIDLIFE AND BEYOND

Boomers both inherited and contributed to some major changes in social attitudes and expectations during the last half of the 20th century. These changes include rising economic power and self-confidence among women, less restrictive sexual attitudes, increasing divorce rates, larger numbers of singles (and not just

because of widowhood), and the extension of working lives for both genders well past what we have come to see as normal retirement age.

As an example of the effect of these social changes, in the past, single men and women in midlife and beyond have always been thought of mostly as widows and widowers or as spinsters and confirmed bachelors. This image has been changing as Boomers liberalize sexual attitudes, so that by their own choice, more of them may never marry. If they do marry, divorce has lost much of its stigma.<sup>4</sup>

In a recent study called “Lifestyles, Dating

---

<sup>4</sup> Xenia Montenegro, AARP, “Baby Boomers R Changing the Face of 50+,” published by ESOMAR in *Excellence* 2006.

and Romance: A Study of Midlife Singles” (conducted for AARP by Knowledge Networks) we found that singles in their 40s, 50s, and 60s say that they like having their house and other things the way they want them. They like not having to answer to or deal with another person. Yet, there are downsides; what comes with personal freedom and independence is also the worst part of being single—“not having someone around with whom to do things,” which was reported by four in ten in the survey (41 percent). Smaller percentages mention other drawbacks, such as

- being on one’s own financially and not having enough money,
- fear of being alone in the future,
- nobody around to care for self when sick, disabled, or need help, and
- not being in a sexual relationship.

AARP research also shows that the sexual attitudes and behavior of people in their 50s differ significantly from those of people age 60 and older. Leading-edge Boomers will seek sexual gratification in ways that the older generation did not do in their 50s. The differences are most dramatic among women now in their 50s, on whom the feminist movement had a major influence. The changing attitudes are also altering their lifestyles.

For example, in the AARP singles study, 26 percent of those surveyed, ages 40-69, say they would cohabitate after finding themselves in

## BOOMERS ARE NOT AS WELL PREPARED FOR RETIREMENT AS ONE MIGHT THINK.

a committed relationship, unheard of among people age 50 and older a generation ago.<sup>5</sup>

Moreover, our research also shows that women are much more likely than men to initiate midlife divorces—though the reasons cited are often related to some form of abuse or cheating on the part of the male. And while divorced men and women who have remarried tend to rate their current quality of life higher than do those who have remained single—among those who have remained single, it is the women who are the most likely to remain satisfied with a single life.<sup>6</sup>

### CONSUMER BEHAVIOR

Boomers are also bringing huge changes to the way marketers look at the 50-and-over market—although it must be said that only a few progressive and smart marketers have noted and taken advantage of the trend to date. Some themes that apply to Boomers in the marketplace include:

- Healthy, wealthy, & wise
- “My time”
- Have money – will spend
- Want new experiences
- Want new ideas, technology
- Want independence/control
- Open to new brands

5 AARP, “Lifestyles, Dating and Romance: A Study of Midlife Singles,” 2005. The AARP survey for this study was conducted by Knowledge Networks.

6 AARP, “The Divorce Experience: A Study of Divorce at Midlife and Beyond,” 2005. The AARP survey for this study was conducted by Knowledge Networks.

Boomers spend in excess of 2 trillion dollars each year. They are healthier than the older generation, despite needing to watch their weight and get more exercise. And they consider themselves smart shoppers, having seen all there is to see in the way of advertising, and possessing the ability to see through the obfuscation.

An old marketing myth says that, if the older population values experience more than possessions, they won't spend. But experience includes the sensory experiences gained from big screen televisions, audio systems, fast cars—or adventure travel.

#### BOOMERS AND BRAND LOYALTY

Boomers are not any more brand loyal than any other age group. Six in ten (61 percent) agree that “in today's marketplace, it doesn't pay to be loyal to one brand.” Moreover, Boomers will switch brands—and pay more—for quality. Nearly eight in ten (77 percent) agree that,

### BOOMERS DON'T DEFINE VALUE AS SIMPLY LOW COST.

“If a manufacturer can show me why their brand has more benefits than the one I normally use, I'm likely to switch, even if it's a little more expensive.” Indeed, fewer than three in ten say they still buy the same brands they grew up with—in any purchase category.

Boomers' market savvy, as well as their feeling of neglect at the hands of marketers, is reflected in these findings. Based on the AARP

Brand Loyalty Omni Survey in 2005, a majority of Boomers agree that:

- Advertising today would be more effective among people my age if they used models who are in my age group (64 percent agree).
- A lot of advertising today is too weird for my taste (58 percent agree).
- I'm more likely to consider a product if I like the ads for it (53 percent agree).
- I am less likely to consider a product if I find the ads for it offensive (80 percent agree).
- Advertising today that is geared to my age group is often insulting or condescending (nearly half agree).

Where do Boomers get information for major purchases? Ads in the newspapers are first (cited by 48 percent), followed by recommendations from family and friends (47 percent). Four in ten (40 percent) get information from television ads and the same percent research products online. Just 19 percent say they get information from radio ads and 13 percent from web logs (blogs).

The AARP Brand Loyalty Omni Survey in 2005 also showed that the factors in these major purchase decisions are dominated by quality (99 percent), price (93 percent), advice of family and friends (92 percent of those who have asked them), and brand name (73 percent).

Boomers consider themselves smart shoppers, and they want value—but they don't define value as just low cost. Moreover, they will save in some areas so they can splurge in more important areas.



## DIVERSITY AND SEGMENTATION

The AARP research program has revealed that the Boomer market is incredibly diverse. Success in marketing to them will require tailoring both product design and marketing communications to the needs, wants, and emotional drivers for each segment—demographic (women, singles, multicultural, working/retired, high and low income) as well as lifestyles, life stages, and values. Having a multidimensional understanding of the Boomer generation will bring value to any company or organization. ▀

*Linda L. Fisher, Ph.D., is Director of National Member Research for AARP.*

*J. Michael Dennis, Ph.D., is Vice President and Managing Director, Government & Academic Research, for Knowledge Networks. He can be reached at [mdennis@knowledgenetworks.com](mailto:mdennis@knowledgenetworks.com).*

## TECHNOPHOBES—NOT!

More than seven in ten Boomers (71 percent) are using the Internet, and of those, nearly six in ten (57 percent) say they get online at least once or more every day, according to another 2005 AARP survey. More than one in four (27 percent) have purchased a new computer in the last year, and nearly half of those (44 percent) purchased it online. One in three (35 percent) have purchased travel tickets in the past year, and nearly eight in ten (78 percent) purchased those online. And 43 percent made hotel reservations, with more than half of those (56 percent) making at least some of these purchases online.