

Yesterday, Today and Tomorrow: Understanding Boomer Segments

Overview

In 2006, Focalyst conducted the Focalyst View – the largest, most comprehensive study of Boomer consumers. We found that while Boomers were extremely diverse – ethnically, attitudinally, and behaviorally – there were common themes of optimism and accomplishment throughout.

Seemingly blessed with a lifetime of prosperity, Boomers hit an economic wall in 2008. A stock market and housing market in freefall combined to wipe out years of savings and create uncertainty about standard of living and retirement plans. How have Boomers reacted to this unexpected financial downturn? What is their outlook? How have their buying behaviors been altered?

To get at these answers and more, Focalyst reconnected with Boomers (about half from the original Focalyst View study) and performed an attitudinal segmentation to address how these changing times were impacting this generation. The results show that, based on life values, motivations, and personal well-being, Boomers tend to fall into one of 3 "outlook" camps (Figure 1).

Figure 1

Boomer Outlook Segments

Yesterday (25%)
"Life was better in the 1950's."



Today (30%)
"We live in exciting times."



Tomorrow (45%)
"Tomorrow will be better than today."



Source: Focalyst



Yesterday



The last two years have not been good to the 'Yesterday' segment. They are looking back with disappointment and quiet regret while facing an uncertain future. This isn't a case of one longing for the 'glory days,' but rather recognition of one's lack of impact. As a group, they do not feel they have accomplished much and only a few articulate aspirational goals for the future.

“I am fearful of becoming a burden to others”

While there are different ways one could find their way into this segment – poor health (40% report a recent decline in health status), basic wiring, a traumatic event, a certain detachment - or a combination of these - some of their struggles are self-inflicted resulting from poor planning and/or irresponsible spending.

While the Yesterday group appears to be disconnected from the grid, their purchasing patterns suggest they are not to be ignored, as their day-to-day spending is on par (per capita) with the other segments.

While they may not share their voice with a wide network, they do nonetheless vote in the marketplace - just quietly. To speak to them, consider subtle messages of reassurance in order to justify their decision-making. As many of these individuals have had to make adjustments due to "shocks to the system," marketers can work towards creating comfort and validation in what is being described as "the new normal."

Messages that May Resonate with Yesterday

- ✓ Reassurance and decision reinforcement ("many are like you")
- ✓ Comfort & validation in "the new normal" ("most Americans are just concerned with making ends meet")
- ✓ Acknowledgment ("you have worked hard...")

Today



The 'Today' segment is cruising along, confident, healthy and satisfied with life today. They are better off personally and financially compared to 2 years ago, and this positive status can be attributed both to good planning and to a higher income level.

Most feel accomplished and fortunate in life, and the majority feels they have earned the right to an indulgent retirement. Their health is good, and

Messages that May Resonate with Today

- ✓ Living the good life
- ✓ Embrace the moment
- ✓ Celebration of self
- ✓ "You deserve this"



maintaining their health is a top priority. They have few financial worries, and are relatively unlikely to feel overwhelmed.

“ I've been preparing for this for 25 years ”

Unlike the Yesterday segment, Todays don't long for a simpler life and in fact feel that we live in exciting times.

Having enjoyed good health to date, it is hard to predict what a negative physical shock might do to their outlook, but for the moment, marketers should appeal to their feelings of success, and in some cases, their vanity.

Tomorrow



What truly defines the Tomorrow segment is their hopeful, positive nature and mindset. Tomorrows intrinsically believe "tomorrow will be better than today." This spiritual and spirited group has an up-tempo view of the future; they remain hopeful and extremely optimistic despite recent health and/or financial setbacks.

Because of financial and some medical challenges many are struggling to make ends meet and have made a lot of cut-backs, but they are ambitious when it comes to their career and would like to make as much money as possible to build a secure retirement. They are making adjustments in their spending and are shopping decisions are now made more on the basis of value and durability.

About 1 in 3 has experienced a decline in health, but they manage through it proactively.

“ I will continue to enjoy life and make the most of it ”

The key to their positive outlook: they are connected to others, to their community, and to information. They have very strong values; they are highly religious/spiritual and report a high rate of volunteerism. These values appear to impact their views on life – they feel young for their age, and 8 in 10 pursue a life of challenge, novelty and change. To stay relevant to this group, marketers should use messages that tap into Tomorrow's optimism, hopefulness and desire to give back.

Messages that May Resonate with Tomorrow

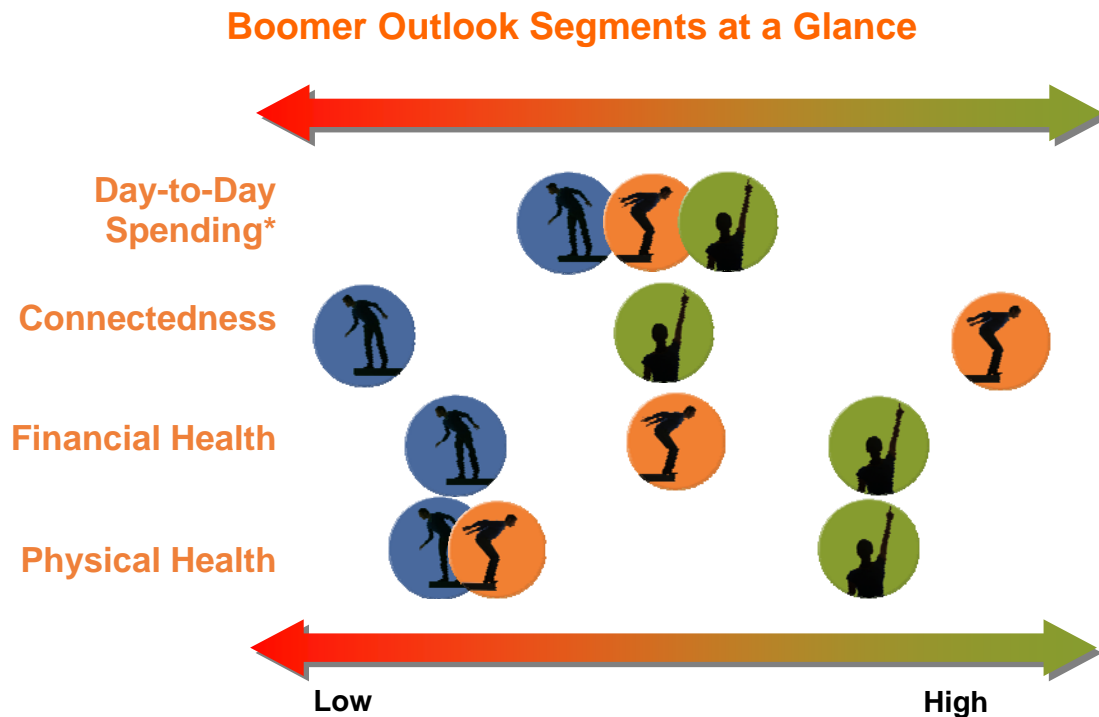
- ✓ Hopefulness/ optimism
- ✓ A new day is coming
- ✓ Connection
- ✓ Religious themes and tie-ins
- ✓ Buy local
- ✓ Aspiring to a "stable future" rather than "retiring rich"



Comparing the Segments

The three Boomer Outlook Segments differ substantially across a variety of areas, particularly when it comes to how connected they feel with others (Figure 2).

Figure 2



* Day-to-day spending refers to personal care items, drugs, gas, food and groceries.

Source: Focalyst

When it comes to spending, there is little difference between what the segments spend in total on a monthly basis for things like personal care items, drugs, gas, and food and groceries. In fact, the spending of the Today and Tomorrow segments is virtually identical. (Figure 3)

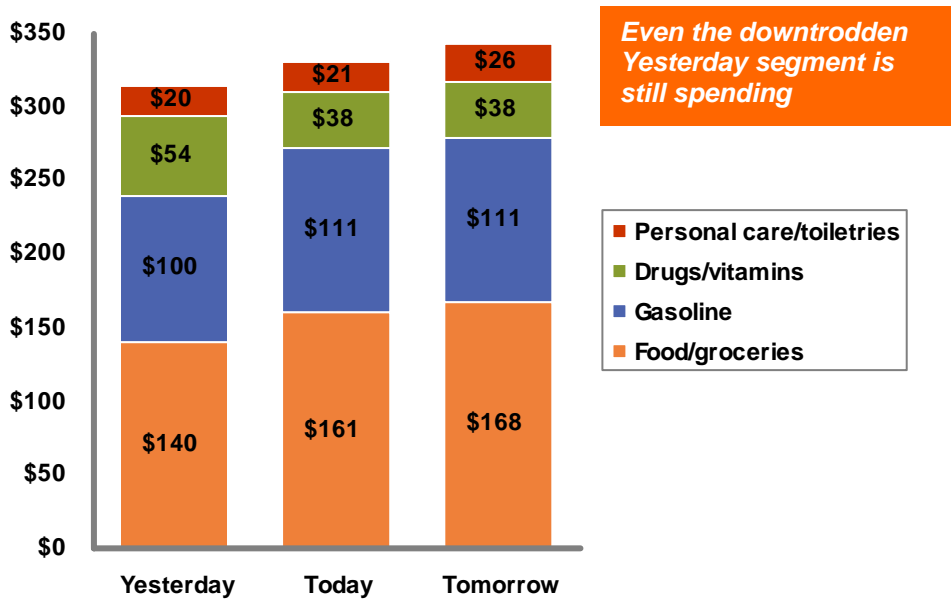
Yesterdays are behind a bit, and due to their poorer health, a higher percentage of their expenditures are going towards drugs and vitamins, with less being spent on food and groceries. However, when it comes to big ticket items, "Today" is much more likely to be investing.



Figure 3

Day-to-day, where are they are spending?

Per capita monthly household spending



Source: Focalyst

All of the Boomer Outlook Segments are being more thoughtful when it comes to what products and services they are buying when compared to 2006, but what criteria they value as being more important now differs by segment (Figure 4). Yesterday is all about low prices. They are looking to save money wherever they can, and are almost in survival mode – barely concerned about environmentally friendly products, charitable tie-ins or healthier products.

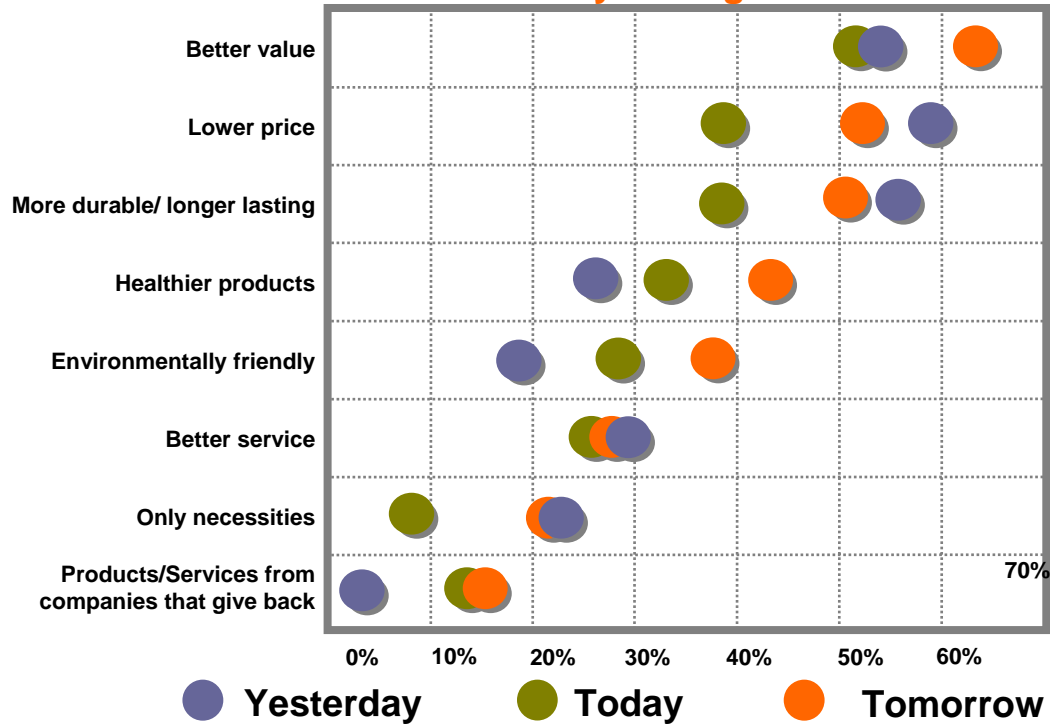
Tomorrow is focused on value, healthier products, and their virtuousness is coming through as they are more likely to buy products that are environmentally friendly or supportive of a charity or the community.

Like the rest of their outlook profile suggests, Today's are looking for better value, but are not really all that concerned with changing the way they buy.



Figure 4

What are Boomers looking for in a product/service that is different from 2 years ago?



Source: Focalyst

Where are they cutting back? All of the segments are cutting back on non-necessities like extra trips in the car, new apparel and eating out. As would be expected, Yesterdays are most likely to be feeling the pinch of making adjustments in their spending, with 69% saying they are cutting back on their expenses. Even with their optimistic outlook, 3 in 5 Tomorrows are cutting back (Figure 5).



Figure 5

What percentage of each segment is cutting back and where?

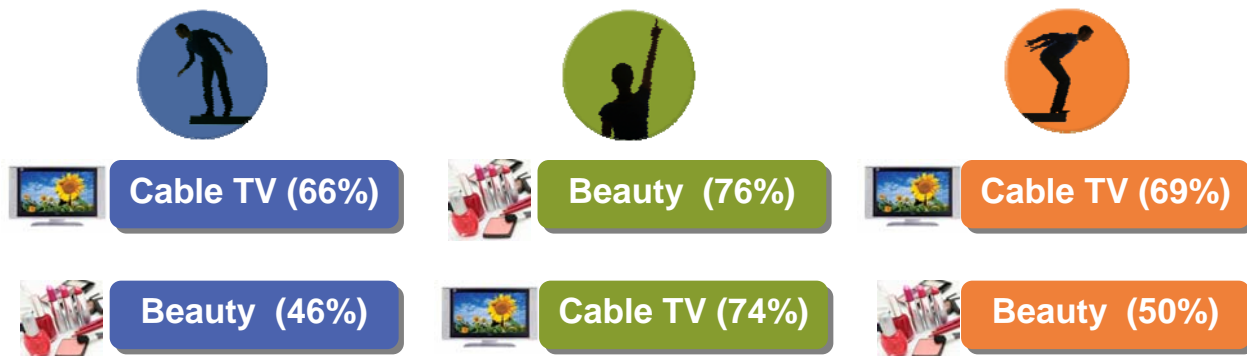


Source: Focalyst

Where are they *not* cutting back? For Boomers, looking good and being entertained are important – and worth the monthly expenditure. Most say they will not cut back their cable subscriptions or beauty regimes.

Where are they NOT cutting back?

Figure 6



Source: Focalyst



Conclusions

Like most Americans, today's Boomers are feeling the effects of the economic downturn, making cut backs across categories, re-assessing their priorities, and in some cases, taking a new outlook on life. While some live up to the jet-setting caricature portrayed by the media, the majority are living a pragmatic reality. Many are dialed-in and approach the day-to-day task of making ends meet with hope, but 1 in 4 face the same challenges with a detached, desultory uncertainty.

In a phrase, Boomers as a universal group equals a convenient "untruth". Each segment makes up a healthy piece of our society and economy and as marketers it is imperative to understanding their disparate mindsets and approach each with targeted messaging.

Methodology

- This study was conducted via online survey
- Sample consisted of 324 Boomers, with about half of respondents from the Lightspeed Research panel and about half re-contacted from *The Focalyst View*
- One-on-one qualitative interviews were also conducted by Greenfield Consulting Group
- Field dates: late August/early September 2008.
- The segmentation was validated using multiple analysis of variance procedures (MANOVA) which revealed significant separation among the segments.

** Given the continued economic, societal and political changes Boomers are witnessing, the "Yesterday, Today, Tomorrow" study will be repeated in March and September of 2009. For more information, contact Heather.Stern@Focalyst.com.

Focalyst™ (www.focalyst.com) is a leading source of information and insights about Baby Boomers and Mature consumers. As a Millward Brown specialty practice supported by AARP Services Inc.,SM Focalyst offers a broad range of qualitative and quantitative custom research solutions. Focalyst pioneered the largest, most comprehensive study ever conducted about Boomers and Matures and has the unique expertise to help marketers better understand and connect with this important demographic.

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