

# Meet the Grandparents:

*Introducing Today's First Time and Seasoned Grandparents*

*A Focalyst and Grandparents.com  
Joint Insight Study*

*December 2007*



## **Meet the Grandparents: Introducing Today's First-Time and Seasoned Grandparents**

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### **Overview**

The Boomer generation has redefined virtually every life stage they have entered and their approach to becoming a grandparent is no exception. This new life stage represents a trigger – to make life improvements, to consume new products, brands and media, and perhaps most importantly for marketers, to spend discretionary income.

Every 20 seconds a new grandparent is born. Are there differences in the way this milestone is handled by "first timers" compared with those expecting the birth of their second, third or fourth grandchild? In what ways does each prepare for this important event? What information do they seek and where do they seek it? What role does the Internet play in their relationship to grandparenting? And how is money spent – to spoil or to save for grandchildren, or both?

To obtain these and similar questions, Focalyst and Grandparents.com conducted a joint study on today's First Time and Seasoned Grandparents. Though differences between the two groups emerged, what's clear is that all grandparents are making big purchases and are more involved than ever before. As the younger Baby Boomers become grandparents, the total spending on grandchildren will become even larger. Any marketer whose product will either be targeted to this group directly or indirectly will be missing out if they do not pay attention to the enormous opportunity that the grandparent's market represents.

### **Methodology**

*Meet the Grandparents Study* was conducted online from October 30 to November 10, 2007 using Focalyst's Boomer and Mature specialty panel developed in partnership with Lightspeed Research. The study was conducted among a nationally representative sample of 411 grandparents (age 40 and older) of which 200 of the respondents were first-time grandparents and 211 were seasoned grandparents. "First Timers" are those who became a grandparent for the first time in the past 12 months. "Seasoned Pros" are defined as having more than one grandchild, the youngest of which is under 5 years old. The sample was split equally between grandmothers and grandfathers.

Additionally, some analysis in this report stems from *The Focalyst View* study which is the largest, most comprehensive study of Boomer (b. 1946-1964) and Mature (b. before 1946) consumers. Data was cut by the 17,000 Boomer and Mature respondents who are grandparents.

## Key Findings

- Grandparents today are young, active, savvy and the majority feel a responsibility toward their grandchildren, both in terms of what they can give as well as in how they are raised.
- The grandparent life stage represents a trigger. For most, grandparenting begins with the news of baby's impending arrival and with that news, changes begin. These include spending, making life improvements and consuming new products, brands, media and experiences.
- The excitement about this stage is undeniable and the novelty of it does not go away. Both First Timers and Seasoned Pros stay involved and continue to seek out new information and advice as it relates to their grandchildren. First timers are more interested in tactical information while the seasoned pros look for experiences.
- First-time grandparents are more engaged than Seasoned grandparents. They seek out more information and, most importantly, they spend more on their new grandchild before and after baby arrives.
- The Internet is key to the grandparent-grandchild relationship. Grandparents are connected and rely on the Internet as their number 1 source for information on grandparenting. They buy products, comparison shop, click on ads, share photos and more. Neither concerns of privacy nor technology know-how represent barriers to entry when it comes to online photo sharing.
- Grandparents are big spenders and are actively looking for things to buy their grandchildren. The majority start shopping before the grandchild is born. First Timers are spending an average of about \$1,900 and Seasoned Pros \$1,500 on products related to baby leading up to and soon after their grandchild's birth.
- Beyond traditional spending, grandparents are making financial investments on behalf of their grandchildren. Seasoned Pros are turning to traditional savings accounts and stocks and bonds while first timers are opting for life insurance and trust funds. More than a third of both are exploring 529 accounts.
- Many want to contribute to their grandchild's college education and are already looking that far ahead into their grandchild's life.
- The tendency to "spoil" grandchildren increases with the number one has.
- Word of mouth marketing is exceptionally effective with grandparents, particularly grandmothers. Most will tell friends about products that excite them.

## Meet Today's Grandparents: Old perceptions vs. new realities

Today, there are 70 million grandparents in the United States, and 11 million Boomers and Matures welcome a grandchild each year.<sup>1,2</sup> This number will swell as the massive Boomer generation ages and the younger Boomers become grandparents as well. Today's grandparent is quite different from generations past; they are active, online, youthful and open to new media and experiences. They are anticipating this life stage with eagerness and open wallets. This is particularly true when becoming a grandparent for the first time. For all of these reasons, marketers across industries are embracing the grandparent market as an important consumer target.

Figure 1

### A Quick look at Today's Grandparents

First Timers	Definition	Seasoned Pros
Became a grandparent for the first time in the past 12 months		Have more than 1 grandchild, the youngest of which is under 5 years
\$66K	Income Level (US average \$48K*)	\$59K
77%	% College Educated**	77%
17%	% Retired	30%
51%	% who see grandchildren once a week or more	46%
1	Average # of Grandchildren	4.3

\*U.S. Census; \*\*Includes some college education, bachelor degree or higher

Like all other "firsts," Boomers are embracing their "first time" becoming a grandparent with vitality. For First Timers (FT), the news that they were becoming a grandparent was more likely unexpected (64%), but extremely exciting (86%). For them, becoming a grandparent starts the moment they learn about the pregnancy (64%) which demonstrates how open they are to new information, media, products, and messages the moment they hear the exciting news. The novelty of grandparenthood has subsided somewhat for Seasoned Pros (SP), who have gone through this all before, but over three-quarters are still very excited about the impending event.

**For 64% of First Timers, becoming a grandparent starts with learning about the pregnancy.**

There is little difference demographically among those becoming grandparents for the First Time and those that are Seasoned Pros, although Seasoned Pros are more likely to be retired, and in turn have a slightly lower annual income. About half of all grandparents see their grandchild at least once a week which demonstrates the active role they play in their grandchild's life (Figure 1).

Most feel prepared for the role of grandparent (87% FT, 88% SP). Less than a third admits to being worried, but their top concern relates to their child's preparedness to be a parent themselves. Those that are worried are more likely to say the news was unexpected, to be younger in age, to be female, and for her daughter to be the expectant mother.

**Only 4% of First Timers and 2% of Seasoned Pros say they are uncomfortable being identified as a grandparent**

Despite that the media portrayals of Boomers as wanting to stay young forever and denying that they are old enough to be grandparents, that is not the case – only 4% of First Timers and 2% of Seasoned Pros say they are uncomfortable being identified as a grandparent.

What are they looking forward to? Teaching, observing, shopping and spoiling! And all of these anticipations are heightened among First Timers (Figure 2).

Figure 2

### What Are Grandparents Looking Forward To?

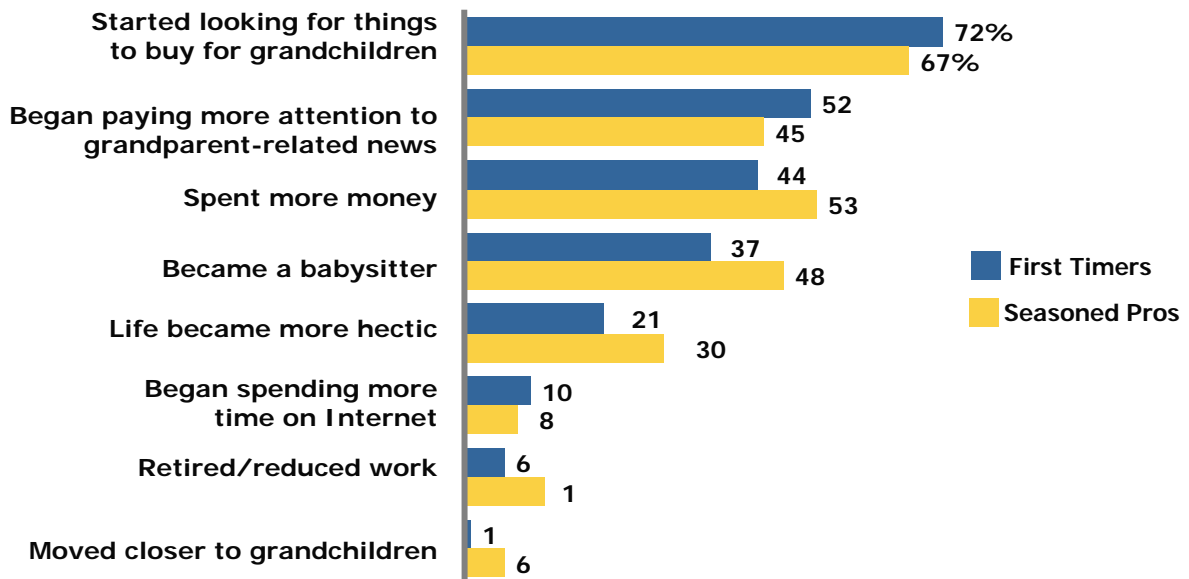
	First Timers	Seasoned Pros
Watching my grandchild grow up	80%	79%
Teaching my grandchild things	71	66
Seeing what my new grandchild looks like	70	52
Spoiling my new grandchild	59	57
Seeing my child become a parent	56	51
Showing off pictures	55	47
Babysitting	49	44
Shopping for baby items	49	38
Sharing family history with my grandchild	43	43

The news of becoming a grandparent prompts a desire to learn more about what they can offer their grandchild, whether it be exploring education products or opportunities (44% FT, 51% SP), financial instruments for their grandchild (26% FT, 23% SP), or places to go with their new grandchild (15% FT, 26% SP). For some, this milestone is a prompt to make changes in their own lives, such as quitting smoking (8% FT, 4% SP), going on a diet (8% FT, 3% SP), or making home improvements (8% FT, 10% SP).

In reality, the grandparenting role goes beyond occasional visits – many of today's grandparents feel a deep responsibility to help out both their children and grandchildren. Three-quarters of grandparents feel that their children can benefit from their guidance when raising their own children, and about half feel a sense of responsibility for raising the grandchild. What is obvious is that grandparents have a lot to offer, particularly as it relates to financial support. And how does life change after becoming a grandparent? More than babysitting; they are open to new media, spending more money – and looking for things to buy (Figure 3).

Figure 3

### Life Changes After Becoming a Grandparent



### Information Exploration: What they seek and where they seek it

As mentioned previously, grandparents become explorers, seeking information and advice across many areas. First Timers are more interested in tactical information, such as baby products, children's health issues and general advice, while the Seasoned Pros look for experiences - fun things to do and places to go with their grandchildren (Figure 4). This is likely due to Seasoned grandparents considering older grandchildren and looking for activities that can be shared with the entire family. Marketers for products from furniture to toys to travel have an enormous audience that is captive and searching for information to help inform their decisions.

Figure 4

### Information Grandparents Explored in the Last 12 Months

	First Timers	Seasoned Pros
	%	%
Gifts	66	65
Baby furniture/strollers/accessories	53	25
Children's health issues	47	37
Children's developmental stages	45	31
Children's safety	38	38
Fun things to do	37	48
General advice	33	20
Places to go	26	38

But where are they turning for information? Among our survey sample, the Internet is where grandparents go for information, followed by friends and family (Figure 5). The information they gather is regarded as valuable as well. For the most part, grandparents trust what they find online – about as equally as they value information from independent consumer groups. This is particularly true among First Timers.

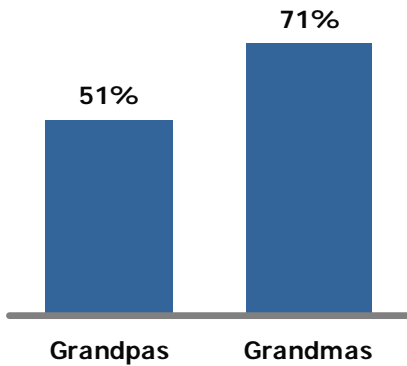
Figure 5

### Sources Used to Gather Grandparenting Information

	First Timers	Seasoned Pros
Internet	69%	56%
Friends/Family	45	41
Magazines	34	33
Books	29	24
TV	17	21
Newspapers	16	21
Independent consumer groups	12	11
Salesperson at store	12	10
Radio	7	2
Blog/networking sites	3	2

Figure 6

I tell family and friends about products that excite me\*



\*Agree strongly or somewhat

Word of mouth marketing is a powerful and effective media tool with grandparents – Seasoned or not. Grandmothers are the spenders and spoilers, and they are especially eager to share their knowledge and experiences with others; 71% say they tell others about products that excite them. And over half of grandfathers are sharing, too! (Figure 6)

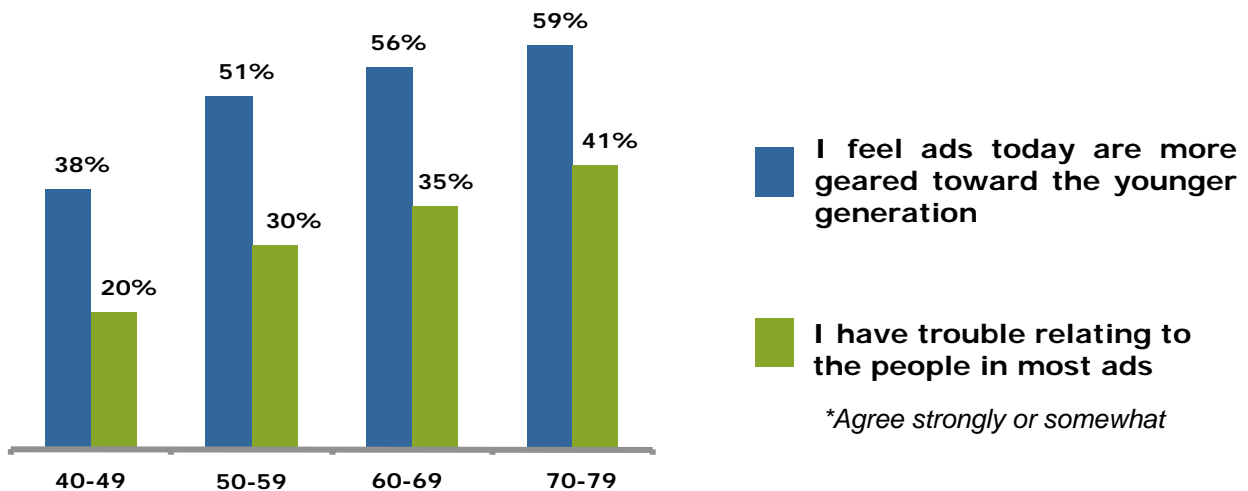
What about the influences of advertising? Many grandparents have averse attitudes to what they are seeing today, with most finding ads have become more crude in recent years (71%) or that a lot of them are just weird (64%).<sup>3</sup> They are also very likely to say that they will not purchase a product if they find the advertising offensive (69%).<sup>4</sup>

On average, almost half of grandparents feel that ads are more geared towards a younger audience – and this sentiment increases with age (Figure 7). It is essential that marketers begin to recognize that Boomers cannot be effectively reached via the same advertising messages and vehicles as the younger market.

**Almost half of grandparents feel that ads are more geared towards a younger audience.**

Figure 7

### Grandparent Advertising Attitudes by Age\*















\*Agree strongly or somewhat

## Technology and the Internet: Online and in charge

Grandparents are online – over 37 million are accessing the Internet. This number will accelerate as younger Boomers, who have greater online penetration and have been online for many years, become grandparents. Two-thirds of online Grandparents are online 10 or more hours per week, and they are doing a lot more online than just checking e-mail (Figure 8).<sup>5</sup> The type and frequency of these of activities will also change and grow with time.

Figure 8

### Online Activities of Grandparents

	First Timers	Seasoned Pros
 Email	99%	99%
 Research products	85	81
 News/weather	70	81
 Share/view photos of grandchildren	70	65
 Health information	67	67
 Online shopping	67	72
 Travel planning/research	58	54
 Financial transactions	57	60
 Online games	48	48
 Instant messaging	40	36
 Download music/movie/TV shows	23	18
 Online dating	5	4

Of course email is what grandparents (and everyone else) are using the Internet for. But we see that grandparents, particularly First Timers, are researching products, shopping online, planning travel, instant messaging and playing online games.

A major reason for the popularity of the Internet is that it provides a quick and easy way to comparison shop. The majority of grandparents are going online to shop (70%), check out products (83%) and get the best value (67%), confirming how important this tool is in helping grandparents decide what to buy.

***"Boomers are the main visitors of comparison shopping websites. The share of traffic from online users aged 45+ increased 38% across the top comparison shopping sites for the week of Nov. 3, 2007." - Hitwise<sup>6</sup>***

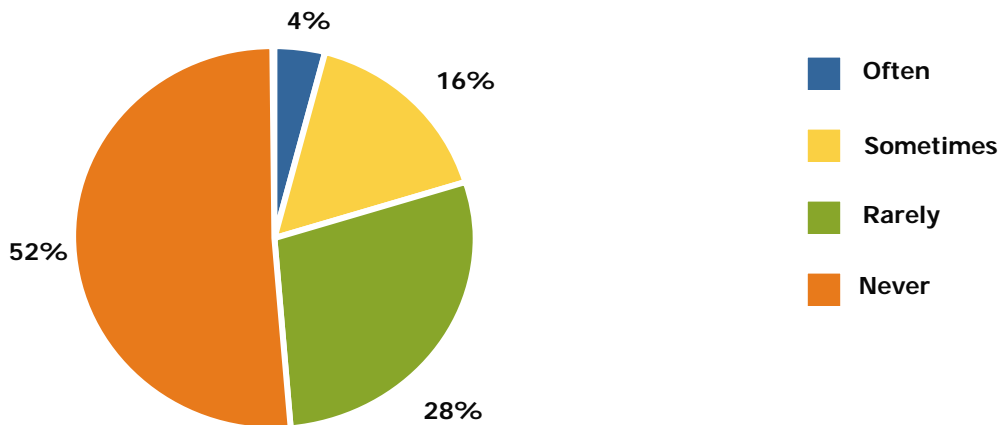
They are also responsive to advertising online, with over one third clicking on Internet ads that interest them (38% all), debunking the myth that older consumers ignore online advertising.

### Smile for the Camera!

One of the most frequent online activities of grandparents is sharing and viewing photos of their grandchildren. Photos play an important role in the grandchild/grandparent relationship, and the prevalence of digital cameras has made it easier for grandparents to watch their grandchildren grow and keep a virtual "brag book" online. Most grandparents are taking photos with their own digital camera (76% of FT and 68% SP), and they are adept at saving and finding the photos on their computers (Figure 9).

Figure 9

### How often do you have problems finding pictures you have saved on your computer?



Not only can they transfer photos from the camera to the computer by themselves, but they are actually quite sophisticated when it comes to photo sharing; about half are using photo editing software and a quarter are uploading their photos to a personal website.

Only half use a photo-sharing website – but neither concerns of privacy nor technology know-how represent barriers to entry. For some grandparents, the main obstacle in adopting digital photos is simply a preference for physical photos and albums.

### Financial Planning: Willing and able to help

There is an interesting dichotomy among grandparents when it comes to thinking about the future. While about half focus on the first year only (45%), over a third are looking ahead to their grandchild's young adulthood and college years (37%). The difference is mainly driven

by age and income, with younger grandparents thinking more about buying for now, and older grandparents and those with more planning and making investments for the future.

Financial wellbeing of the grandchild is an important concern overall, and even more so for First Timers who may have more recently been subjected to college expense. Two-thirds of First Timers (66%) and half of Seasoned (53%) say it is important to make financial investments for their grandchild, and there is a strong desire to contribute to the grandchild's college education (67% FT and 75% SP). In fact, they are exploring many different types of financial investments in which to make these contributions.

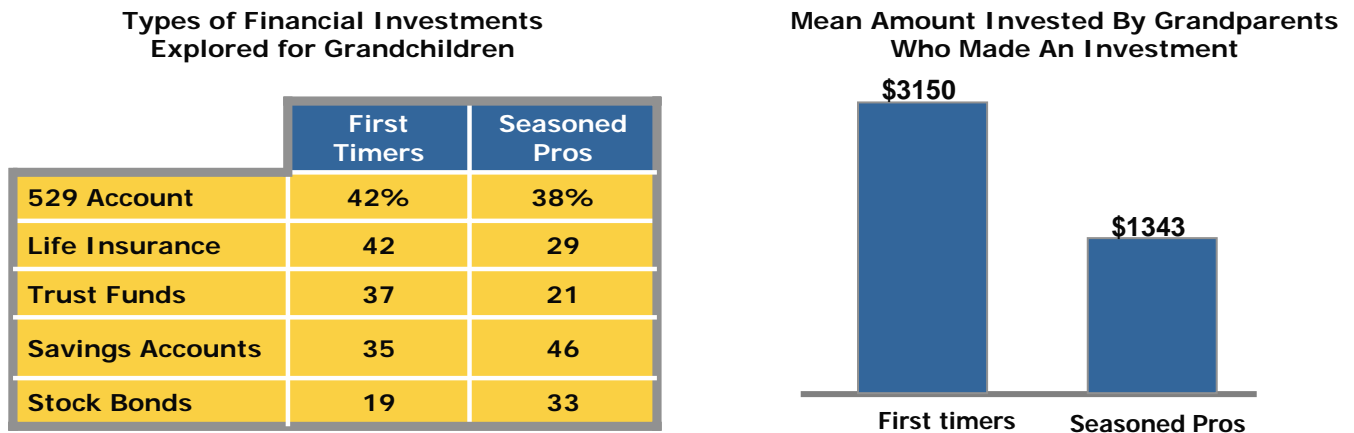
**"21% of grandparents have given a "significant" amount to help pay for college."  
- AARP Financial<sup>7</sup>**

Seasoned grandparents are turning to traditional savings accounts and stocks and bonds more than life insurance or trusts (Figure 10). This may be a function of just doing the same thing that was done for other children, rather than learning or becoming aware of newer financial products that are available.

When it comes to investments for grandchildren, the first time is the charm. First Timers that invest are putting away more than twice the amount invested on behalf of Seasoned Pro's grandchildren, \$3,150 vs. \$1,343.

Figure 10

### Grandparents have the desire to help their grandchild(ren) financially



While the amount invested for the grandchild is largely dependent on income, with 17% of First-Time Grandparents with incomes of \$100,000+ planning investments of \$25,000 or more, even many (19%) First Timers with incomes under \$50,000 are planning investments of \$5,000 to \$25,000.

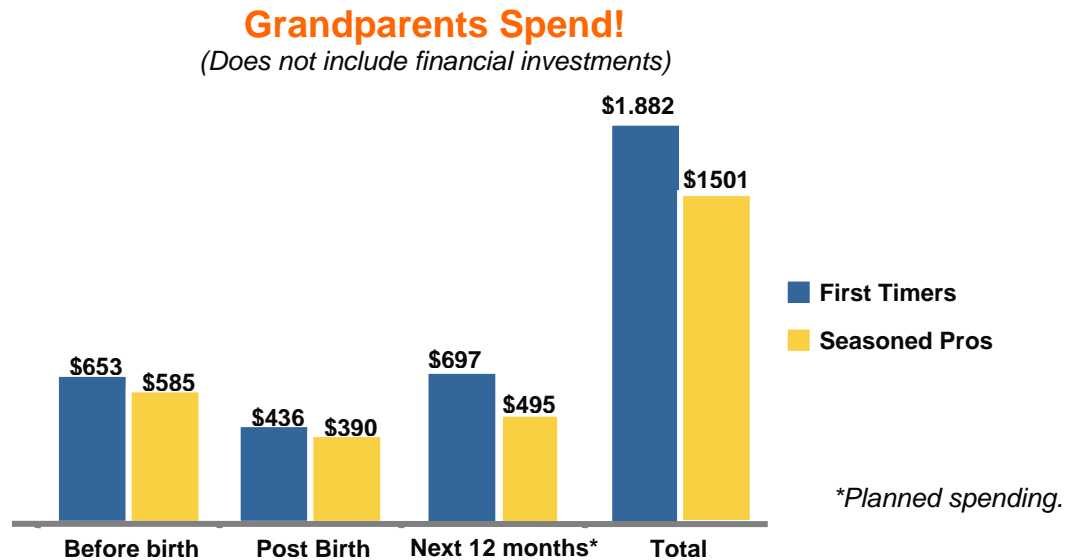
And who is investing? Grandpa! First-Time grandfathers are most likely to be planning financial gifts; 64% are planning gifts of at least \$1,000, and 12% are planning large gifts of \$10,000 or more.

### Buy, Buy, Buy: Purchasing power that demands attention

Grandparents love to spend money on their grandchildren (70%), especially grandmothers (80%). They admit to spoiling them (55% FT and 65% SP) and to buying things that the child's parents could/would not (44% FT and 48% SP). Many are even buying things that they would not buy for their own children when they were young (35% FT and 46% SP). The tendency to "spoil" grandkids increases with the number of grandchildren one has. Perhaps first grandchildren are getting the essentials, and others are getting the "non-essentials."

For about three-quarters of all grandparents the buying begins before the grandchild is even born, and significant spending continues within the first six months of life. There are lots of things that are needed for the new baby, and grandparents are eager to buy. What are they buying? An array of baby items, but mostly overall, clothes and toys. The types of purchases evolve depending on the timing; before baby's arrival grandparents are buying more expensive furniture, gear and keepsakes. Afterwards, spending shifts towards less expensive items, such as toys, games, DVDs, etc.

Figure 11



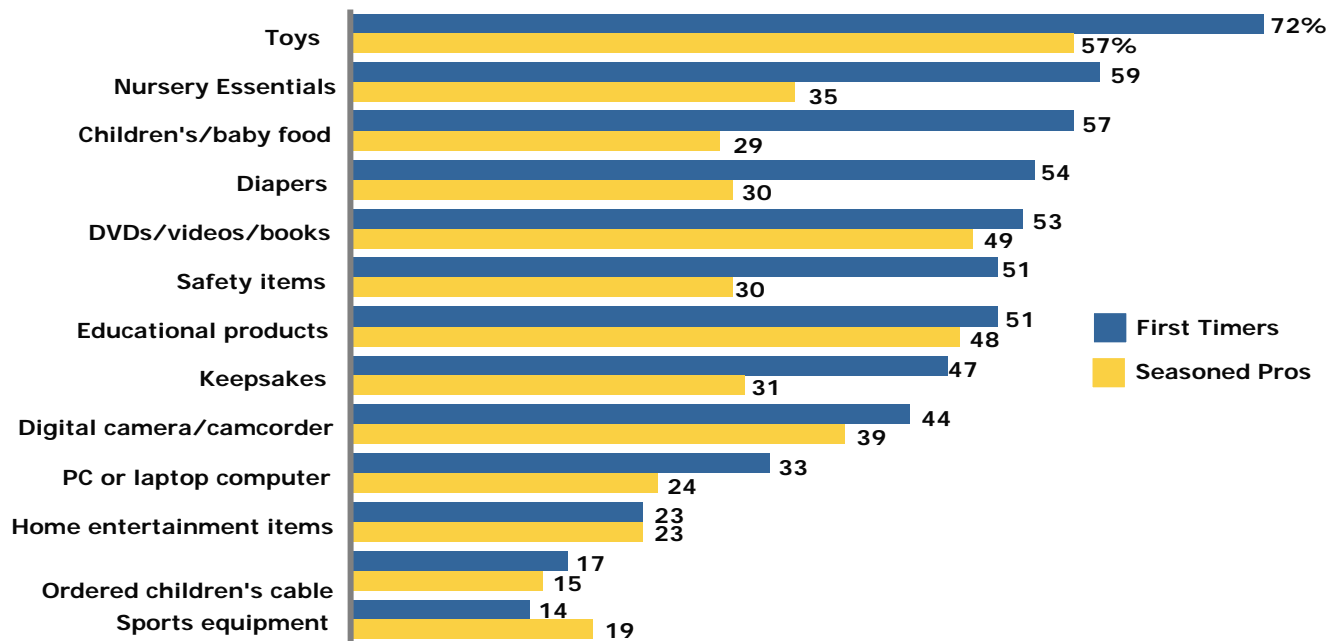
First Timers are buying more of everything, but they are more likely to be buying nursery essentials, such as cribs, high chairs, strollers, and safety items, which can be passed down to other children. They are also more likely to be sentimental during this stage, and are marking this milestone with keepsakes.

As baby grows, the grandparents keep spending (Figure 11)! First Timers will continue to outspend the Seasoned Pros grandparents by 40% as their grandchildren grow into toddlers, \$697 vs. \$495. In total, First Timers spend 25% more during this transition period into grandparent-hood - \$1,882 vs. \$1,501. Add to this the planned financial investments that grandparents will make on behalf of their grandchildren, and First-Time grandparents are parting with an average of \$2,701 of their own money for their first grandchild, and Seasoned Pros \$1,811.

Grandparents today want to be prepared for anything. They are buying lots of items to be equipped for baby in their own home, and not just with toys. The recent trend of Boomers upsizing their homes and remodeling means that today's grandparents have lots of room to make their grandchild feel at home, and furniture, diapers, baby food and safety items are on the shopping list (Figure 12). And with two sets of grandparents (or more, as blended families become more common) to each baby born, sales of products such as car seats and cribs may increase incrementally.

Figure 12

### Items Grandparents Purchased for Their Own Homes



And spending doesn't stop at just baby items. Becoming a grandparent triggers big-ticket electronics purchases that will help them stay connected to their grandchildren, such as digital cameras, video cameras, computers and home entertainment equipment.

## Conclusions

With excitement and open wallets, Boomers are creating a whole new world of grandparenting. They are youthful, active, savvy and very much involved in the lives of their grandchildren. The grandparent life stage represents a trigger, which for most begins with the news of baby's impending arrival. With that news, changes begin, including spending, making life improvements and consuming new products, brands, media and experiences.

For every baby born, there may be four (or more) consumers that enter this life stage, representing an enormous and growing audience. They spend a lot of money in specific categories, from furniture to toys to financial investments, and as the Baby Boomers become grandparents, the market for grandparent spending gets even bigger. Companies ignoring this important market segment stand to miss out on a huge untapped opportunity. Considering that most grandparents feel that the ad industry does not accurately portray them, to try to reach them with a mass market strategy simply won't work. But to understand them, speak to them appropriately and provide them with information, products, services and experience that meet their needs is a formula for success.

### **About Focalyst:**

Focalyst ([www.focalyst.com](http://www.focalyst.com)) is a leading source of information and insights about Baby Boomers and Mature consumers, offering 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. For more information call 212.548.7270 or email [Heather.Stern@focalyst.com](mailto:Heather.Stern@focalyst.com).

### **About Grandparents.com:**

Grandparents.com is the premier online destination for a new generation of active grandparents who want fresh ways to interact, stay connected and strengthen family bonds. With an esteemed editorial staff, the site offers content tailored exclusively for grandparents, including kid and grandparent-friendly activities, family travel ideas, compelling lifestyle features, expert advice, product reviews for toys and technology, gift ideas for all ages and much more. To facilitate deeper connections among grandparents, children and their parents, members have access to a range of safe online communications tools from blogs and forums to photo and video sharing. Grandparents.com is headquartered in New York City and owned by private investment firms Laser Partners and TWS Partners.

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<sup>1</sup> *American Demographics*.

<sup>2-5</sup> Focalyst View '06.

<sup>6</sup> Hitwise, November 7, 2007.

<sup>7</sup> AARP Financial, September 2007.