

The National Tour Association's Research & Development Council  
presents a

**Current Assessment Report (CAR)  
for the  
Baby Boomer Market**

January 2002



## Introduction

In 1999 the Market Development Council (now the Research & Development Council) established that Market Assessment Plans (MAPs) developed since 1997 should be updated. As with all research, new trends and changes within a certain demographic are always being discovered.

The Council then developed the Current Assessment Report or CAR. Eventually, each MAP will have a CAR developed to update members on the newest research on that particular market. With this report, the Baby Boomer market joins the Future Senior demographic as the first MAPs to be updated with a CAR.

Although the information in the CAR can stand on its own as insightful and helpful research, it is recommended that the corresponding MAP be read in conjunction to get an even more in-depth look into a particular market. NTA members can find both MAPs and CARs on NTA Online – [www.ntaonline.com](http://www.ntaonline.com).

## Section 1: Current Analysis

### Segmenting the Boomer Market

The Baby Boom cohort is defined as those born between 1946 and 1964. In the past few years, market analysis of the baby boomers has become more sophisticated. Many researchers have noted that looking at the baby boomers as a single group fails to recognize their diversity making understanding differences among the various segments of baby boomers – which is critical to engaging them as consumers – impossible.

While NTA's Baby Boomer MAP provided data specific to either younger or older boomers, various boomer segments were not explored in detail. Some different approaches to segmenting the boomers are described below. These segments will be referenced whenever possible throughout this CAR to highlight differences in attitudes, priorities, demographics, etc., between the various segments.

The most common way to segment the market is to divide it in two based on birth years. This method yields two boomer subgroups: the **leading-edge boomers**, born from 1946 to 1954 and currently 47 to 55 years old, and the **trailing-edge boomers**, born between 1955 and 1964 and currently 36 to 46 years old.<sup>1</sup>

*Yankelovich Monitor* divided the boomers into three distinct segments, also based on birth year, in its 2000 study "Dissecting Boomers": **leading boomers**, born 1946 to 1950 (23 percent of all boomers); **core boomers**, born 1951 to 1959 (49 percent of all boomers); and **trailing boomers**, born 1960 to 1964. These different groups revealed different attitudes and priorities.<sup>2</sup>

AARP's 1999 study *Baby Boomers Envision Their Retirement: An AARP Segmentation Analysis* divided boomers into five segments based on attitudes and behaviors relating to retirement: the Strugglers, the Anxious, the Enthusiasts, the Self Reliants and Today's Traditionalists.<sup>3</sup>

### Demographics

The 1998 Baby Boomer MAP recognized 85 million American and Canadian Baby Boomers.

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<sup>1</sup> Charles D. Schewe, Geoffrey E. Meredith, and Stephanie M. Noble, "Defining Moments: Segmenting by Cohorts," *Marketing Management*, Fall 2000. pp. 48-53.

<sup>2</sup> Alison Stein Wellner, "Generational Divide," *American Demographics*, Oct. 2000, [www.americandemographics.com](http://www.americandemographics.com).

<sup>3</sup> *Baby Boomers Envision Their Retirement: An AARP Segmentation Analysis*, Executive Summary, [research.aarp.org/econ/boomer\\_seg\\_1.html](http://research.aarp.org/econ/boomer_seg_1.html); [research.aarp.org/econ/boomer\\_seg\\_2.html](http://research.aarp.org/econ/boomer_seg_2.html).

## Psychographics

Despite real differences between younger and older boomers, the two groups share some key psychographic similarities.

“Simply put, the Baby Boom generation experiences crowds wherever it goes, whatever it does,” according to Cheryl Russell, demographer and boomer expert. David Stewart of the University of Southern California’s Marshall School of Marketing notes that younger and older boomers “share a common child-centric time of upbringing” not experienced by Generation X. The shared values of the younger and older boomers include a belief in a meritocracy, respect for knowledge and a lack of respect for authority, according to Ken Dychtwald, president of Age Wave. Stephen Kraus, a partner at Yankelovich Partners, says that younger and older boomers share a mindset characterized by individuality, emphasis on youth and self-absorption.<sup>4</sup>

Author David Brooks’ discussion of the “Bobo” (burgeoisie bohemian) culture offers another way of understanding the aging boomer mindset. Brooks observes:<sup>5</sup>

“ . . . now the boomers must confront the anxieties of affluence: how to show – not least to themselves – that even while climbing toward the top of the ladder they have not become all the things they still profess to hate. Some once had QUESTION AUTHORITY bumper stickers on their vans, but find themselves leading management seminars. In college they read sociologists who argued that consumerism is a sham; today, they’re out shopping for \$3,000 refrigerators.

“These boomer elites don’t despair in the face of such challenges. Founding Web-page design firms, they find a way to be artists and still drive a Lexus. Building gourmet companies like Ben & Jerry’s or Nantucket Nectars, they’ve found a way to be dippy hippies and multinational corporate fat cats. Turning university towns like Princeton and Palo Alto into entrepreneurial centers, they have reconciled the highbrow with the high tax bracket. Dressing like the dot-com jockeys in worn chinos, they’ve reconciled undergraduate fashions with upper-income occupations.”

Leading-edge boomers – born 1946 to 1954:<sup>6</sup>

- “Began coming of age in 1963, the start of a period of profound dislocations that still haunt our society today. It ended shortly after the last soldier died in

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<sup>4</sup> Alison Stein Wellner, “Generational Divide,” American Demographics, Oct. 2000, <http://www.americandemographics.com>.

<sup>5</sup> David Brooks, “Why Bobos Rule,” Newsweek, April 3, 2000, pp. 62-63.

<sup>6</sup> Schewe, Charles D., Geoffrey E. Meredith, and Stephanie M. Noble, “Defining Moments: Segmenting by Cohorts,” Marketing Management, Fall 2000.

Vietnam. The Kennedy presidency seemed like the natural extension of continued good times, of economic growth and domestic stability. It represented a liberated and early transfer of power from an older leader to a much younger one.

“The Kennedy assassination, followed by that of Martin Luther King and Robert Kennedy, signaled an end to the status quo and galvanized a very larger boomer cohort just entering its formative years. Suddenly the leadership (LBJ) was no longer ‘theirs,’ the war (Vietnam) was not their war, and authority and the establishment which had been the bedrock of earlier cohorts disintegrated in the melee of the 1968 Democratic National Convention in Chicago.

“However, the leading-edge boomers cohort continued to experience economic good times. Despite the social turmoil, the economy as a whole, as measured by the S&P 500, continued an upward climb. They also wanted a lifestyle at least as good as they had experienced as children in the ‘50s, and with nearly 20 years of steady economic growth as history, they had no reason not to spend whatever they eared or could borrow to achieve it.

“The leading-edge boomers still heavily value its individualism (remember they were and are the “Me Generation,”) indulgence of self, stimulation (a reflection of the drug culture they grew up with), and questioning nature. Marketing to this cohort demands attention to providing more information to back up product claims and to calm skeptical concerns. And these boomers prize holding on to their youth.”

Trailing-edge boomers<sup>7</sup> - born 1955 to 1964:

“The external events that separate the leading-edge boomers from the trailing-edge were less dramatic than The Depression or World War II, but were just as real. They were composed of the stop of the Vietnam War (it never really ended – just stopped), Watergate (the final nail in the coffin of institutions and the establishment), and the Arab Oil Embargo that ended the stream of economic gains that had continued largely uninterrupted since 1945.

“By 1973, something had changed for a person coming of age in America. While faith institutions had gone, so had the idealistic fervor that made the leading-edge boomer so cause-oriented. Instead, those in the trailing-edge boomer group exhibited a narcissistic preoccupation with themselves which manifested itself in everything from the self-help movement (*I’m OK – You’re OK*, and various young and aging gurus imported from India) to self-deprecation (*Saturday Night Live*, *Mary Hartman, Mary Hartman*).

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<sup>7</sup> Schewe, Charles D., Geoffrey E. Meredith, and Stephanie M. Noble, “Defining Moments: Segmenting by Cohorts,” *Marketing Management*, Fall 2000.

“The change in economic fortunes had a more profound effect than is commonly realized. Throughout their childhood and as they came of age the leading-edge boomer members experienced good times; their expectations that these good times would continue were thus reinforced, and the cohort mindset formed at that time can be seen today in a persistent resistance to begin saving for retirement. Things had been good, and they were going to stay good – somehow.

“For the trailing-edge boomer, the money mindset was much different. The Oil Shock of 1973 sent the economy tumbling: the S&P 500 lost 30 percent of its value between 1973 and 1975! At the same time, inflation began to resemble that of a banana republic. During this time, the real interest rate (Prime minus the CPI) hit a record low of –4 percent. In those circumstances debt as a means of maintaining a lifestyle makes great economic sense. And a cohort with a ‘debt imprint’ will never lose it. Trailing-edge boomers are spenders just like the leading-edge boomer, but for a different reason. It’s not because they expect good times, but because they assume they can always get a loan, take out a second mortgage on the house, get another credit card, and never have to “pay the piper.”

“If the attitudes of the youngest boomers seem familiar to marketers, that’s because many of the attitudes that younger boomers hold are similar to those typically associated with Generation X, observes Cheryl Russell, demographer and Baby Boomer expert. As she states, “older boomers got the best education housing and jobs, and ‘their shadow fell far down into the age structure, making things difficult for those even 10 years younger than the youngest boomer.’”<sup>8</sup>

According to sociologist Jonathan Pontell, younger boomers are different enough from older boomers as to constitute another generation entirely. He identifies those born between 1954 and 1965 as “Generation Jones.” The carving out of this “niche” generation provides another way of understanding the psychographic differences between younger and older boomers. Powell offers the following as a map to understanding these differences:<sup>9</sup>

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<sup>8</sup> Alison Stein Wellner, “Generational Divide,” American Demographics, Oct. 2000, <http://www.americandemographics.com>.

<sup>9</sup> Ibid.

	<b>BABY BOOM</b>	<b>GEN JONES</b>	<b>GEN X</b>
<b>slogan</b>	Make love, not war	No nukes	“Whatever”
<b>question</b>	Where were you when JFK was shot?	Where’s the beef?	Boxers or briefs?
<b>demonstration</b>	Chicago riots	No nukes march	Battle of Seattle
<b>the 60s</b>	Participants	Witnesses	Oliver Stone movie
<b>jewelry</b>	Peace symbol necklace	POW bracelet	nose ring
<b>journalist</b>	Hunter Thompson	John F. Kennedy Jr.	Matt Drudge
<b>news</b>	Walter Cronkite	CNN	CNN.com
<b>gathering</b>	Woodstock	Live Aid	Lollapalooza
<b>war</b>	Vietnam	“Star Wars”	Persian Gulf War
<b>hero</b>	JFK	Jerry Brown	Jesse Ventura
<b>magazine</b>	Ramparts	George	Drudge Report
<b>scandal</b>	Profumo affair	Watergate	Monicagate
<b>gesture</b>	Burn draft card	Streaking	Moshing
<b>hot spots</b>	San Francisco	Austin	Seattle
<b>filmmakers</b>	Oliver Stone	Spike Lee	Kevin Smith
<b>feminist</b>	Gloria Steinem	Naomi Wolf	Courtney Love
<b>poet</b>	Bob Dylan	Bruce Springsteen	Kurt Cobain
<b>season</b>	Summer of Love	Spring Fever	Winter of Discontent
<b>anti-</b>	Anti-war	Anti-nuke	Anti-WTO

In a February 2001 *American Demographics* article, Alison Stein Wellner notes that while the baby boom generation has been the subject of much analysis by market researchers, the black boomers have almost gone unnoticed – which is to say that they have been lumped together with white boomers.<sup>10</sup>

<sup>10</sup> Alison Stein Wellner, “The Forgotten Baby Boom,” *American Demographics*, Feb. 2001, <http://www.americandemographics.com>.

Those Wellner quotes argue that “while black boomers may have shared the same formative experiences that have defined the Baby Boom generation – the Civil Rights Movement, Vietnam, etc. – over time, they have responded to these events differently from whites. While white boomers have moved beyond some of the social values that defined their generation, black boomers continue to hold on to those values today.”<sup>11</sup>

One reason for this, according to Wellner, is that “[g]rowing up in a world of segregation and racism created attitudinal nuances that are not always present among white boomers.” Wellner also notes that black boomers participated in a radical transformation of black educational opportunities. The parents of black boomers were “the last undereducated generation of black Americans,” said Wellner. In 1940, 42 percent of all blacks had less than a fifth grade education, and only 8 percent had completed high school. By 1990, 78 percent of blacks had earned at least a high school diploma.<sup>12</sup>

Howard Buford, president and CEO of Prime Access Inc., a New York City-based ethnic marketing firm, says that “black boomers tend to view products and services as not being ‘for them’ unless they have a specific reason or invitation to use the product and service, because in the past, they were not included.”<sup>13</sup>

Cause marketing may be the most effective way to reach black boomers, according to Alonzo Byrd, vice president and head of the African American communications department at St. Louis-based communications firm Fleishman Hillard Inc. And what causes are they eager to support? Results of the 2000 National Opinion Poll by the Joint Center for Political and Economic Studies show that while education is the top political concern for all races, more blacks (16 percent) than whites (7 percent) view crime, violence and drugs as top concerns. Fourteen percent of blacks identified employment-related problems as the most concerning issue, compared with only 4 percent of whites. Whites were more likely to view family values, political corruption and the Clinton scandal as the most pressing concerns of the time.<sup>14</sup>

## **Income, Savings and Spending Patterns**

According to *Yankelovich Monitor* study “Dissecting Boomers”:<sup>15</sup>

- Trailing boomers are the most likely to say they like to plan five to 10 years ahead (66 percent), compared with 49 percent of leading boomers.

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<sup>11</sup> Alison Stein Wellner, “Generational Divide,” *American Demographics*, Oct. 2000, <http://www.americandemographics.com>.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.



- Three-quarters (75 percent) of leading boomers say they're better off than their parents were at their age, compared to just 54 percent of trailing boomers.

AARP's 1999 Study, *Baby Boomers Envision Their Retirement: An AARP Segmentation Analysis*, divided Boomers into five segments based on attitudes and behaviors relating to retirement. Following is a list of each segment's key characteristics, as well as the percentage of U.S. Boomers comprising each segment:<sup>16</sup>

**The Strugglers** (9 percent) – This is the lowest income group of the five segments; its median household incomes is almost \$30,000 below that of the average boomer (\$70,000 plus). More females (64 percent) than males (36 percent) make up this group. The Strugglers are saving almost nothing for retirement because they don't have any money to save. Most in this group report little optimism about their later years.

**The Anxious** (23 percent) – This group has a median household income of approximately \$10,000 below the boomer average, but its members try to save some money for retirement. The Anxious are not, however, optimistic about their financial well-being when they retire – many expect that they won't be able to stop working. This group also reports anxieties about health care coverage during their later years.

**The Enthusiasts** (13 percent) – This group is extremely optimistic about their retirement years. In fact, Enthusiasts do not plan to work at all during retirement; they plan to have both the money and time to spend their retirement in recreational pursuits.

**The Self Reliants** (30 percent) – The largest segment identified by the study, this group has the highest income and educational levels, and thus the resources to save aggressively for retirement. Unlike the Enthusiasts, however, the Self Reliants plan to work at least part time after retirement because of the "interest and enjoyment that work provides."

**Today's Traditionalists** (25 percent) – This group has a higher level of confidence and less uncertainty toward Social Security and Medicare than the other boomer segments. More specifically, Today's Traditionalists are confident that both Social Security and Medicare will be available when they retire. However, this group plans to work and to rely on Social Security and Medicare during retirement.

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<sup>16</sup> *Baby Boomers Envision Their Retirement: An AARP Segmentation Analysis*, Executive Summary, [http://research.aarp.org/econ/boomer\\_seg\\_1.html](http://research.aarp.org/econ/boomer_seg_1.html); [http://research.aarp.org/econ/boomer\\_seg\\_2.html](http://research.aarp.org/econ/boomer_seg_2.html).

According to a 1999 Scudder Kemper Investments survey, 62 percent of boomers carried credit card debt, compared to less than half of those from the swing generation and a third of those from the World War II generation.<sup>17</sup>

Nearly three-quarters (74 percent) of baby boomers say they plan to do, or are currently doing, some kind of paid work in retirement, according to a study by Scudder Kemper Investments. This compares to 54 percent of the swing generation and an even smaller 34 percent of the WW II generation.<sup>18</sup>

Another study of how workers plan to spend retirement, this one conducted by the John J. Heldrich Center for Workforce Development, provides additional boomer insights. According to results, 46 percent of boomers plan to work part-time for enjoyment. An additional 12 percent plan to start their own business, 11 percent plan to volunteer, 11 percent plan to work part-time for income, 12 percent plan not to work at all, and 3 percent plan to work full-time for pay.<sup>19</sup>

Greater diversity of income within black boomer segment than Baby Boomer cohort at large. About 36 percent of black Boomer families are married-couple families that make up the majority of the black middle class.<sup>20</sup>

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<sup>17</sup> CardTrak, Sept. 1999, [www.cardweb.com](http://www.cardweb.com).

<sup>18</sup> American Demographics Forecast, Oct. 1999, p. 80.

<sup>19</sup> "Most Workers Will Work After Retirement," Research Alert, Oct. 20, 2000, pp. 1,3.

<sup>20</sup> Alison Stein Wellner, "The Forgotten Baby Boom," American Demographics, Feb. 2001, <http://www.americandemographics.com>.

## Section 4: Marketing and Sales Strategies

The marketing strategies presented in the Baby Boomer MAP are still very viable. However, the one idea to consider is the fact that with every passing year, boomers are aging. Leading-edge boomers turned 50 four years ago and the medial boomer is just five years shy of the half-century mark. By 2010, boomers will represent more than two thirds of the 50-plus population.

The entry of boomers into the 50-plus population will change the face of maturity as aging boomers create new trends.<sup>34</sup> The first is wealth transfer. The financial community is referring to the coming years as the “Inheritance Boom” with estimates that boomers will inherit a whopping \$10.4 trillion. Naturally, this insurgence of cash will not all happen at once. However, boomers will benefit from their traditionalist parents who, unlike the boomers themselves, were great savers.<sup>35</sup> This influx of wealth and additional disposable income presents a huge opportunity for me-oriented spending, particularly in the travel industry.

As boomers age so should the way marketers view the aging population. Marketers will have to morph to the way boomers entering the 50-plus age range will change that market.

A technology-savvy group, boomers will create an aging population with a great deal of computer skills and knowledge. An analysis of the January 1999 to December 1999 Internet Report released by Media Metrix shows that this group now comprises 20 percent of total online users – outpacing the 18 to 24 year olds who trail at 17.5 percent. The analysis also shows that 45 to 64 year olds surf the Internet more frequently, stay there longer and check out more Internet pages than even their college-age counterparts.<sup>36</sup>

Many boomers believe that after retirement they plan to stay active at some level in the workforce. This is the first aging population who has been exposed to, and enjoys, the ever-changing technology of today. They may retire but will not be out of touch. No longer will the older population be viewed as afraid of or hesitant about utilizing technology or become inactive or passive.

Although age may alter some of the physical activities that boomers enjoy, it is widely believed that it will not hinder their desire to be active, independent and always looking for something new and interesting. As they enter maturity, the new “currencies” embraced by boomers will be time, comfort and access. Always active, time will continue to be a chief concern and desire. Comfort, as always, is

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<sup>34</sup> “Marketers Must View Boomers Through a New Lens,” [www.ncoa.org](http://www.ncoa.org).

<sup>35</sup> “Questions About the ‘Inheritance Boom’,” [www.banking.com](http://www.banking.com).

<sup>36</sup> “U.S. Baby Boomers and Seniors are Fastest Growing Internet Demographic Group,” E-commerce News, [www.sellingontheinternet.com](http://www.sellingontheinternet.com), April 2000.

of paramount importance to boomers. And finally, being the first aging population with a comfort level for technology, easy access to information is key.

One of the best things marketers can do is to look at the various lifestages of the boomer and direct their message to that particular phase.<sup>37</sup> This is where understanding the various segment and different age groups that exist within the larger subset will be helpful. There are 50-plus boomers and 36-year-old boomers – both of whom are in vastly different lifestages.

The marketing messages must be tailored to be effective. Sending a message aimed at the entire boomer population is likely to produce disappointing results. Niche marketing within the niche will be the norm – look at the subset of boomers you wish to target, develop products that reflect their stage of life and physical abilities while always keeping in mind the boomer mindset of time, comfort and access.

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<sup>37</sup> “Marketers Must View Boomers Through a New Lens,” [www.ncoa.org](http://www.ncoa.org).

## Summary

The Baby Boomer MAP provides an outstanding overview of this ever-changing market. However, as detailed in this document, the boomers are not a static niche. Information on changing ideas and attitudes is constantly being released where boomers are concerned.

Now, it is no longer effective to simply look at the boomers as a whole. Subsets of the market – varying by age, lifestyle, career, etc. – are extremely important to understand. Dividing this vast market into smaller categories will help to create a more effective use of marketing dollars.

In addition, the aging of the Baby Boomer has opened some doors for the packaged travel industry. A move toward simplicity and the demands of family – both children and aging parents – has created opportunities in which tour operators and other packaged travel industry partners can capitalize. One must identify the areas where attitudes are changing and develop a message that meets these altered needs.

But don't think senior boomers are the same as seniors of the past – a dangerous and incorrect assumption. While boomers may age and priorities will change, the psychographics of the group will often remain unchanged, regardless of age. They will always be me-oriented spenders who value individuality and creativity. Keeping this in mind as marketing messages are developed and tailored to the various age subsets should help create successful programs to attract the boomer traveler.