



Emerging Baby Boomer Trends: *Maturalism (mature materialism)* and *SKI-ing (Spending the Kids' Inheritance)*

This paper looks at the underlying factors driving these emerging consumer trends, and how they will impact on the need for financial planning services in order for Baby Boomers to continue the level of consumerism they have become accustomed to into retirement.

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1. Introduction

This report looks at the emerging related consumer trends of *maturialism* (*mature materialism*) and *SKI-ing* (*Spending the Kids' Inheritance*) in the Baby Boomer generation, and the underlying factors that are driving these consumer trends.

The report then turns to how these consumer trends will impact on the need for financial planning products and services, in order for Baby Boomers to continue the level of consumerism they have become accustomed to into retirement.

Finally, some examples of marketing campaigns that are currently being used by financial planning marketers, Commonwealth Financial Planning and MLC, are reviewed and analysed.

2. Baby Boomers: A historical overview

Before looking at the consumer trends of *maturialism* and *SKI-ing*, we need to understand the history of the Baby Boomer generation so that we may gain insight into why these consumer trends have come about.

The Baby Boomer generation is generally agreed to consist of those born between 1946 and 1964 inclusive (Jones 1981), which is how they will be referred to in this report. However, some academics believe that this is too long a timeframe to use to describe a generation, due to the considerable social changes that occurred during these years. For example, a person born in 1946 grew up experiencing a significantly different world to a person born in 1964. For this reason, academics such as Gillon (2004) have categorized the generation into two distinct groups the 'Boomers' (1945-1957) and the 'Shadow Boomers' (1958-1964).

The Baby Boom commenced following World War II, as young soldiers returned home, married, and procreated. As the decades progressed, couples were getting married and starting families earlier and continuing to have children over a longer period of time. (ABS 2003)

The Baby Boom ended in 1964, with the reasons not as clear as the commencement. Gillon (2004) suggests that it may have been a result of the combination of the Vietnam War, the development of the Pill, and the rise of feminism, which gave women an alternative to marriage and family.

Baby Boomers were involved in, and have been shaped by, a wealth of significant life experiences, particularly during their formative young adult years. Some of the most prominent of which were the Vietnam War and the protests against the draft; a 'sex, drugs and rock 'n roll' culture; hippies; feminism; socialism, communism and the Cold War; sporty Mustangs and Volkswagen Beetles; the space race; and the rise of the television as a culture shaping medium, just to name a few.

In his book, *Generations – Baby Boomers, their parents & their children* (1997), Hugh MacKay comments that the Baby Boomer generation was raised with a 'quest for personal happiness, expectation of material comfort and the ideal of egalitarianism'. Mackay also notes that their parents, the Lucky Generation, 'are bemused by their Boomer offspring's solemn commitment to navel-gazing, to self analysis and to the relentless pursuit of personal gratification.'

It is this 'relentless pursuit of personal gratification' that is behind the Baby Boomers also being known as the 'me' generation (Steinhorn 2006), which is a key underlying factor of the *maturialism* and *SKI-ing* consumer trends. Over

their lifetime, Baby Boomers have spent a small fortune on attempting to reach the self-actualisation stage in Maslow's hierarchy of needs (1943).

3. Maturialism and SKI-ing. Key Baby Boomer consumer trends

A consumer trend is defined by trendwatching.com (2006) as 'a manifestation of something that has 'unlocked' or newly serviced an existing (and hardly ever changing) consumer need, desire, want, or value.'

The term *maturialism* - short for *mature materialism* - was first coined by Trendwatching.com in 2004, to describe the consumer trend of 'Baby Boomers' determination to treat themselves to high-end goods, services and experiences simply because they can afford them.'

This trend is playing out through the rise in sales of luxury apartments, international travel, designer furniture and appliances, luxury cars and motorbikes. But it is not just in the larger consumer goods that Baby Boomers are upgrading, according to Heartbeat qualitative research (2004), they are treating themselves at the FMCG end of the market too with cosmetics, food, wine, and fashion all taking a step up in quality and price range now that the kids have left home.

A precursor and related consumer trend to *maturialism* is known as *SKI-ing* - or *Spending the Kids' Inheritance* - with the term derived from a popular bumper sticker. This trend prompted Andrew Smith (2005) to write that the 'Baby Boomers have the unique distinction of pissing off both their parents' and their childrens' generations'.

The proposed reasoning for the rise of these consumer trends considering the history of the Baby Boomer generation is that they can be:

- a) Career-driven. Many Baby Boomers' self images are defined by their careers and this has been compounded by the explosion of entrepreneurs in the 1970's and 1980's (MacKay 1997). It is important to note that now many Baby Boomers are nearing retirement they will desire to keep their status and this may be achieved through consumption.
- b) Materialistic. Baby Boomers were raised to expect more than their parents and have been on a spending spree for most of their adulthood. This was the generation that brought about credit cards!
- c) Independent. Baby Boomers have always prized their individuality. If breaking rules leads to good experiences and personal growth they will do it. (Trendwatching.com 2004).
- d) Selfish. If you don't fly first class – the kids will! (Kelly 2005)
- e) Concerned about the future. MacKay (1997) notes that this generation lived under the possibility of a catastrophic nuclear war - Cold War - and this may explain the 'live now' attitude.

However, not all researchers believe that the practice of *Spending the Kids' Inheritance*, that has been well covered in the popular media, is as widespread as is made out. In their study on attitudes to inheritance, Rowlingson and McKay (2004) point out that while some Baby Boomers will 'live poor to die rich' so that they can pass on their assets, and some will try to make the most of any assets they have in later life and enjoy their retirement (spending their kids' inheritance), the majority wish to end up somewhere between the two extremes, hoping to leave something but not going without in order to do so.

Others such as Johanna Wyn and her colleagues at the University of Melbourne's Youth Research Centre (Pusey 2004) have suggested that Baby Boomers are not spending their kids' inheritance but are instead making an

'investment in the new generation with intergenerational transfers on an unprecedented scale'.

4. **Baby Boomers and Financial Planning for Retirement**

Today, someone from the Baby Boomer generation is turning 50 every 7.5 seconds and, according to social commentators, they don't like it. The 'me' generation, says US Baby Boomer guru Phil Goodman (2006), 'will be teenagers until the day they die'.

'Hope I die before I get old,' a lyric from The Who's 'My Generation,' may have been the Baby Boomers' catch cry through their teenage years, but those who said they were 'here for a good time, not a long time' are still here, with the oldest Boomers turning 60 and the youngest 45 in 2006. With the consumer trends of *maturialism* and *SKI-ing implying that Baby Boomers are spending up big*, how are their savings looking for impending retirement?

A retirement funding study conducted by Hill and Knowlton (2006) found that the majority (59%) of Australians aged 45 to 64 expect to enjoy a better lifestyle than their parents in retirement. Below are some of the key findings from the study on how Baby Boomers intend to spend their retirement. Highlighted responses demonstrate *maturialism* or the propensity to *spend the kids' inheritance*.

- Only 23% would prefer to have a quiet lifestyle. Most would like to have an active, busy retirement lifestyle filled with activities, hobbies and family fun.
- There is an expectation of travel and more leisure time in retirement: **85% plan to travel within Australia or overseas** and 73% plan to take up or spend more time on a hobby or activity.

- In addition, 44% are planning to spend more money on their children and grandchildren, **40% are planning to spend more money on themselves such as home renovations or eating out** and 28% are planning to learn new skills through further study or re-training.
- **More than two thirds (68%) of Baby Boomers think that they will be able to afford to live the lifestyle they want when they retire. Men (74%) are even more positive about affordability than women (62%).**

The last point is perhaps the most interesting for financial planning marketers. The lifestyle Baby Boomers think they will be able to afford in retirement is far from the reality of the situation as found in a 2004 ANOP Survey on Community Attitudes on Saving for Retirement. The study showed that in 2001, six in ten were reasonably confident of achieving their required income in retirement, whereas in 2004, only four in ten feel that their current savings will provide the income they want in retirement. When ANOP checked these perceptions against reality (treasury projections), only three in ten are likely to achieve their required retirement income.

These two survey results show that there is a massive need and opportunity for financial planning marketers targeting Baby Boomers. According to the ANOP study (2004), 70% of Baby Boomers need assistance to save for the lifestyle they want in retirement. If this generation does not get their savings into order, and soon, it will place incredible strain on the Australian economy as there are not enough of Generations X and Y to support the 4.2 million Baby Boomers in retirement. Harding (2005) showed that in 1960 for every 1 person aged 65+ there were 7.3 people at working age. In 2040 it is projected that for every 1 person aged 65+ there will only be 2.4 people at working age.

5. Marketing Implications

So how are the leading financial planning marketers targeting Baby Boomers? This section of the report compares the recent 'Retirement is payback time' campaign by Commonwealth Financial Planning with the 'do absolutely nothing' campaign by MLC.

Commonwealth Financial Planning 'Retirement is payback time' campaign



Remember your kids threatening to run away?

Retirement is payback time.

If you really want to plan for living, not retiring, now is the time to start. Find out how you could benefit from the proposed superannuation changes and how they could affect your retirement income – just talk to one of our Financial Planners. Commonwealth Financial Planners are qualified to give you the advice you need and they also have access to nearly 40 of Australia's leading fund managers, giving you the choices you want. They can also give you advice on investing and how you can protect your wealth. Make the first step toward the retirement you want by attending a free seminar or making a free, no obligation appointment today. Simply call 1800 007 299, visit commbank.com.au/retirement or drop by any branch.

Every day's a new day.

Commonwealth Financial Planning

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Remember your kids dating against your advice?

Retirement is payback time.

In retirement you're experienced enough to know what you want and you'll have the time to do it. All you'll need is the money. That's where professional advice from a qualified Commonwealth Financial Planner will go a long way. With access to nearly 40 leading Fund Managers, our Financial Planners can offer all the advice you'll need on retirement, superannuation, investment and wealth protection.

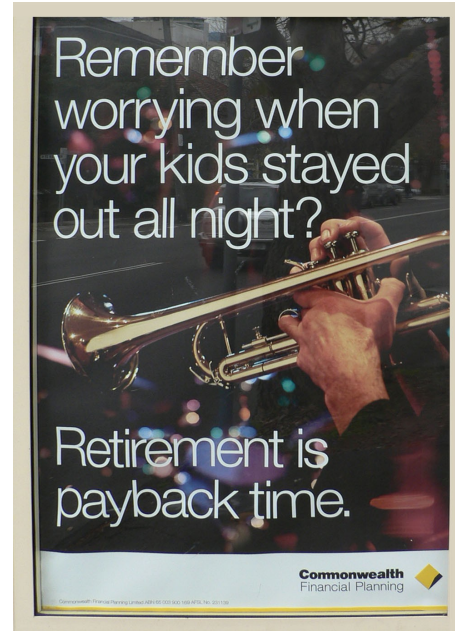
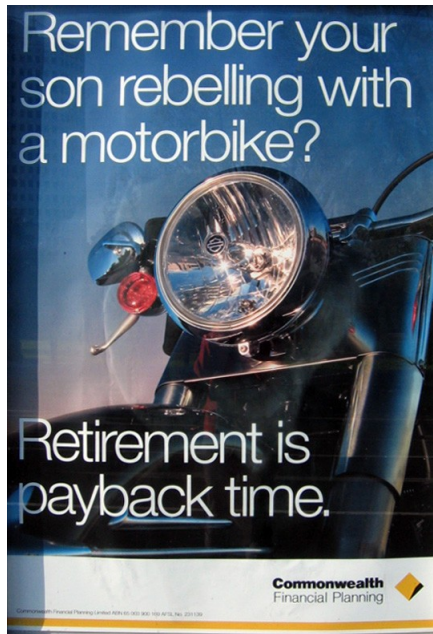
So to arrange a no-obligation appointment with a Commonwealth Financial Planner, to attend a free seminar or to receive more information here's what to do. Call 1800 007 299, log on to commbank.com.au/retirement or visit any Commonwealth Bank branch.

Plan for living. ~~Not~~ retiring.

Commonwealth Financial Planning

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By using 'Retirement is payback time' as the headline in this campaign, Commonwealth Financial Planning is attempting to play on the consumer trend of *SKI-ing*. The campaign captures the various ways Baby Boomers intend to spend their retirement (as highlighted in the surveys mentioned above), via travel, motorbikes, going out to concerts, and dating. The dating execution touches on another key insight of the Baby Boomer target market, the fact that this generation has a very high divorce rate (MackKay 1997).



The body copy also features the line 'Plan for living. Not retiring' also speaks directly to Baby Boomers thoughts on retirement.

This campaign is effective in that it attempts to persuade Baby Boomers to take up financial planning now so that they can enjoy the lifestyle they want in retirement.

MLC 'When was the last time you did absolutely nothing' campaign



When was the last time you did absolutely nothing? When you felt so relaxed you just drifted off to sleep? That's the feeling you get when you're not worried about tomorrow, when you know you're making the most of what you've got. It's what we do at MLC. We take care of your investments and insurance today, so you don't need to stress about the future. And with over 100 years in the business, helping over 1 million

Australians, you can rest assured that you're in good hands. If you'd like to know more about how we can help grow and protect your wealth, call us on 132 652, visit mlc.com.au or speak with your Financial Adviser. **MLC. Make the most of what you've got.**

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When was the last time you did absolutely nothing? When you felt so relaxed you just drifted off to sleep? That's the feeling you get when you're not worried about tomorrow, when you know you're making the most of what you've got. It's what we do at MLC. We take care of your investments and insurance today, so you don't need to stress about the future. And with over 100 years in the business, helping over 1 million

Australians, you can rest assured that you're in good hands. If you'd like to know more about how we can help grow and protect your wealth, call us on 132 652, visit mlc.com.au or speak with your Financial Adviser. **MLC. Make the most of what you've got.**

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The headline 'When was the last time you did absolutely nothing' for this campaign is attempting to communicate that if the consumer was to take up financial planning with MLC now, they can relax during retirement as they won't need to worry about money.

This campaign misses the mark with Baby Boomers as it shows young adults with kids in the imagery. Heartbeat qualitative research (2004) has shown that Baby Boomers already feel alienated by advertising not perceived to be speaking to them. The campaign also misses the key insight that the majority of Baby Boomers don't intend to relax when they retire or 'do absolutely nothing', rather lead an active lifestyle.

6. Conclusion

Marketers should consider consumer trends when developing products, services and campaigns that target a specific segment. Sometimes these trends occur outside the product category, such as the case of financial planning services and the Baby Boomer consumer trends of *maturialism* and *SKI-ing*, but still should be considered as they may provide key insights into what will drive the segment to consume your product or service.

Financial Planning marketers targeting Baby Boomers should take into consideration how this demographic intend to spend their retirement when developing campaigns to motivate them to act.

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