

Viva the Vital

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Boomers, Frugality and the Revolt against Consumerism

By James A. Bacon

Only in New York: Reeling from the financial catastrophe on Wall Street and fearing a collapse of the Sex in the City-style conspicuous consumption, fashion mavens have conjured up a new phrase, "recessionista," to describe free spenders who are going down-market. Instead of buying \$1,235 patent-leather satchels with golden accoutrements designed by Anya Hindmarch, reports the *New York Times*, these trendy young women are heading to Target (as in, tar-jay) to purchase similar purses by the same designer, but made of polyvinyl chloride, for \$49.99.

Mass over consumption dies hard in the United States.

But New York may be not be typical. The rest of the country seems to be responding at a more profound level to hard times. In New Hope, Pa., the Ingram-Behre family overhauled a year ago its profligate lifestyle – dining out, shopping for entertainment, expensive cruises and trips to Disney World – with the goal of paying down debt and building its net worth. Predicting a "new age of frugality," *BusinessWeek* described how the Ingram-Behres household now buys clothes at consignment shops, turns out the lights and often walks places instead of driving there. Earlier this year, the family saved enough money to pay off one of its auto loans.

The question is whether the new-found frugality is a temporary response to the shock of plummeting real estate and stock values, or does it foreshadow a fundamental shift in values and priorities? Are Americans going the "recessionista" route, in which extravagant spending will likely rebound as soon as the economy does, or are they following the Ingram-Behres by eschewing the ethic of "he who dies with the most stuff wins"?

Clearly, financial turmoil has filled Americans with a fear that impacts the here and now. The Consumer Confidence Index, updated Tuesday, stands at the lowest level since its inception in 1967. The Index plummeted to 38 in October from a reading of 61.4 in September.

But at the Boomer Project, we sense that there's more to the story: Americans from all generations are turning their backs on the materialist, consumer-driven culture of the past.

Households are spending less, paying down debt and saving more – or, at least, they say they are. Based on responses from 8,000+ consumers who participated in BIGresearch's Consumer Intentions & Actions Study in early October, we find that significant percentages of all generations expressed their intention to economize. Baby Boomers and GenXers, who tend to be more deeply indebted than their juniors and seniors, led the way. Forty-two percent of Boomers and 44.6 percent of GenXers said they plan to decrease spending in the next three months. Comparable numbers said they intend to pay down debt. Smaller but significant percentages evinced a desire to save more.

We believe this change is being driven more than by temporary financial hardship. Long-term, the consumerist backlash is energized by: (1) the natural maturation of the Boomer cohort, (2) a dawning recognition that longer life spans and longer retirements require more money, and (3) the spread of a "sustainability" ethic among all segments of the population.

Boomers now range in age from 44 to 62 years old. Following the path of previous generations, they are now at the age where they derive their self identity less from their material trappings and social status than from their own inner compass. They are less concerned about acquiring status symbols like Beemers, vacation homes, granite kitchen countertops and \$1,200 purses and more about building ties to friends and family, and nurturing their self identity and self respect. Deriving less satisfaction from the accumulation of "stuff," they are seeking the financial security and flexibility in their extended, post-65 lives that only saving, paying down debt and investing can get them.

The growing anti-materialism of the Boomer generation dovetails with the spreading environmental revolt against an economy organized around mass consumption. Creating an environmentally sustainable society entails buying less stuff: plundering less land for the extraction of raw materials, consuming less energy during production and distribution, and filling fewer acres of landfills when the stuff wears out.

The leading edge of the consumerist backlash is a new demographic that Harvard Business School professor John Quelch labels "the middle-aged simplifier." This group consists of well-off people who are turning their backs on conspicuous consumption and the accumulation of stuff. They don't define their social status by the square footage of their McMansions or the number of Range Rogers in their garages. The group, he writes in his blog, includes "empty-nester baby-boomers ... who are tired of heating unused spaces in cavernous mansions, now preferring smaller houses with architectural character and intimate spaces, more charm and less maintenance."

Consumer spending is unlikely to ever regain the frenzied pace of the past two decades as chastened mortgage companies, credit card companies and auto financiers tighten lending standards. While austere lifestyles for some will be involuntary, evidence is accumulating that a growing number of Americans are living more frugally as a matter of choice.

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