

# Introduction

In the past, when the pace of change was slow, the concept of generations had little importance for society, public policy, or commerce. But today, the world changes rapidly and people who are as little as 10 years apart in age may have very different experiences growing up—making them unlike one another in significant ways. *American Generations: Who They Are and How They Live* reveals the differences and similarities among the six living generations of Americans.

For decades, the U.S. population has been fragmented by generation. The seventh edition of *American Generations* is an important tool for piecing together those fragments and seeing the whole. The generational profiles contained in this book are of value not only to marketers, but also to social scientists and policymakers. Each generation, after all, makes its demands on public policy just as it does on business. And those seeking to understand societal or consumer change must address how attitudes and values, wants and needs, evolve with generational replacement.

*American Generations* examines both generations and age groups. Age groups are static, never changing; generations pass through age groups. People aged 40 today are members of Generation X, but in another decade the Millennial generation will occupy the age group. Since each generation has a distinct character, the policy issues, products, services, advertising, and media that resonate with people aged 40 today may not work for 40-year-olds a decade from now.

## Explaining generational differences

Several factors account for generational differences. One is education, which greatly influences people's attitudes and values, wants and needs. The generations born after World War II are much better educated than older Americans. This fact alone means that middle-aged and younger generations will think and behave differently from the way their parents did at the same age. Another important difference is the greater degree of diversity among younger generations. Accustomed to a wide variety of cultures, younger generations are more likely to view the nation as a "salad bowl" rather than a melting pot. Technology also divides the generations. The Internet and cell phones are integral parts of the lives of younger generations, setting them apart from their elders.

Differences in attitudes and behavior are not the only factors that make each generation unique. The relative size of the generations affects the age distribution of the population. When generations are of uneven size, as they are today, the social and economic effects can be far-reaching. In the 1950s, for example, schools that were adequate for educating the relatively small Swing generation suddenly were flooded with students as Boomers arrived. As the last classes of Boomers graduated from high school, the public schools were forced to adapt to the smaller Generation X. Many of them sold their school buildings in the

belief that the crush was over. Wrong. Behind Generation X came the much larger Millennial generation, rivaling the Baby Boom in size and straining school budgets and facilities all over again.

This expansion and contraction can catch business and public policy off guard. But it is possible to look down the road and know what's coming. That is what *American Generations* is all about—preparing businesses and policymakers for what lies ahead, helping them plan as the generations move through the age structure and change our society.

Much of the social change of the past half-century has been caused by “generational replacement.” As older generations die and are replaced by new generations, society adopts the attitudes and values of the living generations. From the expanding roles of women to the increased acceptance of homosexuality, attitudes are changing because new generations are taking over.

### **Using age group data**

Differences among generations are too often buried in statistics that look only at the population as a whole, or divide it by a characteristic such as sex, but not age. Overall, 30 percent of Americans aged 25 or older have a bachelor's degree, but this single statistic fails to tell an important part of the story—there is a distinct generational difference in education. Only 18 percent of women in the older generations (Swing and World War II) have a bachelor's degree, for example, compared with 36 percent of Millennial women. Incomes, labor force participation, living arrangements, spending patterns, and even time use all vary by generation.

Because generations do not always fit easily into the age group data collected by the Census Bureau and other organizations, much of the statistical information presented in this book approximates the generations. Millennials were aged 16 to 33 in 2010, for example. They do not fit precisely into the standard five- or ten-year age groups, such as 25-to-34-year-olds, for which researchers typically collect data. When generations are split by age groupings, the text of this book discusses the generation that accounts for the majority of the age group's members. In many of the book's tables, New Strategist's editors have estimated the size of each generation, allowing readers to see at a glance the differing educational attainment, household income, living arrangements, and labor force status of the generations.

This edition of *American Marketplace* includes a chapter revealing the major attitudinal differences among the generations, based on 2008 General Social Survey data. The book also contains the latest income, spending, housing, and labor force statistics as well as an updated look at time use based on unpublished 2008 data from the American Time Use Survey.

### **How to use this book**

*American Generations* is divided into 12 chapters: The Generations, Attitudes, Education, Health, Housing, Income, Labor Force, Living Arrangements, Population, Spending, Time Use, and Wealth. Each chapter includes tables and text describing the most important trends, including what to expect in the future.

Most of the tables in *American Generations* are based on data collected by the federal government, in particular the Census Bureau, the Bureau of Labor Statistics, the National Center for Education Statistics, the National Center for Health Statistics, and the Federal Reserve Board. The federal government continues to be the best source of up-to-date, reliable information on the changing characteristics of Americans.

Several government surveys are of particular importance to *American Generations*. One is the Census Bureau's Current Population Survey. The CPS is a nationally representative survey of the civilian noninstitutional population aged 15 or older. The Census Bureau takes it monthly, collecting information on employment and unemployment from more than 50,000 households. Each year, the March survey includes a demographic supplement that is the source of most national data on the characteristics of Americans, such as their educational attainment, living arrangements, and incomes. CPS data appear in many tables of this book.

The American Community Survey is another important source of data for *American Generations*. The ACS is an ongoing nationwide survey of 250,000 households per month that provides detailed demographic data at the community level. Designed to replace the census long-form questionnaire, the ACS includes more than 60 questions that formerly appeared on the long form, such as ones asking about language spoken at home, income, and education. ACS data are available for the nation, regions, states, counties, metropolitan areas, and smaller geographic units.

The Consumer Expenditure Survey is the data source for the Spending chapter. Sponsored by the Bureau of Labor Statistics, the CEX is an ongoing study of the day-to-day spending of American households. The data collected by the survey are used to update prices for the consumer price index. The CEX includes an interview survey and a diary survey administered to two separate, nationally representative samples. The average spending figures shown in the Spending chapters of this book are the integrated data from both the diary and interview components of the survey. For the interview survey, about 7,000 consumer units are interviewed on a rotating panel basis each quarter for five consecutive quarters. For the diary survey, another 7,000 consumer units keep weekly diaries of spending for two consecutive weeks.

The Bureau of Labor Statistics' American Time Use Survey is the source of data for the Time Use chapter. Through telephone interviews with a nationally representative sample of noninstitutionalized Americans aged 15 or older, ATUS collects information in minute detail about what survey respondents did during the previous 24 hours. Time use data allow social scientists to better understand our economy and lifestyle and how policy decisions affect our lives.

The data in the Wealth chapter comes from the Survey of Consumer Finances, a triennial survey taken by the Federal Reserve Board. The SCF collects data on the assets, debt, and net worth of American households. The latest data available are from the 2007

survey, for which the Federal Reserve Board interviewed a representative sample of more than 4,000 households. These data were collected just before the Great Recession took hold. Consequently, the Wealth chapter shows the economic status of households before the plunge in the stock and housing markets.

To explore changes in attitudes, New Strategist extracted data from the nationally representative General Social Survey of the University of Chicago's National Opinion Research Center. NORC conducts the biennial survey through face-to-face interviews with an independently drawn, representative sample of 3,000 to 4,000 noninstitutionalized people aged 18 or older who live in the United States. The GSS is one of the best sources of attitudinal data on Americans available today.

### **Value added**

While the government collected most of the data presented in *American Generations*, the tables published here are not reprints from government reports—as is the case in many reference books. Instead, New Strategist's editors spent hundreds of hours scouring web sites, compiling numbers into meaningful statistics, and creating tables with calculations that reveal the trends. Those who want spreadsheet versions of the tables in this book should visit [www.newstrategist.com](http://www.newstrategist.com) to buy and download the pdf file with links to each table in Excel format.

Government web sites are useful for obtaining summary data and for tapping into complex databases. But too often summary data are not enough, and those complex databases usually require analysis by statistical program. With this volume, New Strategist has done the work for you, delving into the data and providing analysis and comparisons, placing the important information about the generations at your fingertips. The text and chart accompanying most of the tables tell a story about the generations, explaining past and future trends. Researchers who want even more can use the source listed at the bottom of each table to explore the original data. The book contains a comprehensive table list to help readers locate the information they need. For a more detailed search, use the index at the back of the book. Also in the back of the book is the glossary, which defines most of the terms commonly used in the tables and text.

With *American Generations* in hand, you will discover the many ways in which the six generations of living Americans differ. Those who know the differences will better understand the change in store for the decades ahead.