

TODAY'S TEENS AND YOUNG ADULTS:

Who Are They Really?

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Today's teens and young adults are the first generation whose routine world consists of the Internet, wireless and cellular telephones, personal digital assistants (PDAs), and 100-plus channel cable television.

They have more media choices and entertainment outlets available to them than ever before.

Because of this rapidly changing and technologically evolving environment they have grown up in, they are in many ways profoundly different than the Baby Boomers who came before them.

There has been much hand-wringing over the last few years in the media industry in general, and newspapers in particular, about the difficulties in reaching more teens and young adults. Many newspaper executives have launched full-scale projects to address the issue. Yet few have been successful at getting young readers into the newspaper. Why? It may be that not enough is really understood about these young people beyond how they rate content topics.

Management — mainly Baby Boomers themselves — recall their own teen/young adult years and base business decisions accordingly. However, young people today have grown up in a decidedly different environment than their parents did. Executives must remind themselves to look at the world as it is today and not as it was when they were growing up.

Perhaps even worse, many executives use their own children as a frame of reference when making business decisions. For the most part, these children are representative of a small segment — generally a more upscale and better-educated segment — than the broader Teen and Young Adult markets.

Consequently, the purpose of this article is to take a closer look at today's Teens and Young Adults, not as infrequent newspaper readers or single-copy buyers, but from the outside-in, as people. We will not dwell on the controversial sociological studies of Generations X and Y. Nor will we list newspaper readership behaviour. Much has been written about these already.

As distinct as these two generations may be from one another — and as different as the worlds they grew up in have been — it is imperative to understand better the needs and behaviours of these young people.

This is especially true for those executives leading many of the companies that are competing for the time, money, and loyalty of that younger generation.

This is especially true for newspapers.

Want to know who you're dealing with? Let the dialogue begin.

Instead, we have built a profile of today's Teens and Young Adults, synthesising information from a variety of sources. We have also tapped our own experiences in building strategies for clients in a range of industries, including media, retail, Internet, healthcare, and communications — all of which seek the time, money, and long-term loyalty of this important demographic group.

For this report, Teens are defined as between 13 and 18 years old, and Young Adults as between 19 and 24 years old. Unfortunately, diverse data sources are not always consistent; therefore, these definitions may vary somewhat. Nonetheless, we are looking at those

born between the 10-year period of 1976 to 1986. For comparison's sake, we have defined Baby Boomers as those born between a comparable 10-year period, from 1946 to 1956.

Over 40 Million Strong

Based on the 2000 U.S. Census, today's Teen and Young Adult market comprise 15 percent of the U.S. population overall, which translates into 42 million people. For comparison, in 1970, when today's Baby Boomers were the same age, they numbered about 38 million, or 19 percent of the total population then. Just as Baby Boomers are a large cohort that have made a great impact on societal trends and values, so too will today's Teens and Young Adults.

Less Stable Households; Less Independent

An important driver of attitudes and lifestyle is household structure. In 1970, about 85 percent of the teen population lived in a two-parent household. Thirty years later, that number has dropped 17 percentage points. Today, only 68 percent of Teens lives with both parents. Moreover, the percent of Teens living in single-parent households has risen from 15 percent in 1970 to 25 percent in 2000.

Despite the independence their lifestage may imply, about one-half of all Young Adults still live at home with their parents. By gender, a disproportionate share of Young Adult men (56 percent) and a lower percentage of Young Adult women (43 percent) still live with their parents. It is also important to note that 22 percent of all

Young Adults live with non-family members, such as roommates.

Of those Young Adults living on their own, 60 percent live in multi-unit dwellings, such as apartment buildings; 44 percent of those dwellings have 10 or more units. In fact, only about one in 10 Young Adults on their own lives in detached single-family homes.

Marriage rates are also different today than they were 30 years ago. Less than 20 percent of today's Young Adults are married while about one-half of all Young Adults was married in 1970. Despite the decline in the percent of married Young Adults, the penetration of Young Adult householders living with their own children has increased from 55 percent in 1970 to 64 percent in 2000.

Growing Ethnic Diversity

Much has been written about the United States becoming a more racially and ethnically diverse culture. This can also be appreciated by looking at the racial and ethnic mix of today's Teens and Young Adults. Today, 30 percent of the total U.S. population is non-white, while non-whites represent 34 percent of the current Teen and Young Adult population. In 1960, by comparison, 11 percent of the total U.S. population was non-white, while non-whites represented 12 percent of the Teen and Young Adult population.

Moreover, the influence of African-

Americans, and increasingly Hispanics, on the pop and youth culture is significant. As seen in music, clothes, and movies, the currency of "cool" is more often than not starting with the younger and ethnic segments of society. For example, the baggy clothes popularised by urban hip-hop stars have become standard gear at many suburban schools. The mainstream cross-over successes of music stars such as Ricky Martin, Shakira, and Cristina Aguilera point to growing Hispanic influences on the definition of "cool."

Income and Education Divides

While about one out of 10 Teens or Young Adults is currently a high school dropout, over one in four Hispanic youths has dropped out of school. Perhaps not surprisingly, the dropout rate appears to be inversely correlated with family income. Students from families with lowest quartile incomes have a 21 percent dropout rate, while students from the top quartile only have a 4 percent dropout rate.

About one-third of all young adults are enrolled in college. As shown in Exhibit I, this college population is less ethnically diverse than the 18- to 24-year old population in total. While the college population has grown more diverse over the last 30 years, with the ethnic population growing from 9 percent in 1970 to 27 percent in 2000, it is still not

representative of the Young Adult population.

Income is generally correlated with educational achievement, even among Young Adults. In 1998, for example, the median income of 18- to 24-year old males was US\$18,300. Males with a bachelor's degree or better earned incomes 96 percent higher than those men with less than a high school education. This education-income divide is even greater today than it was 30 years ago. In 1970, the average income of a college-educated male was only 51 percent higher than those men with less than a high school education.

Big Spenders, But In Debt

Most Teens today still rely on their parents for income. In a recent study, slightly more than one-half of all U.S. Teens reported receiving money from their parents on an as-needed basis, separate from a regular allowance. About one-third works part-time, while 13 percent have full-time jobs.

Despite their dependence on parents, Teens have a surprisingly large amount of income at their disposal. Current Teen disposable income averages at US\$92 a week, of which two-thirds is their own money and the other third comes from their parents. Most of this teen disposable income goes toward apparel (34 percent) and entertainment (22 percent). In all, it is estimated that

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the impact of teen spending is upward of US\$150 billion annually.

According to the ABA Banking Journal, 14 percent of all U.S. Teens have their own credit card. This percentage is expected to rise as pre-paid credit card-like devices, such as Visa Buxx, continue to grow in popularity.

For Young Adults, labour force participation and disposable income levels are higher than Teens, as might be expected. Currently, 63 percent of men and 59 percent of women 18 to 19 years old are working; for Young Adults between the ages of 20 to 24, the numbers increase significantly — 81 percent and 72 percent, respectively.

Young adults are deficit spenders, much like their adult counterparts. As shown in Exhibit II, 80 percent of all independent households headed by a Young Adult spends more than they take in. In fact, a household must earn on average US\$30,000 a year or more before it shows a positive net.

Average total expenditures amount to nearly US\$22,000 a year for Young Adults. The two largest expenditure categories are housing (36 percent) and transportation (28 percent). In fact, only 6 percent to 10 percent of expenditures is for discretionary items.

College students, a sub-segment of Young Adults, have an average annual disposable income of US\$2,340. Of this, travel is the largest expenditure (US\$326 annually), followed by computer products (US\$318), and clothing (US\$301).

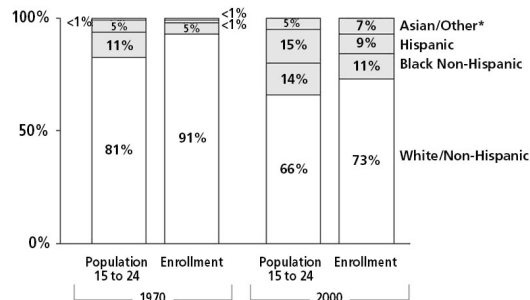
However, life is not easy for all Young Adults. One in seven lives in poverty, well above the overall U.S. population poverty rate of 11 percent.

Teen Time: "Solo-But-Social" Activities

Not surprisingly, Teens spend their time across a variety of activities. Music ranks high, with 97 percent of all Teens listening to recorded music an average of

EXHIBIT 1

DISTRIBUTION OF TOTAL ENROLLMENT IN DEGREE-GRANTING INSTITUTION BY RACE/ETHNICITY, 1970 TO 2000

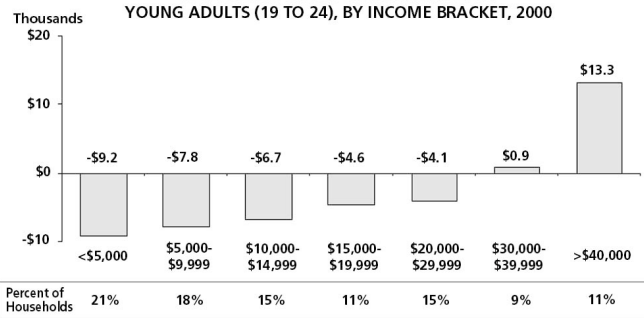


Note*: Other includes Asian-American, Pacific Islander, American Indian, Alaskan Native, and Non-resident Alien. Source: U.S. Department of Education, National Center for Education Statistics



EXHIBIT 2

NET INCOME MINUS EXPENDITURES FOR YOUNG ADULTS (19 TO 24), BY INCOME BRACKET, 2000



Note*: Defined as financially independent households. Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey



EXHIBIT 3

TOP INTERNET ACTIVITIES, TEENS (13 TO 18) VERSUS YOUNG ADULTS (19 TO 24)

Teens 13 to 18		Young Adults 19 to 24	
Activity	% Participation	Activity	% Participation
E-mail	90%	E-mail	99%
Research	77%	Browsing/surfing	82%
Browsing/surfing	72%	Get practical information	81%
Download/listen to music	71%	Instant messaging	71%
Instant messaging	69%	Check out product site	71%
Play or download games	64%	Purchase products	68%
		Download/listen to music	62%
		Research	61%

Note*: Limited to activities with 60% participation or more. Source: Cheskin, "The Wireless Future"



10 hours per week, and 95 percent listening to the radio an average of eight hours per week. Television is also a big time-occupier, with 97 percent of Teens watching a weekly average of 10 hours.

Teens are also increasingly spending more time on what we refer to as “solo-but-social” sports and activities. These activities can be participated in individually or with friends, with very little up-front planning. Such activities include in-line skating, skateboarding, snowboarding, golf, and fishing.

Young Adult Time: “Cheap-But-Social” Activities

Although publicly available data is limited on how Young Adults overall spend their free time, several recent studies have looked more closely at the sub-segment of Young Adults in college.

Focusing on non-school related social activities, the overall theme for this group could be called “cheap-but-social.” Such activities include going to the movies, playing video games, attending concerts, swimming, and bowling. Traveling on vacation may be a somewhat more expensive activity but is typically confined to holidays, especially Spring Break.

Technology Equals Communication

Internet usage for Teens and Young Adults is high and continues to grow. In 1998, 43 percent of children 9 to 17 years old used the Internet; two years later this number grew to 53 percent. Similarly, 44 percent of Young Adults between the ages of 18 and 24 used the Internet in 1998; in 2000, that figure increased to 57 percent. Asian/Pacific Islanders and non-Hispanic whites have the highest Internet penetration.

The amount of time spent online increases with age. Teens who have Internet access spend an average of 16.2 hours online per week. Young Adults spend more than six hours more online, at 22.4 hours per week.

THE FOLLOWING ARE SOME QUESTIONS TO ASK AT THE LOCAL MEDIA COMPANY LEVEL TO HELP GUIDE THINKING ON HOW TO REACH TEENS AND YOUNG ADULTS.

TARGET

- Is the entire segment a target?
- Which sub-segment should be a primary focus? Secondary focus?
- Do we understand how the segments live, in addition to their media behaviour?

PRODUCT

- What kind of coverage is provided on music, games, colleges, employment opportunities, and job enrichment?
- Is the core newspaper the only product in the line to appeal to these segments?
- Are additional products and brands needed to reach these audiences?
- Do these products need to be traditional print, editorially driven?
- How should they be branded?

CIRCULATION

- Does our circulation strategy adequately reflect these segments?
- Are we tapping the single-copy outlets near where these segments visit?
- Are the right stories and content called out at the point of purchase?
- Are flexible subscription packages or pre-paid options better than selling seven-day?
- Can we deliver to the multi-unit dwellings these segments live in?

ONLINE

- How does our online site facilitate communications with others?
- Does it provide the entertainment orientation that many of these segments want?
- Does it provide easy access to the local information busy and tech-savvy young parents need?

ADVERTISING

- Have we spoken to advertisers who want to reach these audiences and explained how the newspaper’s resources can be utilised?
- What products and services do we need to offer advertisers to reach these audiences? Direct marketing? Event sponsorship? Personals? Classifieds, including used cars, apartment rentals, entry level jobs, etc.?

MARKETING

- Does the newspaper provide a relevant benefit promise to attract these segments?
- What media is used to reach them?
- Does it speak their language?

Both age groups are spending a little more than one-third of their time online communicating, primarily through e-mails and instant messaging. Instant messaging (also called IM) refers to the text “chats,” as popularised by America Online. SMS is the same type of “conversation,” but over mobile phones via e-mailed messages.

Teens and Young Adults use voice and text to fill their communication needs. Both groups report that texting has a number of advantages over voice communications. It provides an emotional distance — and privacy.

Texting also dovetails with the Teen and Young Adult concept of multi-tasking. They can text-message while at the same time they download music, play a computer game, and talk to another friend on the telephone. Teens are especially likely to carry on simultaneous conversations with multiple people via diverse technologies.

Other than as a communication tool, the Internet is used primarily as a schoolwork and entertainment device for Teens, as shown in Exhibit III. For Young Adults, however, the Internet is a tool for finding information, as well as for making transactions. Young Adults are more likely than Teens to use the Internet for getting practical information, checking out a product site, and purchasing products.

So What Does All This Mean?

What can a newspaper executive take away from all this information? First, recognise that “young readers” does not represent one homogenous entity. Even more than the market at large, this is a group of people that needs to be carefully segmented and understood.

For example, college students living away from home but still dependent on their parents are, in many ways, closer to Teens in their behaviour than to other

Young Adults. There are full-time employed Young Adults, many already with families to support. There are also poor Hispanic young men and women living with extended families and looking for entry-level jobs.

It may sometimes feel that the overall state of the newspaper business is at odds with the youth market — issues such as content relevancy, circulation strategies, limited entry-level recruitment listings, competitive disadvantage in used car and apartment listings, limited understanding of needs and behaviours, and on and on.

However, we firmly believe that taking an “outside-in” perspective at Teen and Young Adult segments can reap rewards, both near- and long-term. The challenge for newspapers is to be willing to set segment priorities, work harder to understand these segments as *people*, and be flexible to take less conventional steps to reach them. ■

OUTSIDE THE U.S.: MIXED STORIES

Outside of the United States, the general theme that younger people are growing up in a very different environment is still true, though the actual specifics vary by region and country.

For example, technology has played an important role. Access to the Internet has truly contributed to a global community in big and small ways. Teens and Young Adults from around the world can connect instantly with people in other countries who share their interests. The Internet has also made it more difficult for governments to censor discussions of a political nature or other previously banned subjects. While this has opened up education and opportunity to many, it also can create unrest and dissent.

Mobile phone penetration is another indicator of how young people (and society at large) are different today than in 1970, when the 45-plus cohort was growing up. Scandinavian countries and Japan have a higher mobile phone penetration overall (55 to 70 percent). What is interesting is to compare the access young people have. Why in Finland, with 65 percent cell phone penetration, do more than 90 percent of those under 25 have a phone? There is clearly an important story behind those numbers — economic and social.

The penetration of mobile phones affects quality of life. In countries with higher penetration, people are more

accessible — parents, children, coworkers, friends. This can train people to expect immediate answers. Just as answering machines and voice mail raised expectations that only one call was necessary to reach someone, high mobile penetration raises the expectation that everyone should be accessible at all times, possibly leading to a more hectic lifestyle.

The mix of young and old varies by country. Several countries are finding a lower penetration of Youth rather than a higher one. In Japan, children under 15 represent 15 percent of the population, the lowest number since the census was started; meanwhile people over 65 represent 17 percent of the population, the largest percentage since the census began. In the UK, children under 16 represented 25 percent of the population in 1971 but only 20 percent in 2000. Perhaps due to lower birth rates in the 1970s, or the “One Child” policy implemented in 1979 in China, China’s children under 14 represented 23 percent of the population in 2000, down from 36 percent in 1980.

Compare these countries to Jamaica, where children under 15 represent one-third of the population. Or Hong Kong, where in 1961, 12 percent of the population was age 16 to 24. That rose in 1981 to 23 percent, but is now down to 14 percent. ■