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Trends & Tudes℠

Keeping you informed of current topics in youth and education research.

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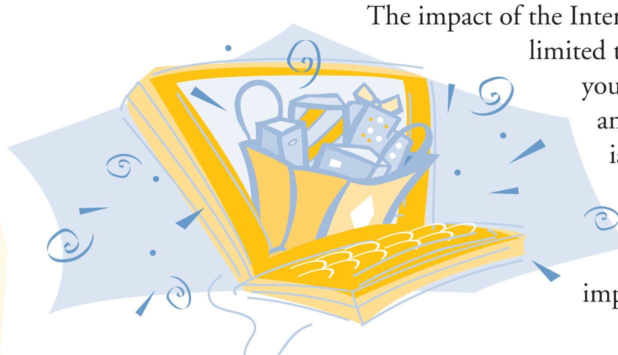
Are Young Consumers Shopping on the Web?

Online shopping holds a great potential for youth marketers. After all, Generation Y is the first "wired" generation of young people, they have considerable incomes of their own, and they have been marketed to in unprecedented ways. Given the amount of time today's youth spend online and their busy, structured lives, online shopping would seem to be a natural fit for them. On the other hand, young people are social shoppers and enjoy the immersive experiences of bricks-and-mortar stores. For a young person, shopping is often about something more than obtaining a good product at a good price – it is a rite of passage with a parent, a chance to hang out with friends, and an opportunity to be on the vanguard of what is new and cool. The social and tactile elements of the traditional shopping experience can be challenging to mimic online.

For this issue of *Trends & Tudes* we have gathered information from YouthPulse℠, our syndicated research study of youth. YouthPulse provides insight into how young people like to shop, the current status of ecommerce among youth, and the enablers of and barriers to increased online shopping.

YouthPulse projections indicate that the 8- to 21-year-old age group currently spends at a rate of about $22 billion per year online, or about 16% of their total spending. The average number of purchases made by those who shop online has not changed dramatically in the past year among teens, with 13- to 17-year-olds making between five and six online purchases annually, on average. Eighteen to 21-year-olds are shopping online more frequently. The average number of online purchases for this group has increased from 14 to 15 in the last year. On a per capita basis, there is little online spending before the early teenage years, a dip in online spending in the late teenage years and then considerable growth in the post-high-school years.



The impact of the Internet on youth commerce is not limited to their online spending. While young consumers spend about $22 billion annually online, about $20 billion more is spent on "clicks and mortar" purchases – products they buy in traditional stores but first research online. So, the Internet has about double the impact of its direct purchases.

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Editorial: *Our Take On It*

John Geraci
Vice President
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This month we'd like to share a few additional thoughts on "kid-fluence" – what we have learned about the influence kids have on the purchase behaviors of the households. This is a commonly misunderstood concept that has led many a youth marketer down an inefficient or incorrect path.

This kid-fluence concept is interesting when we view consumer marketing in a historical context. In the postwar period, as brand management systems were being developed, kids were not on the radar screen for marketers. Then, in the 60's and early 70's as categories became more developed, marketers needed to find niches to continue growth, and discovered kids. But, at that time America was a very "parent-centric" world, and marketing to kids really meant marketing to the parents that made most of the household choices. More specifically, it meant marketing to mom, who controlled most shopping decisions.

A lot has happened since. In the 80's an echo boom was beginning and kids were becoming more cherished by society. The parent-centric household of the 70's quickly changed to a child-centric household of the 80's and 90's. The child became the nexus of many consumer decisions. Kids

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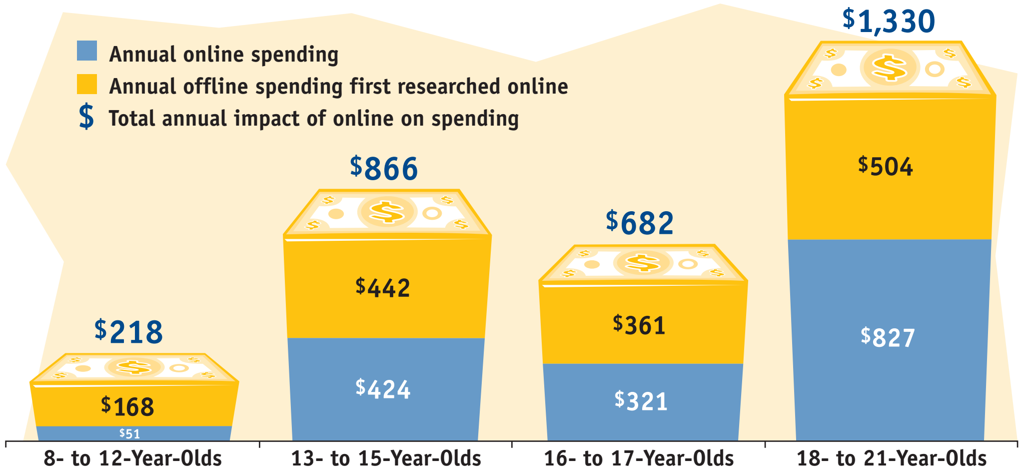
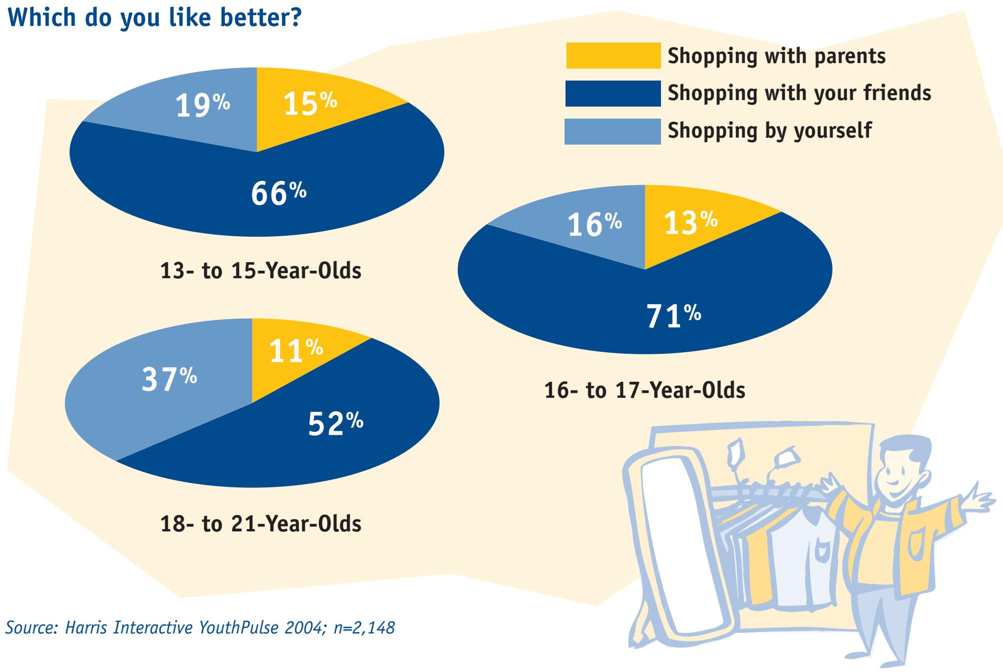
Impact of the Internet on Youth Spending (Per Capita)



Source: Harris Interactive YouthPulse 2004; n=2,148

Social aspects of shopping are an important consideration for young people. Young people like shopping with other people much more than shopping alone. This sentiment wanes as they age past high school so it is no surprise that this is a time frame when online shopping picks up as well.

Which do you like better?



Source: Harris Interactive YouthPulse 2004; n=2,148

There are barriers to shopping online. YouthPulse indicates that the number-one hurdle to online shopping among tweens is that parents have forbidden them from doing so. Among teens and young adults, shipping charges are the most common obstacle. All ages report difficulty in finding a way to pay online.

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became more and more empowered in the household, a new reality recognized and addressed – even created, according to some critics – by youth marketers However, what marketers did at this point in history was market to kids and teens with little thought as to the needs of parents. The pendulum had swung all the way to the opposite extreme.

What we have learned since is that decisions are made by more of a "household decision making unit" than either kids or parents alone, a phenomena sometimes defined as "copurchasing." It is reflective of a change in the dynamics of the American household, and isn't as clear-cut as to who makes a decision to buy something, as it is more of a joint process. When we research this concept for clients, we tend to break product decisions into the following dimensions:

- Input and influence into the decision
- The decision itself
- The funding of the purchase
- The making of the transaction
- The use of the product

Kids and parents have a role to play along all of these dimensions. Depending on the category, a dimension may be parent-dominated, child-dominated, or shared. Understanding how this dynamic works can mean the difference between success and failure for marketers.

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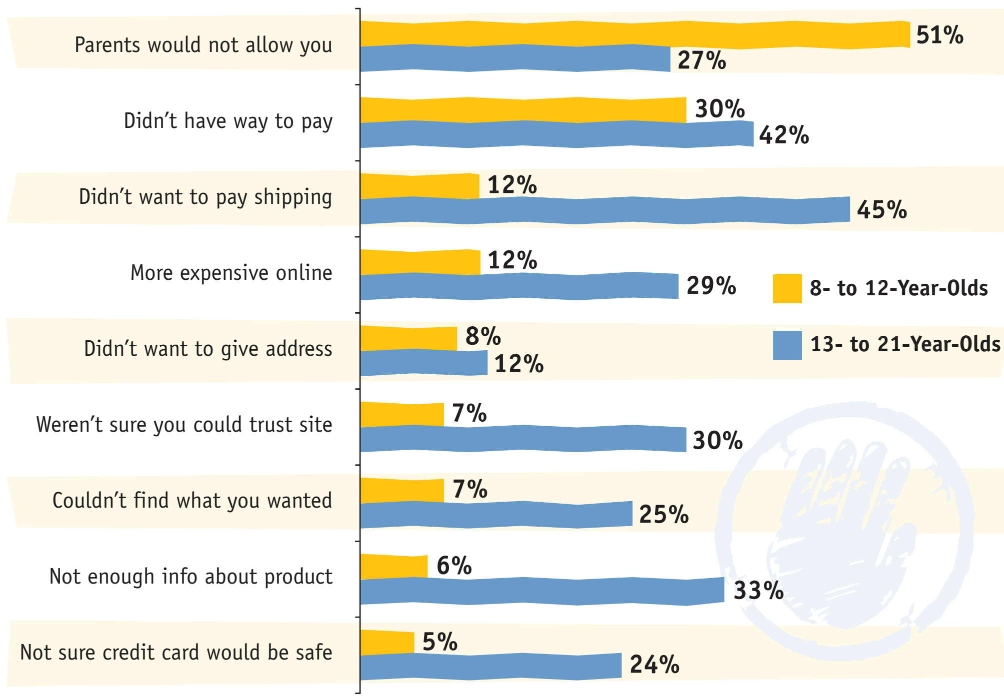
Have you ever wanted to buy something online, but didn't because…?



Source: Harris Interactive YouthPulse 2004; n=2,148

Not having a credit card or a mechanism to pay is a barrier to online shopping for many young people. They are willing to borrow a parent's card for an online purchase, but do not like the lack of autonomy in decision making that poses to them. Teens and young adults are far more likely than younger kids to be concerned about the security of online purchasing.

We've seen through the years that kids and teens buy some of the same things online that they buy in traditional stores. Online music purchases have taken off considerably. YouthPulse finds that 26% of 8- to 12-year-olds purchased music online compared to 14% who had last year. While online purchases of books, music and movies/DVDs are up among tweens, online purchases of clothing, video games and books have fallen over the last year.

Online auctions are popular among young people. It may be that their ability to buy goods at decreased prices is what attracts them to this type of shopping, as young consumers are price sensitive. Just under half of 18- to 21-year-olds have bought something at an online auction while about one-third of 10- to 17-year-olds have. Far fewer have sold an item at an online auction, indicating that these auctions are seen as a way to get a good deal rather than as a good way to make money.

The future of online commerce among young consumers seems promising. Our view is that there are aspects of the physical shopping experience that will be difficult to compete with online and that retailer shopping experiences will always hold a special place among youth. Rather than try to replicate or compete with these experiences, online merchants should try to create their own unique experiences, using benefits of their medium that cannot be easily replicated in stores.

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In more than one category (kid shampoos, kids cereals, and kid beverages) we have found that the "use of the product" dimension is tilted far more towards parents than our clients previously thought. For instance, you don't find many sugary cereals in households without children, but when children are in a household, an adult can be just as likely to be eating the product as a child. Product formulations need to take this into account. What is viewed as a kid product may actually have a lot of adult consumers.

In automotive categories, we often find that although a parent funds the purchase and makes the transaction, both kids and parents agree that kids hold great influence on which vehicle is bought. And parents are keeping in mind the day when they may turn over their used vehicle for their teenager's use. Car companies need to view parents less as adult consumers, but more as the head of a household decision unit.

As we have pointed out before in this newsletter, many brand choices made by young adults are driven by awareness and affinities that took hold in the early teen years. Affinities rarely change, even for categories in which a young person will not participate for a long time. You may not buy a car until your late 20's, but we have showed that you established your brand preference as a teen – a preference unlikely to change over time.

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Recent Research for Public Release

Teens Select Career in "Business" as Job of Choice for Third Consecutive Year

"Doctor" and "Teacher" tie for second place; teen salary gender gap narrows.

For the third consecutive year, teens selected a career in business as their ideal job, according to a new JA Worldwide (Junior Achievement) "Interprise Poll™," conducted by Harris Interactive in October and November of 2004. "Business" occupations received 9.7 percent of the responses, "doctor" and "teacher" each received 6.2 percent, and "entertainer" received 5.7 percent.

Owning their own business appeals to more than two-thirds of students (68.4%). Male students are much more inclined to be entrepreneurs (74.1%) than their female classmates (62.9%). Among ethnic groups, black students indicate a greater preference for owning their own business (79.1%) and white students show the lowest preference (63.5 percent). The results reflect a survey of 1,065 teens between the ages of 13 and 18.

Two years ago, salary expectations for male teens in the 2003 poll exceeded female expectations for the careers of "businessperson," "doctor," "entertainment," and "computer field." For these four career fields in the 2005 poll, gender-based earnings margins narrowed, disappeared, or reversed, reflecting a greater sense of potential earning power among female students.

In many cases, occupational choices and earnings expectations are driven by gender. Nearly five times as many female students (9.4%) indicate that becoming some type of "doctor" is their ideal career compared to only 1.9 percent of males who provide that preference. By somewhat smaller, but still impressive margins, female students express a greater interest than their male counterparts in becoming a "teacher" (7.2% to 4.1%) and "lawyer" (5.3% to 3.1%).

Given sharp distinctions in career preferences, it is not surprising that 81.2 percent of female students indicate a need for at least a four-year college degree for their ideal career, compared to only 73.2 percent of male teens.

Students from 80 JA locations across the country participated in the "2005 JA Interprise Poll on Kids and Careers." This is the sixth time this poll has been conducted, and 1,065 students voluntarily participated. The poll was administered in October and November of 2004, and most participants were involved in JA programs. For a complete summary of the results, please visit **www.ja.org**.

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Decisions are not black and white, made by mom or the child exclusively, but as part of a complex purchase dynamic. Regardless of the category, we find that the copurchasing dynamics are almost never 100% mom driven or 100% child driven. Kid-fluence is more complex than that – it's a powerful force in today's households, and one that can often be tapped to help empower children to develop new ideas and responsibilities.

What Do Kids and Teens Think?

Each month, we ask young people what they think about a variety of issues, and share some of their open-ended answers with you. Have an idea for a question? Just let us know.

If you could tell youth marketers (people who sell things and advertise to kids and teenagers) one thing, what would it be?

"Stop making the kids look older than me. I don't want to buy from a person who's 10 and looks 40."

"Just because one lives in an urban environment, everyone does not want to look like a thug."

"Appeal to us as real kids. Most of us are not as trendy as the advertisements make us out to be."

"Make sure the item is not telling a lie about the product and that it does what it says it does. Show more of the product to us."

"Quit using sex as a marketing tool. You are responsible for what ideas you put into our heads – making us think we should be having sex or that we have to have that sexy body at 12. We have brains you know – aim for more intelligence. Geesh!"

"Don't sell what you would not sell to your own kids."

"Humorous commercials work better than flashy or annoying commercials. But half of the time I remember the commercial very well, but have no clue what company it is for."

"Everyone's different and everyone has different tastes. Don't be stereotypical. Not every teen girl is into boys and shopping and not every teen boy is a jock."

"I would tell them to make whatever they are trying to market to us to also make it marketable to our parents. Most of the time if our parents don't like it we wont get it."

"We're smarter than you think. Tell us the truth, and highlight the good points of your products. That's the most successful way to advertise."

"Don't make cheesy commercials that makes it look like you tried too hard to appeal to teens, and screen your commercials with a teen audience first."

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AutoYOUTH℠ Brings Together Youth and Automotive Expertise – With Powerful Results

In a joint effort between our Youth Research and Automotive & Transportation Research groups, Harris Interactive presents the first annual study providing in-depth market knowledge in this area. AutoYOUTH's study design and survey was co-designed with extensive OEM, advertising agency and supplier feedback, and answers key questions, including:

- How much influence do young adults and teens exert on their family's vehicle purchase decision?
- How are brand preferences formed with young adults and teens?
- What role do parents play in a young adult's vehicle purchase decision?
- What media do young people utilize – magazine, cable TV, network TV, newspaper, Internet and/or radio – when getting informed about a new vehicle?

AutoYOUTH surveys over 3,000 U.S. panelists each year from its own Youth and Automotive Insights panels, particularly U.S. Generation Y from ages 13 through 30. To learn more, please contact us at **877 919 4765** or **info@harrisinteractive.com**.

Get Smart!

Did you know that Harris Interactive conducts up to five free webinars a month? Spanning a variety of business issues facing a handful of industries, these 1-hour interactive sessions allow you to catch up on the latest research advancement, proprietary industry findings, and best practices. Register for one or more sessions at **http://harrisinteractive.webex.com**. Visit often as our schedule changes weekly.

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To view previous issues of *Trends & Tudes*, please visit our website at www.harrisinteractive.com/news/newsletters_k12.asp.

Contact Us

To make suggestions regarding this newsletter or to discuss a business issue involving youth or the people and issues that influence today's youth, please contact us at **877 919 4765** or **info@harrisinteractive.com**.

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