

Plan A: Use Cars.com to compare vehicle photos side by side.



Subscribe Now | Pay Bill | Place an Ad | Contact Customer Service | Contact The Detroit News

RSS | Email Newsletters | PDA

Search

Archive: Wed | Thu | Fri | Sat | Sun | Mon | Tue | Today

BUY MOVIE TICKETS!

Home News Local Sports Autos Business Entertainment Lifestyle Opinion Classifieds Jobs Cars Real Estate For Rent Shopping

Homes Foreclosures **Business** Sell Your House

Business

Business RSS Feed Email Headlines Text Alerts On Your PDA



Print Email Comment Read Comments Text Size: [A-] [A] [A+] Save Share

Wednesday, June 18, 2008

Economics 101: Tough test for teens

Rising costs force many to stretch their dollars

Jennifer Youssef / The Detroit News

Detroiter Heather Pullen was just beginning to enjoy the freedom of driving a car and buying a piece of clothing or two each month, when the price of gasoline hit \$4 a gallon.

The 17-year-old stopped driving her car to Consortium College Preparatory High School and the community center, because she can't afford to fill it up. Trips to the mall and new clothes also are out.

"Now I'm taking the bus," said Pullen, who's eager for her summer job to start later this month.

Advertisement

Across Metro Detroit and throughout the country, teenagers like Pullen are for the first time facing the pain of inflation -- when that allowance or paycheck from a part-time job doesn't buy what it used to and something has to give. In the past year, big price jumps in two of the things teens spend the most money on -- food and fuel -- have forced them to cut back on extras such as clothes, shoes, video games and Starbucks. Others, like Pullen, are parking their car or cutting back on meals out.

Leave it to an adult to call it a blessing in disguise for young people, many of whom may never have known what it means to go without and seldom have had to think about how they spend their money.

"It's a wake-up call for the youngest (consumers) to really monitor their spending," said Michael Bernacchi, a marketing and economics instructor at University of Detroit Mercy. "There's no better time to learn than early in life. If teens can learn right now how to do it, then it will stick."

The buying power of teens is significant. Last year they spent \$176 billion on everything from clothes to shoes to dining out to gasoline, according to Teenage Research Unlimited, which tracks teen habits and trends. That number is likely to drop this year, however, the researchers said. In a recent survey of teens, 40 percent said they plan to spend more money this year, down from 44 percent the year before. Fifty-eight percent said they would spend the same or less.

"We've found that teens have become somewhat less confident in the past year or two," said Rob Callender, trends director at Teenage Research Unlimited.

Higher costs are only part of the problem. Shoppers also are holding back as more families face a slew of financial problems stemming from a weakening economy, slumping home values and a slow job market. Teens, too, are having a much harder time finding work this summer. The Michigan Department of Labor & Economic Growth forecasts a 23.3 percent unemployment rate for teens, up from last summer's 22 percent.

Costs of necessities rising

But it's the soaring costs of essentials like food and gasoline that have really thrown teens for a financial loop in recent months.

The last time there was a noticeable price difference in goods and services was in the late 1980s and early 1990s, before some of today's teens were born. Last year's overall inflation rate of 2.8 percent was meager compared with the 4 percent it was 20 years ago, but then food and gas prices stayed in line with

The inflation factor

Inflation was highest the previous 12 months for food and transportation, which make up 25 percent of teen spending, according to a recent survey.

Changes in the Midwest Consumer Price Index

Category	Percentage change 12 months ended May 2008
All items	4.0%
Food/beverages	5.1
Housing	2.8
Apparel	0.8
Transportation	7.8
Medical care	3.4
Recreation	2.0
Education/communication	2.7
Other goods/services	3.9

Source: Bureau of Labor Statistics
The Detroit News

click to view

Related Content

Inflation calculator: Check your buying power
Today's high and low gas prices in Metro Detroit

Most Popular

Most Read E-Mailed Printed

- Thames HR outdoes Raburn winner
- Mayor threatens 1,300 layoffs
- Fossum makes sense for Tigers' fifth spot
- Chrysler cuts hybrid cost
- Chrysler CEO warns staff of worsening sales
- Larionov receives Hall pass
- Rodney victimized as Tigers' run ends
- Doctor shortage worsens as student debt rises
- Ford execs meet with Kerkorian
- Former teacher guilty of having sex with boy

everything else, said Scott Watkins, a consultant with Anderson Economic Group in East Lansing.

In the past year, food prices are up 5.1 percent, dining out 4.6 percent and gasoline 18 percent.

"I think many consumers perceive inflation to be more present than it actually is largely because the prices that are higher -- mainly food and gas -- are very visible and frequently encountered," he said. "Prices for a lot of big-ticket items that we think about less are not increasing. In some cases, they are actually decreasing."

In the Teenage Research Unlimited survey, older and younger teens listed high gas prices as a major concern, Callender said. Teens who drove said gas sucked up too much of their money, and the younger kids said they knew their parents couldn't afford to buy them things because they had to pay more for gas.

More asking parents for cash

Metro Detroit teens are accepting the fact they can't afford to spend as extravagantly as they used to.

Derreck Amboyan, 15, of West Bloomfield Township and his friends now map out their car trips in advance so they don't waste gas and money driving around aimlessly. Amboyan will start his summer job at Hiller's grocery store this month, but until then, he has to ask his parents for money.

"We have to plan out where we go," Amboyan said. "Before, we would wing it."

Like Amboyan, Taylor Brown, 17, of Detroit, also is one of the lucky ones who has a summer job -- at Metro Foodland stocking the dairy aisle.

With each paycheck, Brown socks away \$100 in a [savings account](#) and uses the rest for clothes, eating out and other necessities. To make that money go further, he stopped buying lunch at Consortium College Preparatory High School.

"Now I just get a bag of chips and something to drink" for lunch, he said.

Precious Jones, 16, of Detroit, worked at Little Caesars all winter, but is jobless now. So she depends on her parents for her spending money. She typically asks for \$50 a week, but that doesn't mean she gets it.

Lately, it takes more to buy the things she'd gotten used to, like meals at Olive Garden and clothes from stores at Fairlane Town Center in Dearborn.

"Now I go to (outlet) stores at Great Lakes Crossings, where everything is cheaper," she said.

Bernacchi was pleased to hear that youngsters are being more frugal.

"This is the opportunity of a lifetime" for teens to learn how to budget, he said.

Count Elizabeth Starr among those learning the lesson.

After filling the tank of her 1998 Ford Expedition at the beginning of the week, cash is in short supply for the 18-year-old from St. Clair Shores. So shopping trips are reserved for special occasions like birthdays or holidays, she hasn't bought new clothing since last year and gourmet coffee drinks at Starbucks have been replaced by Folgers or whatever her mom makes at home.

"I still get these," Starr said, pointing to the caramel macchiato she was drinking inside Starbucks at the Mall at Partridge Creek in Clinton Township. "Just not every day like I used to. Only once in a while, for a treat."

You can reach Jennifer Youssef at (313) 222-2319 or jyoussef@detnews.com.

Article Tools: [Print](#) [Email](#) [Comment](#)

In the Blogs...

Detroit After Dark: Melody Baetens



Melody Baetens: I actually went out and did something during the day this weekend! I'm not a big fan of the sun or heat (I burn easily, and sunscreen is no match for the sun's evil ... [Continued](#)

Wings Blog

Ted Kulfan: Igor Larionov has been named to the Hall of Fame. More to come momentarily. ... [Continued](#)



MichMoms Blog



Melanie Weber: Saturday night my husband and I had a family wedding to attend. It was a perfect summer day for a wedding. The sun was shining and the trees were swaying. We had an hour ... [Continued](#)

[More blogs](#)

MORE IN: BUSINESS

[Rising costs force many to stretch their dollars](#) - 06/18/2008

[Northwest to reduce jobs, flights](#) - 06/18/2008

[Defense startup sees sales of parts take off](#) - 06/18/2008

[Bank seeks \\$11M as cash cushion](#) - 06/18/2008

[Consumers opt for tap water](#) - 06/18/2008

[Motorbike safety push gears up](#) - 06/18/2008

[People on the move](#) - 06/18/2008

[Business calendar](#) - 06/18/2008

[Metro/State Business briefs](#) - 06/18/2008

[Nation/World Business briefs](#) - 06/18/2008

[Northwest to cut jobs, more flights](#) - 06/17/2008

[Home prices likely to bottom out this year, analysts say](#) - 06/17/2008



Site Index**Essentials:**

Home
Page One PDF
Sports PDF
Weather
Horoscope
Lottery
Crossword
Sudoku
Contact Us
Multimedia:
Photos/Video
News Photos
Autos Photos
Audio Galleries
Video
Photo Store

News:

Nation/World
Politics/Govt.
Elections
Religion
Local/State:
Metro/State
Wayne
Oakland
Macomb
Livingston
Commuting
Schools
Michigan History
Obituaries
Death Notices

Autos:

Autos Insider
Drive
Joyrides
Auto Shows
Auto Reviews
Auto Photos
Autos Talk
Test Drive blog
Business:
Business News
Personal
Finance
Stocks
Technology

Sports:

Sports
Lions/NFL
Pistons/NBA
Red Wings/NHL
Tigers/MLB
Shock/WNBA
MSU
U-M
More Colleges
High Schools
Golf
Motor Sports
More Sports
Ski Guide
Scoreboards

Entertainment:

Entertainment
Music
Calendar
Movies
Movie Finder
TV Listings
TV/Radio
Restaurants
Wine Report
Celebs
Performing Arts
Casinos
Puzzles/Games

Forums:

Forums Index
Lions Talk
Wings Talk
Pistons Talk
Tigers Talk
Ask Mike O'Hara
Big Ten Talk
News Talk
Autos Talk
Faith Talk
Opinions:
Editorials
Letter to Editor
Blogs
Columnists
Cybersurveys

Lifestyle:

Lifestyle
Homestyle
Food
Recipe Finder
Health/Fitness
Fashion/Shopping
Families/Parenting
Travel/Recreation
MichMoms
MichDads
Other
Special Reports

Special Reports**Russian market red hot for carmakers**

All around St. Petersburg, the world's major automakers are putting up factories. Hyundai Motor Co. Will start building next month. Nissan expects to open a \$200 million factory next year. - May. 20, 2008

Special report: Maxed out on prison spending - Apr. 14, 2008

The war in Iraq: Five years and counting - Mar. 14, 2008

Special section: Madonna, from Michigan to the Hall of Fame - Feb. 28, 2008

Special report: Detroit's mayor under fire - Jan. 24, 2008

More Special Reports



The complete air conditioning guide to
KEEPING YOUR COOL This Summer




© Copyright 2008 The Detroit News. All rights reserved.

[Terms of Service](#) | [Contact](#) | [Help](#)