

TEENS & MONEY

A LOOK AT CANADIAN TEENS' THOUGHTS ON SAVING MONEY & BANKING BEHAVIORS

Pegged as the generation of overconsumption and frivolous spending- research reveals teens are savvy with money than one would think. While the goal for saving and the amount saved may differ from their adult counterparts, teens are relatively motivated to keep money in the bank. Maybe their money smarts stem from years of eavesdropping on parental disputes regarding money and debt issues. Maybe it's from growing up bombarded with the cultural anxiety surrounding the economy. Whatever the influencers are, teens understand the importance of saving money. 97% of teens believe that saving money is extremely important. 63% claim to save whenever possible and 14% claim to save as much money as they can.

This report examines teen's perceptions and behaviors when it comes to saving money and their overall brand loyalty, usage, and perceptions of banks.

"You get satisfaction out of saving for a long period of time and spending it on something you really want. It feels good."

- Teen Respondent

INSIGHTS ABOUT TEENS'S MONEY

<p>Motivation for saving is high, but cash saved is low</p>	<ul style="list-style-type: none"> • 95% indicate that saving money is extremely important & 63% suggest that they try to save whenever possible. • But 37% claim that, in actuality, they don't save that much money. • 31% find saving money relatively hard to do, even though they do try. • 41% of teens have less than \$100 saved in their bank account(s) and 27% have \$100 to \$900 in their bank accounts. 15% have over \$2000 in their bank accounts.
<p>Have autonomy over their wallets</p>	<ul style="list-style-type: none"> • 94% of teens have their own bank accounts & 57% have only one bank account. • 66% of teens claim to have complete control over their money and savings, & only 6% indicate that their parents have the majority of control over their money and spending.
<p>Are self taught savers</p>	<ul style="list-style-type: none"> • 50% of teens claim to have acquired their saving smarts & knowledge about how to save on their own (without influence from parents or the education system). • 30% of teens give their parents credit & 5% give their school credit for teaching them the importance of saving & how to save their money.
<p>Teens save for 'stuff', few save for the sake of saving</p>	<ul style="list-style-type: none"> • 71% are teens are more likely saving for a specific item than they are to simply saving for the future. • This indicates teens typically save in short term increments- save enough to purchase the prized item and then start their next saving spurt when some new item catches their interest.
<p>Banking starts young</p>	<ul style="list-style-type: none"> • 36% got their first bank account younger than 9 years old. The majority, (44%) got their first bank account between 10 and 14. • Creating a relationship with a brand at an early age increases the likelihood the relationship will carry through into adulthood (particularly in the banking category).
<p>Bank loyalty starts with parent's loyalty</p>	<ul style="list-style-type: none"> • 62% of teens use the same bank as their parents (choose their bank based on parent's referral and usage). Only 10% choose a bank because of low fees and/or lots of banking options. • 86% have their bank accounts at only one bank.
<p>Perceive banks as money holders, not money growers</p>	<ul style="list-style-type: none"> • 40% of teens believe the value and role of banks is to "hold their money", not "grow their money". • This perception creates a relationship built on the rational rather than the emotional. Consumer/brand relationships built on a balance of emotional and rational are the strongest relationships with the greatest longevity.

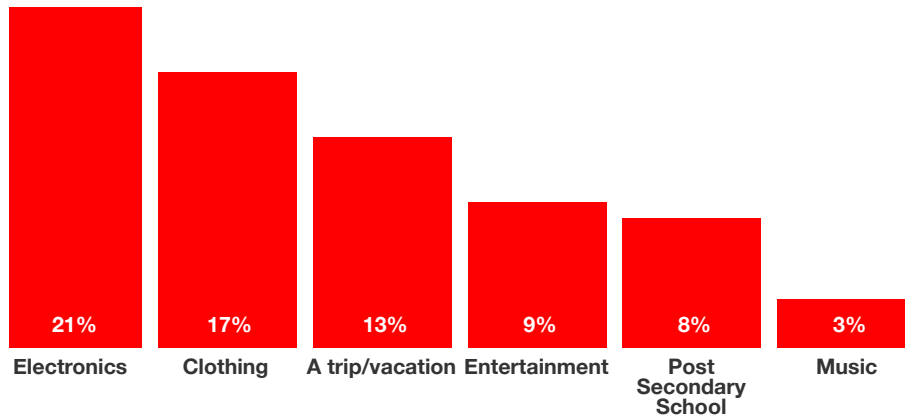
“Saving money is important for future needs. If you get laid off from a job, or like recently when the recession hit- saving money is a must.”

- Teen Respondent

WHAT CANADIAN TEENS ARE SAVING FOR

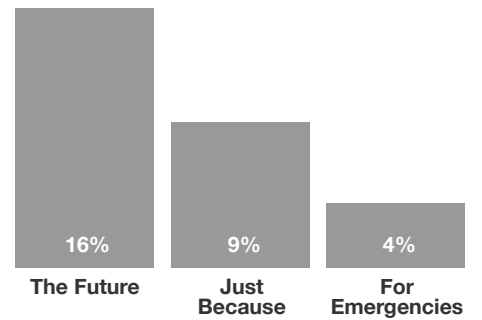
Saving For Something In Particular

71% Saving For Something in Particular (more often material)



Saving For A Rainy Day

29% Saving For the Future



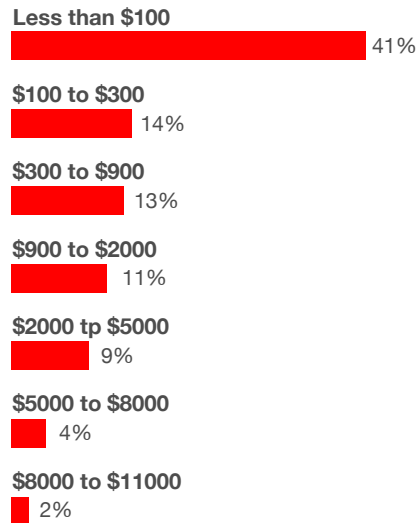
Nexopia Survey n=770

BANK USAGE AMONG CANADIAN TEEN MARKET



Nexopia Survey n=770

HOW MUCH CANADIAN TEENS HAVE SAVED IN THE BANK



Nexopia Survey n=770

LEARNINGS, STRATEGIES, & IMPLICATIONS:

Make Saving Painless.

Given that teens struggle with saving; develop strategies and products to help take the pain out of saving. Introduce a bank product that automatically holds back a certain amount each month or automatically holds back a certain dollar amount from every deposit in the account and shifts it to a savings account.

Shift Perceptions of Banks.

Research reveals that teens see the role of banks as very rational- a place to hold their money, not grow their money. Having a stronger, more important role in their lives increases the strength of consumer/ brand relationship and commitment to the brand. Financial institutions need to develop strategies and communication to shift teen's perceptions. For example: emphasize and demonstrate the role banks play in growing their money and making their money work for them or how banks protect their money. Look for

opportunities to take the relationship beyond a bank card and bank statement.

Educate Them on the Power of Saving.

Promote a greater understanding of money management and the power of saving. Partner with schools and teach 'teen friendly' seminars on saving money, investing, and how to make their money work for them. Or develop 'teen friendly' web tutorials on saving money using micro sites or launch web tutorials off of the corporate homepage.

Speak Their Language.

Teens tend to save for 'things', rather than simply saving for the future. So when talking about saving- speak their language. Develop 'goal saving' devices on your websites that help them calculate the saving time required for their desired item. Reward them for meeting their saving goal but starting their new saving

stint off with a head start (for example- \$5 contribution to their savings account).

Get Them Young.

In the banking category, once a consumer is established with a bank and relatively happy- they stick with that bank. Bank switching isn't common in the category. Thus, the younger you get a consumer, the more likely you will have them for life. Research reveals that bank brand adoption most often starts with parental influence. In order to reach teens, marketing strategies should include a balance of communication targeting teens and communication targeting the parents.

“Almost all problems are solved with money. Sad but true. Having savings helps solve problems.”

- Teen Respondent



About the survey

Results are based on a survey launched in September 2009 (n= 770). Key demographics: 42.6% male, 57.4% female 76% aged 13-18, 11% aged 19-23

Want more?

Nexopia is the leading Canadian social networking site for youth. We reach into the minds of young people- tapping into their attitudes and values, lifestyles and trends, media, products and brands. Our exploratory research includes quantitative surveys and in-depth qualitative research (focus groups, observation, teen panels). These reports are distributed to key Canadian advertising and marketing decision makers with the intent to demystify this niche market and assist with developing relevant and effective communication & marketing strategies.

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