

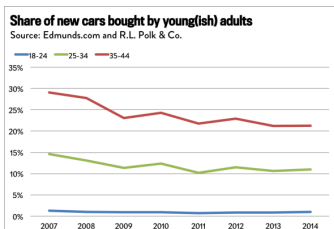
# Why Are Millennials Buying Fewer Cars?

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## INTRODUCTION

Between 2007 and 2014, millennials' (young adults aged 18-35) car purchases fell by 30%. The share of cars bought by young adults was only 18% in 2015, compared to 35% in 1985. Current literature merely states people's opinions as to why young people are not buying cars as much as previous generations, and most of the reasoning is simply based on stereotypes of the youngest generation.



One hypothesis that car manufacturers are hopeful for is that young people simply do not have the disposable income to pay for a vehicle. The other school of thought, one that car manufacturers do not want to hear, is that this generation does not want to own cars or does not need them.

Proponents of this second theory believe that with more millennials moving to cities, they rely less on cars and more on public transportation, walking and biking. Others explain how there are more substitutes such as Uber, Car2Go, and other peer-to-peer driving services and car-sharing services that did not exist for previous generations. Lastly, some people say young people connect via the internet, social media, Skype, and FaceTiming, and that they do not need to meet face-to-face to maintain their relationships.

## GOAL

The goal of this research is to discover which one of the above hypotheses is best supported by data. This research also looks into possible correlates with car ownership including: income, geographic location, and level of education. Ideally, this research will inform the car manufacturing industry if it can be hopeful for future purchases from millennials, or if car makers need a different strategy to capture the estimated \$200 billion buying power of America's 75.3 million millennials.

## METHODS

A three-step process was used to understand why millennials are buying fewer cars.

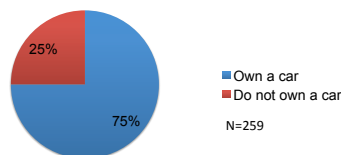
**In-depth Interviews:** Eight in-depth interviews were conducted with millennials to discover their thoughts, attitudes, and motivations behind car ownership.

**Focus groups:** The responses from the in-depth interviews formed the basis for 2 focus groups with 5 millennials each.

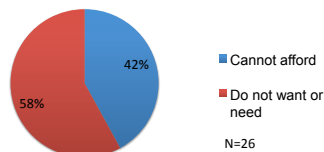
**Online Survey:** Insights gathered from the in-depth interviews and focus groups were used to develop a 25-question survey. Amazon Mechanical Turk was used to field the survey across the country to 259 millennials. Once collected, the data was analyzed using SPSS software. Regression tests were used to test for statistically significant relationships.

## RESULTS

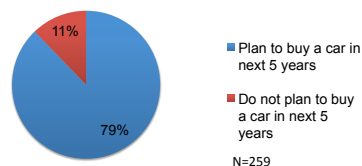
### Current Rates of Ownership



### Reasons for Not Owning A Car

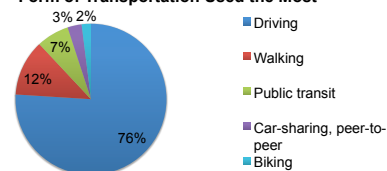


### Plans for Future Purchases



## RESULTS (CONTINUED)

### Form of Transportation Used the Most



## RELATIONSHIPS

Null Hypothesis	Reject/Do Not Reject	Constant	Significance Level
There is no statistically significant relationship between income and car ownership	Do not reject	.088	.464
There is no statistically significant relationship between geographic location and car ownership	Do not reject	-.221	.469
There is no statistically significant relationship between being in high school or college and car ownership	Reject	-.698	.024

## IMPLICATIONS

- Car manufacturers should continue marketing to millennials in cities, as they still purchase cars at the same rate as rural and suburban millennials
- Car manufacturers should expect to see an increase in purchases as millennials age
- Because millennials in school are purchasing cars at a significantly lower rate than their graduate counterparts, car manufacturers should attempt to establish a presence on campuses in other ways, such as car-sharing or even self-driving cars in the future
- Further research could include a survey conducted on a larger sample size of millennials who do not own cars to dig deeper into more specific reasons why not
- Additionally, it would be interesting to conduct this survey on other generations and compare their responses to the responses of millennials

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