

PREMATURE AFFLUENCE: FACTORS RELATED TO EXCESSIVE TEEN SPENDING

by

MARIETTA G. JELKS

(Under the direction of Julia Marlowe)

ABSTRACT

In recent years there has been increasing interest in the spending behavior of teenagers. These teenagers have been thought to spend lavishly, but there has been no concrete proof of this belief. The present research seeks to determine if teenagers engage in excessive discretionary spending and display behavior that is prematurely affluent, by creating a reliable instrument to measure the construct of premature affluence. Findings indicate that teenagers are indeed prematurely affluent, using a new instrument created for this research. In addition, the relationship between teen's personal characteristics and premature affluence are explored through ordinary least squares regression. Implications of excessive teen spending on their future economic health are discussed further.

INDEX WORDS: Teenagers, Premature affluence, Excessive spending

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CHAPTER 1

INTRODUCTION

In recent years there has been a great deal of attention given to the spending patterns of teens and young adults in the United States. Teens have much purchasing power, having spent \$170 billion in 2002 (Teen Research Unlimited, 2003). This age cohort is one of the most targeted by marketers for several reasons. This cohort is the offspring of the huge baby boom generation; there are approximately 80 million in “Generation Y”, nearly one third of the US population (Kroft, 2004). In addition, these teens have high levels of discretionary income and minimal, if not nonexistent, necessary expenditures (Brazil, 1999, p. 58). Their sheer volume, in combination with their willingness to spend, makes them a viable target for marketers. Despite teens’ contributions to the economy, their buying patterns could have negative ramifications, such as damaged credit scores that could limit teens’ ability to buy homes or even be considered for certain jobs in the future.

Some may feel that as teens grow older and mature so will their money management skills. However teen spending may increase the teen’s demand for expensive items and the amount of debt they owe. Researchers found that 83% of college students have credit cards, with an average balance of \$2,327 (Nellie Mae, 2002, p. 2). It is possible that many teens are enjoying all the delights and privileges of economic freedom to buy designer clothes, shoes, and other accoutrements, without the responsibilities that accompany these privileges. Bachman refers to this phenomenon as premature affluence; teens have a majority of their money available for discretionary spending, without having to be responsible for real life expenses and budgeting (Bachman, 1983, p. 65).

Purpose

The purpose of the research is to investigate the extent of premature affluence among teens as well as factors associated with prematurely affluent behavior. There are three specific objectives of the research.

OBJECTIVE 1: To investigate the extent to which young people, ages 14-18, spend money on discretionary items and display behavior that is considered prematurely affluent.

In order to fulfill this objective, it was necessary to define premature affluence, and how it was measured as a variable. It seems easy to recognize the concept of premature affluence when teens are wearing the trendiest, designer attire, carrying designer purses, and owning the newest electronic gadgets. Yet it is difficult to define what makes a teen's consumption behavior prematurely affluent. Does it depend on the amount of money that teens spend, or the cost of the goods that they buy, or the difference between the price of the good that the teen chose to buy and the basic less expensive version of the good? Given information that is already known, as well as observation of teens' possessions, it appears that many teens are prematurely affluent. However, there has been no operational definition of the phenomenon and no instrument developed to measure the construct; thus, there is a lack of empirical evidence to document the existence of premature affluence. A critical part of this research, then, was to create a reliable and valid instrument to measure the construct of premature affluence.

OBJECTIVE 2: To develop and test an instrument to measure the construct of premature affluence.

Despite recent interest in the spending power of the teen market in popular media, minimal scholarly research has been conducted to investigate the prevalence or causes of

premature affluence. The majority of the research investigating teen spending has been done by marketing firms and retailers, who have a vested interest in knowing how this valuable market segment spends (Harris Interactive, 2004; Teen Research Unlimited, 2003). Scholarly research that has been performed dealt primarily with money allocation patterns of teens, including how much they spend on clothing, how much they save, and how much they contribute to their families (Stipp, 1988; McNeal, 1990). However, these studies did not seek to determine precursors of the behavior or evaluate the extent of their spending on necessities versus discretionary items.

Teen employment has been linked to elevated discretionary spending; however no clear pattern of causation has been established in the literature (Bachman, 1983). There have been, however, multiple studies into the causes of related constructs, such as materialism and compulsive buying. Materialism is “the importance a consumer attaches to worldly possessions. At the highest levels of materialism, such possessions assume a central place in a person’s life and are believed to provide the greatest sources of satisfaction and dissatisfaction” (Belk, 1985, p. 265). While materialism has been defined as a value or belief, compulsive buying is a behavior that has been described as “chronic, repetitive purchasing that becomes a primary response to negative events or feelings” (O’Guinn and Faber, 1989, p. 155). Compulsive buying behavior is similar to premature affluence in that it connotes excessive spending, although there is not a component of the construct that intones that compulsive buyers have access to excessive discretionary income. Studies of materialism and compulsive buying have focused on factors such as family income, self-esteem, and divorce. Premature affluence is not synonymous with either construct, but it is similar and deserves to be studied in parallel fashion.

OBJECTIVE 3: To investigate whether factors that have been found to be related to materialism and compulsive buying are also related to premature affluence.

After a review of both popular and scholarly literature, it is apparent that there is a need for research on premature affluence. First, from a scholarly perspective, no researcher has measured premature affluence as a variable. This study serves as a foundation for creating an operational definition of premature affluence. Second, there has been no research to identify the antecedents of premature affluence. This research supplements conventional wisdom about possible causes of premature affluence.

There is a need for such research to inform the general public as well. Most of what is known about teen spending has been provided by biased sources, those who want teens to spend more money (market research firms) and others who write to depict teen excess (Stossel, 2003). This research, however, describes teen spending from an unbiased perspective. Although the findings from this research can be used by market research firms, the targeted consumers of this information are people who work to educate teens and young adults about money management.

The findings of this study can be useful to Cooperative Extension Agents at land grant universities and others who work with teen groups at churches, community centers, and schools. These professionals have regular contact with teenagers and would be capable of forestalling premature affluence in the teens before it becomes unmanageable. Hopefully, when people who truly care about teens' success have access to these findings, they will be better equipped to get at the root of elevated discretionary spending. In addition, by studying teens rather than college students, the research can reach young people at an earlier age, before the prematurely affluent behavior becomes unmanageable. This research, then, is not limited to a subset of young people, but rather an assortment of teens.

It is vital that young adults be the focus of such research. This is a “Now” generation that does not like to delay gratification (Bachman, 1983, p. 67). This tendency could result in making bad decisions, such as charging the entire credit limit on credit cards, and utilizing pay day loans, that can severely damage the financial health of teens. This research may prevent this generation’s elevated discretionary spending from damaging their credit scores, allowing them to buy homes, invest, and provide for their future. Knowing teens’ money allocation patterns is important, but knowing why they spend is vital to forestalling future personal financial crises that collectively will be crucial to U.S. economic health in the years to come.

CHAPTER 2

REVIEW OF LITERATURE

Theoretical Framework

There are several theories that served as a basis for this research. While the majority of the concepts are founded in traditional economic theory, there are also some theories from sociology that apply to the research.

Traditional Demand Theory and Consumer Choice

In traditional economics, consumption is a function of the consumer's income, tastes and preferences, and the prices of the goods and services (Bryant, 1990).

$$D = f(I, T, P_x, P_y), \text{ where}$$

I = income, T = tastes and preferences, P_x = price of own good, and P_y = price of other goods.

Though income and prices can change over time, both are externally set in the short run.

Conversely, a consumer's tastes and preferences are internally set and change infrequently.

There is also an external component to tastes and preferences, such as advertising and media, which may affect consumption decisions (Mansfield, 1970). While own-price of a good and the price of other goods are significant factors in the consumption equation, they were not the focus of this research; the focus of this research was primarily on the theoretical factors of income and tastes, as well as the factors that influence them.

Income

In traditional economics, income has been defined as the money earned in the labor market plus unearned income. The labor market includes work for which someone receives monetary compensation for the time and effort he or she exerts. Unearned income, however, is money that a person receives, without having to use time or energy in work; examples include transfer payments, interest, and monetary gifts (Bryant, 1990).¹ This is represented mathematically as,

$$\text{Income} = I = wM + V.$$

In the given equation, w represents the wage rate earned in the market, M represents the number of hours spent in market work, and V represents all income received from non-market activities (Bryant, 1990, p. 124). An increase in any of these three factors will increase the total income available to the consumer (Bryant, 1990). In economic theory, total income is equal to total expenditures, because all of the income is spent on goods and services, or saved to be used for future consumption (Mansfield, 1970).

$$\text{Income} = \text{Total Expenditures}$$

$$pC = (p_{x1}X_1) + (p_{x2}X_2) + \dots + (p_{xn}X_n)$$

$$wM + V = pC$$

¹ The definition of unearned income used in this study may differ from the definition used for income tax purposes.

The expression pC represents the total expenditures, where p represents the prices for goods and services and C represents the total quantity of goods and services purchased in the market. Expenditures can be money spent on goods that are necessary, such as food and housing, or on goods that are discretionary, such as for entertainment. Given a fixed income, an increase in the amount of income spent on discretionary goods will cause the amount of expenditures on necessities to decrease.

Some teens obtain money from working in the market. In the 1997-98 Consumer Expenditure Survey, approximately 34% of all teens worked (Johnson and Lino, 2000, p. 18). Thus, the “ wM ” term is relevant to the consumption behavior of teenagers that work in the labor market.

The unearned income variable, V , is comprised of gifts and money from parents in the forms of allowances, payment for completing chores, and extra spending money (Stipp, 1988). Even though unearned income has little significance on the income of adult consumers, it has a significant impact on the total income available to teens. Among unemployed adults, their total income would be small since income from market work is zero, and unearned income, V , is generally negligible. In contrast, unemployed teens still have a significant income, because while the income from market work is zero, the amount of unearned income can be substantial.

Because parents serve as a significant source of teens’ income, any changes in parents’ incomes will affect their children’s income. As parents earn higher incomes, they give more money to their children (Brazil, 1999, p. 59). This, in effect, increases the amount of unearned income (V) and increases teens’ total income. Moreover, as parents earn higher incomes they do not have to rely on their children’s income (from part-time work) to pay for household necessities; teens are able to allocate a majority of their income to discretionary expenditures,

and a decreasing amount to necessities. This effect is compounded by the finding that more teens from higher income households are engaged in part-time market work than teens from lower income households (Tootelian and Gaedeke, 1992). In addition, for many teens, unearned income is easily increased; if they want more money, they simply ask their parents for a handout.

Depicted below are mathematical representations of teens' income and the various sources of their income.

$$\text{Teens income} = I = f(wM, V)$$

$$\text{Unearned income} = V = A + G + H$$

$$A = f(P)$$

$$\text{Parental handouts} = H = f(P)$$

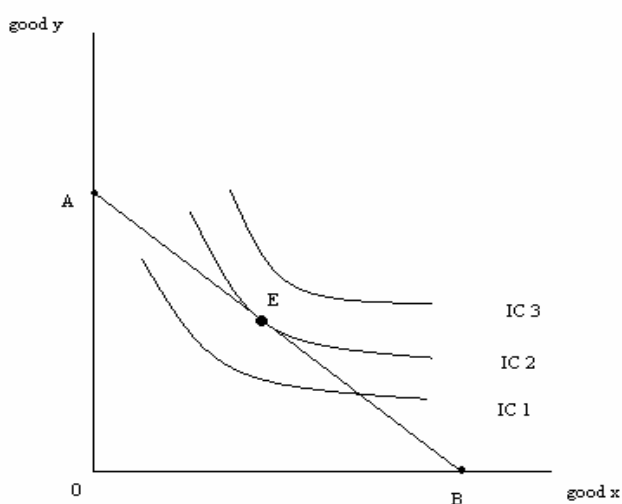
$$I = wM + A + G + H$$

Teens' income, I , is a function of their earnings from employment in the market, wM , and unearned income, V . The earnings in the market are the product of the hourly wage rate, w , and the number of hours spent in market work, M (Bryant, 1990). Teens' unearned income, V , is comprised of money received as allowance, A , money received as gifts, G , and extra handouts from their parents and guardians, H . For the purposes of this research, money received for performing household chores is included in money received as allowances. The money that teens receive in allowances and parental handouts are a function of their parents' incomes, P . As parents' income increases, the amount of money that they give their children, in the form of allowances and handouts, will increase (Brazil, 1999). This is consistent with findings that parents are the most significant source of money for their children (Stipp, 1988).

Tastes and preferences

Tastes and preferences of each consumer are embodied in indifference curves. Each indifference curve represents a level of satisfaction from a combination of goods and services (Mansfield, 1970). In general, the consumer prefers more goods to less, and will gain more utility from consuming more goods and services, rather than fewer (Mansfield, 1970). The further the indifference curve is from the origin, the better off (more satisfied) the consumer will be (Mansfield, 1970). The consumer's quest to maximize utility is limited by his income. The consumer may wish to consume an infinitely large quantity of goods and services, but due to limited financial resources he cannot consume at such a high level (Mansfield, 1970). In Figure 1, the consumer attempts to maximize his satisfaction (based on taste and preferences), where the highest possible indifference curve is tangent to the budget constraint line, AB, at point E on IC₂ (Eastwood, 1997; Mansfield, 1970).

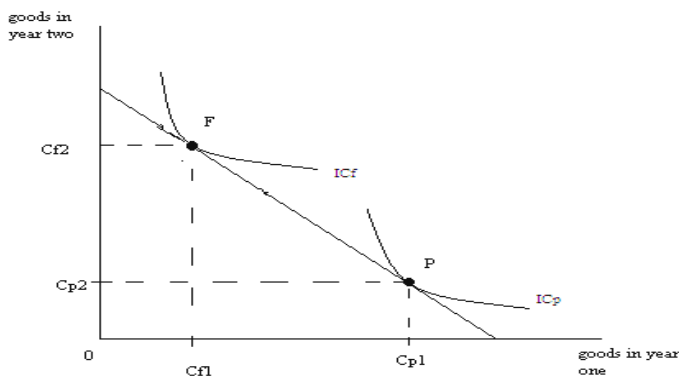
Figure 1.



There are multiple factors that influence consumers' tastes and preferences (Mansfield, 1970). Part of the consumption decision is dependent on the consumer's preferred time horizon.

People with future oriented time horizons will prefer to sacrifice current consumption in order to increase future consumption. Consumers with present oriented time horizons will prefer to consume more today and decrease future consumption (Bryant, 1990). In Figure 2, the consumer with the future oriented time horizon (as designated by the indifference curve IC_f) will consume few goods in year one and many goods in year two, while the consumer with the present oriented time horizon (as designated by the indifference curve IC_p) will consume many goods in year one and few goods in year two (Bryant, 1990). Present oriented time horizons are congruent with perceptions of teens that have been characterized as a generation that demands instant gratification (Bachman, 1983; Herbig, Koehler, & Day, 1993).

Figure 2.



Some changes in tastes are due to internal fluctuations in personal values, beliefs, and self image. For example, if a person has materialistic values, he would probably desire to own more goods than a person who is not materialistic. There are, however, some external factors that affect tastes preferences; the most significant external shifters of tastes and preferences are socially related. More specifically, media influences and peers play a significant role in affecting tastes and preferences (Mansfield, 1970). These factors are discussed in detail in a later section.

Tastes= f (Personal traits, values, life events, peer influences, media exposure).

Income Hypotheses

Income hypotheses assist in understanding how consumers' spending behavior changes due to changes in the income available to them. More specifically, they help to explain how the increased amount of discretionary income available to teenagers affects their spending behavior.

Absolute Income Hypothesis

According to Keynes' absolute income hypothesis, when consumers experience an increase in their income, they will spend a portion of the increase in income and save a portion of the increase (Keynes, 1936). Consumption, then, is a positive function of the income available to a consumer (Bryant, 1990). The ratio of the change in consumption to the change in income is known as the marginal propensity to consume, or the MPC (Bryant, 1990). In addition, the marginal propensity to consume has values between 0 and 1, indicating that while the consumer spends a portion of the increase in income, he will not spend the entire increase in income.

$$MPC = \Delta C / \Delta Y$$

$$0 < MPC < 1$$

This hypothesis also implies that consumers with higher incomes will consume more goods than those with lower incomes (Bryant, 1990). Therefore, the elevated levels in teen spending are due, in part, to the positive relationship between consumption and income. As teens obtain more money from parents and employment, they will spend most, but not all, of the increase in income that they received. In addition, because teens have few necessary expenditures, the majority of the increased levels of income will be spent on discretionary items

(Taylor & Cosenza, 2002). Savings may also increase for consumption of future necessities or for future discretionary spending.

Relative Income Hypothesis

Some consumers have a strong desire to fit in and gain social acceptance. While this hypothesis does not apply to the spending behavior of all consumers, and will not be applicable in understanding the spending behavior of all teens, it can provide insights into the spending behavior of teens that look to their peers as a source of information as to how they should spend their money. This sentiment is echoed by Duesenberry's relative income hypothesis (Duesenberry, 1949). Duesenberry asserts that consumption behavior depends largely on how other people in the same social class consume. That is, people's consumption behavior is determined by some previous standard of consumption behavior for a given class or peer group (Ferber, 1973). In his book, Duesenberry asserts that "the frequency and strength of impulses to increase expenditures for one individual depend entirely on the ratio of his expenditures to the expenditures of those with whom he associates" (Duesenberry, 1949, p. 32). The rate at which a given social group consumes is the MPC; it represents the social group's ratio of average consumption to the average income earned by members of the group (Bryant, 1990).

$$C_s = k_s Y_s$$

In the preceding equation, the amount of consumption by a social class, C_s , is equal to the rate of consumption, k_s multiplied by the average income earned in the social class, Y_s . The average consumption behavior of a particular social group serves as the standard upon which members of that group decide to consume. People attempt to consume at a rate that is consistent

with the other people in their social group, even in the face of fluctuations in their own income (Bryant, 1990).

Nonfunctional Demand

Veblen Effect

Thorstein Veblen, who has been credited with the Veblen effect, asserted that people consume goods that convey status and prestige. These goods are expensive and imply that the owners have high levels of income, since they have bought the expensive items. The primary objective of consumers that operate under the Veblen effect is to impress others based on the expensive prices of the goods (Vigneron & Johnson, 1999). Part of the utility that a consumer receives from the good comes from the price that others believe a person paid for the good, known as the conspicuous price (Leibenstein, 1950). Moreover, each social class looks to higher social classes for cues as to what the ideal lifestyle is, and directs their energy toward reaching that higher class' status (Trigg, 2001). According to Mouhammed (2003), a key point in Veblen's theory of conspicuous consumption is that the lower classes imitate the consumption patterns of the upper class.

Some teens display consumption behavior that is congruent with the Veblen effect; they have a preference for goods that convey status (Vigneron & Johnson, 1999). Although teens are modeling their purchasing behavior after other people, for example celebrities, the behavior is still congruent with the Veblen effect because when they wear an expensive item or drive an expensive vehicle they want others to make inferences about how much money they have. Teens admit that merchandise with designer logos contribute to their social ranking, and can convey status, especially when their peers know that the item is expensive (Stossel, 2003, p.1). For

instance, if a person is seen wearing a pair of Air Jordan basketball shoes, people will assume that the consumer spent at least \$170 for the item and has some substantial financial resources.

Bandwagon Effect

According to the bandwagon effect, people consume goods and services based on the tastes and preferences of their peer groups. First modeled by Leibenstein (1950), this hypothesis posits that consumers' demand for goods is interdependent on other consumers' demand for the good. Consumers' demand for certain goods can increase because they see others in their peer group with the good (Biddle, 1991). The demand for specific goods is attributed to the desire to belong to a particular social group. While the Veblen effect emphasizes that the conspicuous price is the factor that is most important in impressing others, the bandwagon effect implies that utility is derived from the feeling of belonging, the fact that the consumer's peers also have the possessions, or have a preference toward the good (Vigneron and Johnson, 1999). According to Hoyt (1954), the adolescent and teen years are a time when the most attention is devoted to having material possessions that are equal or better than their peers, in order to prevent psychic insecurity.

Some teens' consumption behavior may be congruent with the bandwagon effect. Some teens have reported that it was important that they have goods that will help them to fit in with their peer group (Taylor & Cosenza, 2002). Teens spend a large amount of time with peers in shopping activities, so the influence of peers is significant for teens (Tootelian & Gaedeke, 1992). Therefore, utility or satisfaction is gained from having goods that conform to the types of goods that their peers own.

Cultivation Hypothesis

According to the cultivation hypothesis, people construct their concept of reality based on the images that they see and hear in the media (Sirgy, Lee, Kosenko, Meadow, Rahtz, Cicic, Xi Hin, Yarsuvat, Blenkhorn, & Wright, 1998). Increasingly, the media sends a message that encourages the acquisition of goods and services and that a high level of consumption is appropriate. Moreover, song lyrics espouse material possessions, such as designer clothing and luxury vehicles, as keys to success. Consumers, in turn, begin to behave in a way that is congruent with media images; more people are buying brands mentioned in songs now that the trend of mentioning brands in songs has emerged. As the consumption ideologies depicted in media permeate society, extremely acquisitive behavior patterns become the norm.

Previous Research

Premature Affluence

Premature affluence was first defined in 1983 in the article “Premature Affluence: Do Teens Earn Too Much?” (Bachman, 1983). Bachman’s main purpose was to investigate the negative consequences of teen employment, such as poor grades, drug use, and alcohol use (New Mexico Educators Federal Credit Union, 2003). During the study, however, Bachman discovered the high levels of teen earnings and found that teens were displaying elevated spending, given their young age; he considered this elevated spending behavior to also be a negative consequence of teen employment. His definition of premature affluence has two main components. The term ‘affluence’ refers to the large amount of income available to teens that they use primarily for discretionary purposes. He uses the term ‘premature’ to refer to the belief that the teens will be unable to sustain a high level of discretionary spending after they graduate from high school and become responsible for their own housing, utilities and groceries

(Bachman, 1983). Bachman mailed follow-up questionnaires to teens from his study one year after they graduated from high school. He found that teens, after graduating, felt that their standard of living fell from the standard of living they had in high school. Some of this sentiment, decreased satisfaction with their standard of living, can probably be attributed to the affluent lifestyle they lived in high school along with minimal financial responsibilities and budget constraints.

The behavior is also considered premature because teens are demanding luxury goods at young ages, rather than waiting until they are more economically established. This relates directly to teens' desire for instant gratification (Herbig, Koehler, & Day, 1993). While parents may complain about teen impatience, they are enablers of the behavior (Stossel, 2003).

Herrmann notes that young adults' consumer behavior has been shaped by more permissive parenting techniques; parents are more willing to satisfy children's impulses than their parents were (Herrmann, 1970). The president of the marketing firm Wonder Group, Dave Siegel, agreed with the finding. "We just finished a major segmentation study on moms ... that found that 40 percent of all moms are extremely permissive, meaning if the child asks for something, that's it. It's a done deal just about," says Siegel (Halicks, 2004, p. E1). The inability of teens to delay gratification can ultimately prove to impede their growth into mature adults. Children who are able to postpone satisfaction tend to be more intelligent, better equipped to cope with frustration, and more socially responsible (Mischel, Shoda, & Rodriguez, 1992). Therefore it seems that immediate gratification can have negative consequences in the future.

Bachman began the study of the premature affluence by measuring teens' wages from employment and their uses of those wages (Bachman, 1983). Since Bachman's study there have been several studies that examine children and teens' spending habits, but none have attempted

to measure the construct of premature affluence (Doss, Marlowe, & Godwin, 1995; McNeal, 1990; Stipp, 1988). Moreover, marketing firms began to investigate the economic power of teens, but they did not formally investigate premature affluence (Hein & Anderson, 2003; Teen Research Unlimited, 2003).

Sources of Money

Although premature affluence is a relatively new phenomenon, teens have had money of their own for at least several decades. However, there is a significant difference in the amount of money teenagers in previous generations had and the amount the teenagers today have available to them. In 1945 teenagers received approximately \$2.50 in allowance spending per week (Hermann, 1970). Today teens receive a median allowance of \$50 per week (Brazil, 1999; Taylor & Cosenza, 2002). After accounting for inflation this is a real income increase of \$23.36 (\$2.50 in 1945 is equivalent to \$26.64 in current 2005 dollars).

Teens also gain money from part time employment. Approximately 35% of teens in the 1997-98 Consumer Expenditure Survey held a part time job, with average gross earnings of \$2,270 per year (Johnson & Lino, 2000). In 2002, three million teens were counted in the labor force (Fields, 2003). Teens from higher income households are more likely to engage in part-time work than teens from low- income households (Johnson & Lino, 2000; Tootelian & Gaedeke, 1992). Among teens from low income households 25% were employed, while 39% of teens from non-low income households were employed (Johnson & Lino, 2000). Fields (2003) also found a similar trend in relation to parental income, but noted that the percentage of children who were employed fell after their parents' income reached \$75,000, hence a curvilinear relationship.

There were other demographic differences in the working patterns of teens. Non-Hispanic white teens worked more than non-Hispanic black teens. Employed teens from a low income household were more likely to be female, non-white, live in a single parent or non-traditional household, and have a mother who was not employed, when compared to an employed teen from a non-low income household (Johnson & Lino, 2000). In addition, children whose parents were more educated were more likely to work than children whose parents had lower levels of education (Fields, 2003). Despite differences in family income or parental education, there is evidence that teens' main purpose for entering into part-time work is to earn enough money to purchase items that previous generations never had, such as computers, cell phones, and designer clothes (Brazil, 1999).

Uses of Money

Children and teens use their money in a variety of ways, including saving, spending on themselves, donations, and gifts. Doss et al. (1995) found that their use of money depended on the source of the money. For example, teens that devoted a portion of their money to giving had higher levels of money given to them than those who did not devote a portion of their money to giving. Children were more likely to use the money they earned or received as gifts for charity or to buy gifts for others (Doss et al., 1995). Brazil found that children and teens also used a small amount, between 2% and 5%, of their money for charity (Brazil, 1999). McNeal found in his study that children between 9 and 12 years old saved 30.5% of their own money (McNeal, 1990).

Tootelian and Gaedeke (1992) also found that saving behavior continues as children enter teen years; 48.3% of teens saved up to \$25 per week. Some teens even invested their money in mutual funds and stocks (Brazil, 1999). Children and teens' rates of saving are

dependent on the amount of money that they have. Children's saving rates were positively related to their income (McNeal, 1990). In addition, it has been found that the amount of money saved is significantly related to the money that children earned (Doss et al., 1995).

The bulk of teens' money is spent on discretionary items because the majority of their income is discretionary; they do not have to pay for rent, groceries, or insurance (McNeal, 1990; Taylor & Cosenza, 2002). Bachman (1983) found that 36% of male high school seniors and 44% of female high school seniors reported spending most of their money on their own desires, while only 4% of males and 5% of females reported spending no money on their own desires. By 2003, teenaged males spent \$71 per week while teen females spent \$61.50 per month (Hein & Anderson, 2003). In 2002, teen spending reached \$172 billion, up from \$155 billion in 2000 (Teen Research Unlimited, 2003). After adjusting for inflation, this is a real 6% increase in teen spending. Both spending figures account for approximately 1.6% of the nation's gross domestic product in the respective year (United States Department of Commerce Bureau of Economic Analysis, 2004). Most of teens' discretionary income is spent on three categories: clothes, foods/snacks, and movies/entertainment (Tagliaferro, 1999). Among females, 34.8% of their income is spent on clothing, 13.5% is spent on food, and 12.1% is spent on entertainment; among males, 17% is spent on clothing, 21% is spent on food, and 23% is spent on entertainment (Tagliaferro, 1999). The overwhelming majority of teens devote a large portion of their discretionary income to clothing and accessories; 73.4% of teens spent over \$25 per month on this category (Tootelian & Gaedeke, 1992). While parents do spend money on clothing for their teens, the teens often spend their own money on brands that their parents consider too expensive (McNeal, 1990).

Factors Related to Teenagers' Spending Behavior

Family Structure

Two major trends in family structure have affected the consumer behavior of youth in America. Single parent households have become more prevalent in recent years. Approximately 50% of children will live in a single parent household at some point in their life (Cherlin, 1999). This includes children who live with parents that married each other and then divorced as well as those children whose parents never married each other.

It was proposed that children in single parent households used material possessions to assuage insecurities and feelings of inadequacy that resulted from their parents' divorce (Roberts, Manolis, & Tanner, 2003). It has been reported that teens with an unmarried mother spend \$11 more on clothing and toiletries, items that affect appearance and may decrease feelings of inadequacy, per week than teens with a married mother (Alhabeeb, 1996). Family structure affects the income available to children as well as their saving patterns. According to Stipp (1988) children from single parent households had more discretionary income than children from traditional two parent households.

Children who experience the divorce of their parents are more likely to be materialistic and to engage in compulsive buying than children who lived in two parent homes (Rindfleisch, Burroughs, & Denton, 1997). Schouten (1991) found that people consume more goods and services that will help them to define their self- concept in times of transition or turmoil. Burroughs and Rindfleisch (1997) found that material values provide a sense of permanence and control for children in an otherwise unstable environment after the divorce of parents. While the family structure of teenagers may have some predictive power in determining if teens will spend excessively, the research regarding children experiencing a change in family structure seems to

have stronger predictive value, and will be the primary construct under study in regard to family structure. A child may have lived in a single parent household all his/her life, so nothing traumatic, in terms of family structure, happened in the child's life. However, a child whose parents divorced or separated would turn to a coping mechanism (excessive spending) during this time of change (Schouten, 1991).

The increase in dual earner households has also had a profound impact on the consumption behavior of teens. In 1988, fewer than 30% of children lived in a traditional household, with a working father and a stay at home mother (Stipp, 1988). According to data from the U.S. Census Bureau, 62% of all the children in 2002 who lived with both parents lived in a dual earner household (Fields, 2003). Due to the limited time that parents have to spend with their children, parents may substitute money, material possessions, and access to credit in place of spending quality time with their children (Brazil, 1999; Roberts, 1998). Moreover, the teens in dual earner homes, as well as those from single parent households have been entrusted with greater responsibility than those from traditional families (Stipp, 1988). Children in both types of households are often responsible for purchases for the entire family (Taylor & Cosenza, 2002,). Evidence that supports this trend is in Heinz catsup's placement of advertisements in Seventeen because, increasingly, teens have a major influence on the family's grocery shopping decisions (Brazil, 1999).

Family Income

The family's income also plays a role in the discretionary spending of teens. Today's teens have grown up with a healthy economy and a period of prosperity (Herrmann, 1970; Tagliaferro, 1999). This has influenced teens and young adults to have an optimistic financial outlook and high standards for material possessions (Herrmann, 1970). The upsurge in parents'

ability and willingness to indulge in expensive goods has been termed as “luxury fever” (Kindlon, 2001, p. 31). Parents are now able to satisfy their preferences for expensive goods with their increased incomes; they have also shared the desire for luxury goods with their children. As parents’ incomes increase they are more willing to fulfill their children’s material desires and whims (Kindlon, 2001). The increase in the money available to teens has been attributed to the rising incomes of their parents (Brazil, 1999). As stated previously, parents’ increased income has also increased teens’ incomes (Brazil, 1999; Stipp, 1988). Even low-income families manage to provide teens with discretionary income. Children from lower income households were found to have more spending money than children from higher income households (Stipp, 1988). In addition, teens from low-income households were more likely to spend more than \$100 per month on clothes and accessories than teens from middle and high-income households (Tootelian & Gaedeke, 1992).

Self-Esteem and Personality Traits

Self-esteem is a critical motivating factor for discretionary spending. Several researchers have found a relationship between low self-esteem and compulsive buying (O’Guinn & Faber, 1989; Herbig, Koehler, & Day, 1993). Herbig et al. (1993) concluded that low self-esteem caused excessive spending, materialism, and the need for instant gratification among the teens born between 1965 and 1980. In addition, Hanley and Wilhelm found that people with lower self-esteem engaged in compulsive buying at a higher rate than non-compulsive buyers (Hanley & Wilhelm, 1992). The researchers concluded that a major reason for compulsive buying was a desire to boost self-image (Hanley & Wilhelm, 1992). Roberts (1998) concluded in his study of compulsive buying among college students that the students were attempting to buy increased self-esteem through their purchases. The results of his correlation analysis supported this

conclusion, with a negative relationship between self-esteem and compulsive buying (Roberts, 1998). There is evidence of a similar relationship even for tweens, children between 10 and 13 years old. Children who were heavily involved in consumer culture and acquiring more possessions had lower self-esteem and felt worse about themselves than children whose exposure to consumer culture was limited (Halicks, 2004).

High levels of self-monitoring behavior have been linked to the related construct of materialism. Self-monitoring is a trait, and refers to the use of social cues to modify appearance and behavior, so that it will be considered appropriate (Browne & Kaldenberg, 1999). People who are high self-monitors want to convey the right image for a given situation and consider image, appearance, and possession very important (Browne & Kaldenberg, 1997). The researchers found that high self-monitors scored higher on Richins and Dawson's Material Values Scale than low self-monitors, indicating that possessions play a central place in their life, convey success, and are important in achieving happiness (Browne & Kaldenberg, 1999). The desire to "fit in" and a willingness to change in order to gain social acceptance is characteristic of teen years. In a study of female teens, the subjects believed that making the "right" choice of clothing was key to purchase decisions (Taylor & Cosenza, 2002).

Sociological Factors

Shopping activities. Frequency of shopping also plays a role in the high levels of discretionary spending by teens. Teens made an aggregate of 86 million trips to shopping malls in just 30 days (Teen Research Unlimited, 1996 as cited in the Teen Fact Book, 1998). Roberts, (1998) found that shopping frequency was positively related to compulsive spending by college students. The mall is a normal part of life for teens and serves as a social setting for spending time with peers (Roberts, 1998). The Baby Bust Generation, (people born between 1965 and

1980) spent more time than any prior generation in malls; this exposure has led to an increase in the level of discretionary spending by this generation (Roberts, 1998). Tootelian and Gaedeke (1992) found that teens spend, on average, between one and five hours at the mall on weekends. Only 6.7% of the respondents indicated spending no time at the mall on the weekends (Tootelian & Gaedeke, 1992). Because teens like to spend time with friends at the mall, the peer influence on purchase decisions has increased. Approximately 59% of the teens in Tootelian and Gaedeke's study reported that they typically shop with friends. (Tootelian & Gaedeke, 1992). Peer influence was found to be an antecedent to excessive consumption behavior by adolescents; the influence was greater for children who spend limited amounts of quality time with their family (Moschis & Cox, 1989). Peers were also the greatest influence on the purchase of clothing and food consumed outside of the home (Tootelian & Gaedeke, 1992).

Media influence. The media has also had a role in influencing the current teen consumer. The current generation of teenagers grew up watching television, with the average child beginning viewership at three years old (Herrmann, 1970). As time progressed, children were exposed to advertising campaigns at increasing rates, and even more increasingly, the ads were targeted at them. While these images are not reality, they do convey an image of a carefree lifestyle to their target audience of teens. According to Gerbner's cultivation hypothesis, heavy exposure to mass media imagery affects the way that the public conceptualizes reality (The Cultivation Theory, 2000). Sirgy et al. (1998) also found that households that watched more television had lower evaluations of standard of living because they compared their own lives to the images that were depicted on television. It is possible, then, to conclude that the cultivation hypothesis holds true for teens as well, in that the images on television programs, in songs, and music videos affect what teens consider acceptable consumption behavior.

Advertising. Herrmann (1970) cited that media exposure played a role in shaping young adult consumers. He found that young adults, as children, watched programming and commercials targeted to adult audiences (Herrmann, 1970). By the time a child has reached seven years old he or she will have seen over 20,000 commercials per year (Leonhardt & Kerwin, 1997). In 2003, teens were exposed to over 200 television networks, 5,500 magazines titles, 10,500 radio stations and over 30 million websites (Greenspan, 2003). As marketers realized how viable a market children and teens are, their efforts to attract the attention of young people have increased (Tagliaferro, 1999). The market power of teens is expected to reach \$175 billion in 2004 (Hein & Anderson, 2003). In addition, marketers hope that if they reach teens now they can establish loyalty to the brand over the teens' lifetime (Taylor & Cosenza, 2002). Marketing to children starts from their births and intensifies as they grow up in a consumer culture (Leonhardt & Kerwin, 1997).

Marketing to teens has taken on a myriad of forms. Marketing departments still use television and print advertisements to reach the lucrative teen market (Hein & Anderson, 2003). In addition to the influence of commercials placed on television shows popular with teens, the television programs themselves may advocate a lifestyle that centers on possessions (Roberts, 1998). Roberts (1998) found that both television advertising and the programs promote both materialistic values and compulsive buying behavior. Similarly Sirgy et al. (1998) found a positive relationship between television viewership and materialism in the U.S. That is, those who watch more television are more likely to develop materialistic values because of the images portrayed on television (Sirgy et al., 1998).

Companies are using technologically advanced strategies to earn the money of teens (Hein & Anderson, 2003). According to a study by Yahoo! and Carat Interactive, 82% of teens

between 13 and 18 years old have computers, 49% have cell phones, and 13% have PDAs (Hein & Anderson, 2003). This increase in teens' access to technology has led marketers to use tactics, such as instant messages, internet banner ads, and text messages sent to cellular phones in order to reach teens (Hein & Anderson, 2003). Technology has become a part of teenagers' lifestyles, and marketers have taken full advantage of the shift, by placing information about their brands where the teens can reach them the easiest. It should be noted that such overt tactics are sometimes shunned by this generation; they would rather take their cues of style from their immediate peers and popular celebrities (Kroft, 2004).

Music. Music and the hip hop culture have had a significant impact on teens' discretionary spending (Roberts, 2002; Spiegler, 1996). The tastes and brand preferences of rappers permeate music lyrics and videos. As children became teens, Music Television (MTV) and Black Entertainment Television (BET) became trusted sources for what was in style and popular. A majority of the channels' programming is devoted to music videos. Some of these videos portray glamorous lifestyles, where everyone is wearing designer attire and driving expensive luxury vehicles, with no signs of responsibilities such as going to work and paying bills.

These images are not in isolation because, in most cases, the songs that are featured in this genre of music videos express similar sentiments. For example, in rap duo Big Tymers 2002 hit 'Still Fly' the artists boast of "Gator Boots with the Pimped out Gucci suit Ain't got no job but I'm stay sharp Can't pay my rent cause all my money's spent but that's okay cause I'm still fly" (Big Tymers, 2002). The duo goes on to boast that they "got everything in my moma's [sic] name but I'm hood rich da dada dada da", so they are free to enjoy the expensive goods, but all of the responsibility for consequences of non payment falls on their mother. In the music video

images of a lavish lifestyle flash before viewers' eyes as lyrics promote luxury merchandise and no responsibility (Big Tymers, 2002).

When an artist endorses a brand in a song, he is considered a style leader by fans who try to imitate his purchasing decisions (Roberts, 2002). St. Louis rapper, Nelly, released a song titled "Air Force Ones", exalting his love and devotion for a particular style of Nike basketball shoes. The song, which spent 17 weeks at the top of the Billboard Top 100, was touted as a free commercial on Nike's behalf (Taylor, 2002). The style became so popular that some employees of athletic shoe retailers were accused of scalping the shoes, valued at \$80 per pair, for \$200 per pair (Walker, 2003). This is even more significant in light of the finding that 45% of all teens feel that getting the brand of athletic shoe that they want is very important (Teen Research Unlimited, 1996 as cited in Teen Fact Book, 1998).

In addition to athletic shoes, hip hop artists have spurred youth culture's demand for prestige brands, such as Burberry of London, Prada, and Gucci (Roberts, 2002). In 2003, there were over 1050 brand references in songs in the Top 20 list (Hein & Anderson, 2003). Almost 60% of 12 to 17 year olds, 18-20 year olds, and 40% of 21-24 year olds favor rap and hip hop music (Spiegler, 1996). While hip hop has traditionally been associated with inner city and African American teens, the music and culture is much more widespread. Middle class African Americans, as well as Caucasian teens are also included in those who favor rap music (Spiegler, 1996). Therefore the songs, with frequent references to designer brands, are reaching a huge audience, spreading materialistic values and demand for prestigious brands.

Brand consciousness. Teenagers are concerned with owning brand name merchandise (Brazil, 1999; Herbig et al., 1993). Teens have become so sensitized to brands that they wear brand logos and labels on the outside of their clothing (Leonhardt & Kerwin, 1997). Moreover,

brand names are becoming important at a younger age, by age 10 for boys, and younger for girls (Brazil, 1999). As discussed earlier, hip hop music has had a huge impact on the demand for brand name items, increasing demand for brand- name items by mentioning the brands in songs (Roberts, 2002). The devotion to brands is due to a desire to portray a certain image (Taylor & Cosenza, 2002). Teenagers admit that merchandise with designer logos contributes to their social ranking, and can convey status, especially when their peers know that the item is expensive (Stossel, 2003).

High self-monitors in Browne and Kaldenberg's (1997) study felt that it was important that others liked the brands that they bought; the branded items provided a sense of belonging to a desirable reference group. Although the popularity of brand names has been associated with all young people, high school students are more likely to favor clothes with logos on them than college students (White, 2001). In addition, African American teens have been especially concerned with brand names, spending 6% more per month on brand name items than the average American teen (UAPB Source News Services, 2003). According to Tara Smith, of T. M. Smith and Associates these teens "are more likely to buy high-end priced clothing, jewelry, and athletic footwear" (UAPB Source News Services, 2003, p. 2). Previous research of African-Americans showed that they allocated a larger share of their budget to apparel goods than any other race or ethnicity (Fan & Lewis, 1999). Even in the 1950's African-Americans spent more on clothing and grooming; this trend has been attributed to this race's need to compensate for feelings of inadequacy and insecurity (Fan & Lewis, 1999; Hoyt, 1954).

Development of a Measurement Instrument

Bachman's Empirical Measurement of Premature Affluence

Bachman (1983) is the only researcher to investigate premature affluence among teenagers. Although teens receive income from a variety of sources, Bachman focused primarily on the amount of money that teens earned in part-time employment, as well as the amount of money that they spent in various expenditure categories. His work was truly groundbreaking; no one had seriously examined the increase in the amount of income available to teens or their high levels of spending.

The main problem with Bachman's study was that it focused exclusively on money from employment and the uses of earnings. He did not include the amount of money that teens received from other sources. Despite his interest in high levels of spending by teens, Bachman's analysis of their uses of money was done at the ordinal level, with responses ranging from having spent none of the money on a particular expenditure category to having spent "most" of their money on the category. This method did not allow readers to understand the degree of variation in teens' uses of money. Finally, he did not create an instrument to measure premature affluence based on his definition of the construct. He did not provide empirical data to support his assertion that teens will not be able to sustain high levels of spending after they graduate. Rather than do any of these things, Bachman reported the percentage of the sample that worked from 1976 to 1982 and then categorized the teens' earnings per week: \$0, \$1-\$20, \$21-\$50, and \$51 or more. However, these percentages and the percentages of earnings use by teens are the only type of empirical data provided by the researcher.

Measurement of Related Constructs

It is instructive to examine how other researchers, investigating similar constructs, created their instruments, as well as how reliability and validity were determined. There have been several instruments developed to measure materialism and compulsive buying within the last 50 years. Dickens and Ferguson (1957) began the study of materialism by asking children open-ended questions, such as “If you could make any three wishes, what would you wish for?” (Richins & Dawson, 1992, p. 306). There have been two major instruments, however, that have contributed significantly to the study of materialism: Richins and Dawson’s Material Values Scale and Belk’s Materialism Scale (Belk, 1985; Richins & Dawson, 1992).

Belk’s materialism instrument was based on the definition that materialism is “the importance a consumer attaches to worldly possessions. At the highest levels of materialism, such possessions assume a central place in a person’s life and are believed to provide the greatest sources of satisfaction and dissatisfaction” (Belk, 1985, p. 265). Belk’s instrument, containing 18 Likert-type items, was composed of three subscales; envy, possessiveness, and non-generosity. He posited that these personality traits were subcomponents of materialism (Belk, 1985). While he tested his instrument several times on different categories of people (business students, secretaries, elderly people, and adolescents), the reliability coefficients for the subscales ranged from .09 to .81, and from .48 to .73. Therefore, it seems uncertain whether the instrument he developed is a consistent representation of materialism.

Richins and Dawson’s instrument to measure materialism was based on the belief that possessions are key indicators of success, are necessary for happiness, and hold a central place in life. They created an 18 item instrument, based on popular and theoretical notions of the construct (Richins & Dawson, 1992). The instrument was tested on what the researchers

considered a “heterogeneous” sample of 629 households that were selected randomly. The remaining 205 subjects were college students from the Western, Northeast, and Southern regions of the United States (Richins & Dawson, 1992). No other descriptive data about the sample was provided. The entire scale had a .87 reliability coefficient, the highest ever recorded in measuring the construct. In an effort to validate the instrument Richins and Dawson divided the respondents into terciles, based on subjects’ materialism scores. Then the researchers asked the subjects to indicate the level of household income that “would satisfy your needs”; they compared the responses of the top and bottom terciles and found that materialistic people felt that they needed more money than those who scored low on materialism (Richins & Dawson, 1992, p. 311). In another validity test, respondents were again divided into terciles based on their materialism score to determine differences in how subjects value financial security. The group of subjects in the highest tercile of materialism considered financial security as very valuable and relationships with others as not valuable, when compared to subjects scoring lower on the materialism scale (Richins & Dawson, 1992).

Faber and O’Guinn (1992) developed a reliable and valid instrument to measure compulsive buying behavior. The researchers mailed the questionnaire that they developed to 808 self-identified compulsive buyers, of whom 388 returned completed questionnaires; they also mailed 800 questionnaires to the general population, of which 292 were completed. They tested the reliability of the instrument using factor analysis of the seven items included in the instrument. All seven items were strongly loaded on only one factor (mean coefficient = .79), indicating that the instrument was unidimensional and only measured compulsive buying. They also calculated a Cronbach’s alpha of .95, indicating that all the items in the instrument were highly correlated with each other and were measuring the same construct (Faber & O’Guinn,

1992, p. 464). In order to test the validity of the instrument Faber and O'Guinn compared the subjects that were originally part of the general population group, but were found to be compulsive buyers (based on their scores on the instrument) to the self identified compulsive buyers. They found that the compulsive buyers (based on the operational definition of the construct) scored very similarly to the self- identified compulsive buyers and significantly different from the non-compulsive buyers in the general population.

Summary of Literature

While premature affluence has not been formally studied in empirical research, there is evidence to support the existence of prematurely affluent behavior among teens. Teens have increasing amounts of income due to participation in the workforce, but parents are the greatest source of income for teens. Teens receive more money from parents now because their parents earn higher money incomes than the parents of prior teen generations. Moreover, teens in dual earner households or single parent households receive more money from their parents, perhaps to make up for the lack of time that parents have available to spend with their children (Brazil, 1999).

Teens also engage in high levels of discretionary spending in order to boost their self-esteem and to fit in with their peer groups. In addition, going to the mall is not just a task to teens, but a social event. Peers have a significant influence on the purchase decisions of teens. Marketers have targeted television and print advertisements at teens as they recognize the economic power of the teenage demographic. Music, rap in particular, has inculcated teens with materialistic attitudes and shifted their preferences toward expensive goods that confer status. The combination of these factors has influenced teenagers' consumption behavior and the prevalence of premature affluence among that generation.

Hypotheses

Although there are a myriad of influences on teenagers' consumption behavior, not all of them were tested in this research. Some factors included in the review of literature, such as shopping behavior and media influence, were not tested in order to narrow the focus of the research. However, it seemed vital that background information about these areas be presented in order to provide a realistic image of vying forces on teens' income uses. Based on the literature review, three hypotheses were tested:

Hypotheses:

H₁. Teenagers who experienced a change in family structure are more prematurely affluent than teens who did not experience a change in family structure.

It is possible that experiencing a change in family structure may encourage teenagers to turn to the acquisition of material possessions to reduce the uncertainty and insecurity that may result. Acquiring many possessions may provide a sense of stability in the changing environment after a divorce, separation, marriage, remarriage, or death of a parent. Although the teens may turn to excessive spending after such a life changing event, it is unlikely that they will be able to sustain the same level of spending after they graduate from high school and become responsible for their own necessary expenses (Burroughs & Rindfleisch, 1997; Roberts, Manolis, & Tanner, 2003; Schouten, 1991).

H₂. Teenagers from higher income households are more prematurely affluent than those from lower income households.

Teenagers from higher income households would receive greater amounts of money from their parents that can be used for discretionary purposes. More teens from higher income

households are employed than teenagers from lower income households, so they may have money available to spend (Brazil, 1999; Roberts, 1998; Stipp, 1988).

H₃. Teenagers' level of self-esteem has a negative relationship with premature affluence.

Teenagers with high self-esteem are less likely to display prematurely affluent behavior than teens with low self-esteem.

Teenagers with low self-esteem may engage in excessive discretionary spending to buy increased self-esteem. They may believe that the acquisition of more possessions, especially expensive and designer goods, may help them to be accepted by their peers (Hanley & Wilhelm, 1992; O'Guinn & Faber, 1989, Roberts, 1998).

CHAPTER 3

METHODOLOGY

Sampling Plan

In order to study premature affluence among the teenage population, I had originally planned to obtain a sample of teenagers from the Atlanta, Georgia area using a multistage random sampling strategy. I wanted to sample teens in the Atlanta area because of the geographic location and the large number of public schools in the area. In addition, the metropolitan Atlanta area is an urban area, and I felt the teens in urban areas would not only have access to income, but also a wide array of ways to spend their discretionary income.

There were three steps in this strategy. First, I planned to select 10 high schools randomly from a list of schools whose principals gave permission to study their students. Second, classes were to be selected randomly from the randomly selected schools. Finally, I planned to include all the students in the randomly selected classes, provided they had returned signed consent and assent forms.

There was no comprehensive list available of every teenager living in Atlanta; therefore I started with a sampling frame of the public high schools in the city of Atlanta, as well as in areas surrounding the city of Atlanta. First I sent a letter to every high school principal, stating the purpose of my research and solicited permission to sample students in the high school. Soon after sending these letters, several high school principals informed me that research requests must be approved by the school district before they could agree to participate.

After being informed of these policies, I solicited the appropriate research applications from four school districts in the Atlanta area. While waiting for feedback from school districts in metropolitan Atlanta, I contacted smaller school districts in Oconee and Jackson counties and Commerce, Georgia about conducting research to insure that I would have sufficient participation. The principal of Commerce High School gave permission to conduct research in his high school. After receiving permission to conduct research from two school districts (three high schools) in the Atlanta area, it became apparent that I had to modify my proposed sampling plan and research design. The specifications in the applications that were submitted to the Atlanta area school districts restricted the use of class time to conduct research, so I was unable to randomly select classes to participate. The principal of each school became instrumental in creating a sampling plan that would best fit their school.

The principal of School A, the school not located in the Atlanta area, allowed me to conduct research with students in the Family and Consumer Sciences classes. The principal of School B would not allow the use of time during the school day, but permitted the use of students that participated in the after school tutoring programs offered at the school. In School C, the principal allowed me to sample students in the Consumer Services, Finance, and Accounting classes.

Despite differences in the sampling plan in each school there were some procedures that were uniform in each location. Each teen received two copies of a consent form that had to be signed by his or her parent/ guardian. In addition, each teenager had to sign an assent agreement to indicate their willingness to participate in the study. These forms explained the purpose of the research, the procedure for data collection, the lack of known risks, and how participants or their parents could contact the researcher with further questions. Signed consent and assent forms

were required for the teens to participate in the study. The teen kept the second copy of the consent and assent forms for his or her records. Copies of the assent and consent forms are provided in appendix B. In addition, a group data collection method was used in each school.

Research Design

I used an *ex post facto* multivariate cross sectional design to conduct this research. Teenagers that returned signed assent and consent forms completed a questionnaire that contained several instruments measuring the dependent variable, independent variables, and the control variables at one point in time. The dependent variable, premature affluence, was measured at the interval level, using a new scale developed specifically for this research. There were three independent variables measured: family income, change in family structure, and self-esteem. Richins and Dawson's Material Values Scale was also included in the questionnaire to confirm the validity of the new premature affluence instrument.

In addition to measuring the independent variables and the dependent variable, the questionnaire also contained demographic questions: age, gender, race, and ethnicity. These additional variables were used to control for differences in the dependent variable due to these demographic characteristics. The scores from the Material Values Scale were also used as a control variable in one model.

In School A, the teacher of Consumer Sciences classes assembled all of the students during the homeroom period to sign their assent forms and to pick up the consent forms for their parents' signature. Two days later I returned to administer the questionnaire to the students during their regularly scheduled Family and Consumer Sciences class; I remained in the class while the students completed the questionnaire to answer any questions that they had.

As in the School A, I went to School B one day to distribute the assent and consent forms to the students in the after school tutoring program. The teenagers in this school were not all located in a single room, but were scattered around the building, with a few people in each room. I returned several days later to administer the questionnaire to the students that returned signed parental consent forms. In School C, I went to each of the classes that the principal selected to distribute the parental permission and assent forms. I returned two days later to collect the signed parental permission forms and to administer the questionnaire during class time.

Instruments

Independent Variables

Family income was measured at the ordinal level. This independent variable was measured with one item that asked subjects if they consider their family as low income, middle income, or high income. A value of “1” for this variable indicated that the subject’s family was low income, while a value of “2” indicated middle income, and “3” indicated high income. Although there have been other ways to measure socio-economic status in the literature (Burroughs & Rindfleisch, 2002), it did not seem plausible for teenagers to provide accurate measures of their parents’ and guardians’ incomes. In addition, the teenagers’ perceptions of their family income may be more indicative of their behavior than the actual dollar value.

I measured change in family structure with one item that asked the respondents if they had ever experienced a change in family structure. Each subject placed a checkmark if one or both of their parents divorced, remarried, or died during the subject’s lifetime. For data analysis, all of the categories that reflect a change in family structure were collapsed into one category, “experienced a change in family structure” and were measured at the nominal level. A dummy

variable of 1 represents any of the responses that indicates that a teen experienced a change in family structure, while a value of 0 reflects teens that did not experience a change in family structure.

I measured self-esteem with Rosenberg's Self-Esteem Scale (The Rosenberg Self-Esteem Scale, 2004). This scale consists of 10 Likert –type items that assess how individuals feel about themselves, using four points, from strongly disagree (0) to strongly agree(3). Some of the items included in the scale are reverse worded, and were coded in the opposite direction during data analysis. The possible scores on the scale range from 0 to 30, with higher scores indicating higher levels of self-esteem than lower scores. Rosenberg's scale has been found to have a test-retest reliability of .82 to .88, and Cronbach alphas between .77 and .88, with a value of 1.0 being the highest possible reliability score (The Rosenberg Self-esteem Scale, 2004, p. 2). This self-esteem instrument was a suitable one to use, considering that it was developed for high school students, and has been used to measure the relationship between self-esteem and the related constructs of materialism and compulsive buying (Hanley and Wilhelm, 1992; Roberts, 1998).

Dependent Variable

Conceptual Definition of Premature Affluence

The main focus of the research was to measure premature affluence, a construct first defined by Bachman, in his study of teenagers' employment (Bachman, 1983). According to Bachman (1983), there were two main components of premature affluence. In his theory, the term 'affluence' referred to elevated levels of discretionary spending. The term 'premature' addressed the fact that these levels of spending will not be able to be sustained once teenagers are responsible for their own necessities. An instrument to measure the construct must be

constructed in order to understand the spending patterns of teenagers, both the monetary aspects as well as the psychological aspects of elevated teen spending.

Although Bachman's definition of premature affluence dealt with the high level of spending that he observed in his Monitoring the Youth study, he did not examine the expensive nature of the high-end goods teenagers bought with their own money. In recent years, teenagers have been buying goods that are considered luxurious, especially given their young ages (Stossel, 2003). These goods generally confer status or exhibit that the owner "belongs" with a specific social group. Teens not only desire, but ultimately purchase these types of goods at a young age, rather than considering these expensive goods as something that they must wait for until they have "real" jobs; it seems that the teens have a desire for instant gratification. Therefore, it was necessary to include the demand for designer brands, relatively expensive items, and teens' desire for immediate gratification as part of the construct, in order to gain a complete picture of premature affluence.

Operational Definition of Premature Affluence

Bachman's definition served as a basis for the creation of an operational definition of premature affluence. The instrument has two subscales: one assesses the affluent parts of premature affluence (spending in monetary terms) and one assesses the premature and attitudinal characteristics of premature affluence (inability to sustain such spending after graduation from high school). The affluence subscale only measures amounts of money received and used, particularly on discretionary items; this subscale does not deal with any of the teens' beliefs and preferences.

Development of the Instrument

The premature subscale, comprised of Likert-type items, includes three aspects of the premature nature of teen spending. There were items included in this subscale to investigate teens' inability to sustain the same level of spending after they graduate from high school and become responsible for their own expenses. In addition, based on current observations of teen behavior, there were also items included to investigate teens' tastes and preferences for designer brands and expensive goods. Teens' desires to have things immediately were also included in the premature subscale. The scores from the two halves of the instrument (the affluence subscale and the premature subscale) are not combined. The actual premature affluence score is the sum of the responses to the Likert-type items from the premature subscale. The instrument measures the construct at the interval level, where subjects' scores reflect the extent of their premature affluence, rather than categorizing subjects as "prematurely affluent" versus "not prematurely affluent".

Affluence subscale. In order to capture the monetary portion of premature affluence, the first subscale is comprised of two sections of measurement; one section measures teens' sources of income and the second section measures teens' uses of discretionary income. The items in both subscales include a checklist, with open-ended responses for the categories that the subjects checked as applicable for them. The subjects are asked to recall their sources and uses of income for the last month (four weeks).

Premature subscale. The second half of the premature affluence instrument addresses the premature aspects of the construct. It is unlikely that teens will admit that they will not be able to continue the same discretionary spending patterns after they complete high school. Therefore, I included items that serve as proxies for the inability to sustain the same level of

discretionary spending. Although Bachman's notion of the premature nature of teen spending focused on the teens' inability to sustain the same level of discretionary income after they graduate from high school, this does not fully capture premature affluence by teens. In addition, the Veblen effect served as the foundation for questions about teenagers' desire to buy expensive and designer items immediately, rather than waiting until they are older and more financially stable as part of the premature nature of teen spending. All of the attitudinal and belief items included in this subscale were measured using a five point Likert-type scale, where 0= strongly disagree and 4= strongly agree. Negatively phrased items were reverse coded.

According to the literature review, teenagers have a desire for instant gratification (Herbig, Koehler, & Day, 1993). Currently, without many bills to pay, they are able to satisfy this desire, but it will be more difficult to do so after they become responsible for their own living expenses. Therefore, I included items that address how much they like to have things immediately. In addition, because teens are thought to prefer brand name items and expensive goods, I included items that measure their demand for these types of goods, which will be more difficult to afford once they have to pay for necessities. Finally, I included items to measure teens' prediction of their financial health once they graduate from high school. A copy of the instrument is included in appendix C.

Coding the variable. Because the first half of the premature affluence scale is measured in dollars as the unit of analysis, and the second half was virtually unitless, it is impossible to combine the two subscales as they have been measured. Rather, the responses to the affluence subscale are used to provide concrete, behavioral support of the elevated discretionary spending, as evidenced by the estimates of spending in each category. After reverse coding the appropriate items in the Likert items, I calculated the sum of their numerical responses to each item.

Because there were nine items in the instrument there were 36 possible points (9 items times 4 possible points per item).

Testing reliability and validity: Pilot tests. Before administering the premature affluence instrument to subjects it was necessary to test the reliability and validity of the instrument. I did this by administering a pilot test to a group of high school students in Cincinnati, Ohio and San Jose, California in May 2004. These locations were chosen because I had received permission from a teacher in each of those locations to use their students for pilot testing. The instrument included both subscales, including all the items that were written for inclusion in the premature subscale. After the pilot group completed the instrument, I assessed the instrument's reliability by calculating Cronbach's alpha of .62 for the Likert items in the premature affluence instrument.

Only 19 teenagers participated in this pilot study, so I conducted an additional pilot study in the Introduction to Consumer Economics class at the University of Georgia, to insure that the instrument was reliable before I collected data for data analysis. One hundred sixteen subjects participated in this pilot study. Despite the larger sample size, the Cronbach alpha was .38, much lower than in the previous pilot study. Part of the huge difference in Cronbach alphas could be attributed to the fact that the financial experiences of college students were different from high school students; many of these subjects have begun to take responsibility for their financial necessities (i.e. rent, groceries), so their responses of how they would like to spend and how they actually are able to spend their money are incongruent.

I assessed the validity of the instrument by measuring concurrent criterion validity. Because there is no other instrument developed to measure the construct, I correlated the scores on the premature affluence instrument with the measure of a similar construct. More

specifically, I included Richins and Dawson's Material Values Scale in the pilot tests to measure materialism and compare the reliability of this instrument to the instrument I created to measure premature affluence. The Cronbach alpha for calculated using data from the pilot test of teenagers in Cincinnati and San Jose yielded a reliability coefficient of .51, far lower than the high values cited in previous research that used Richins and Dawson's Material Values Scale (Browne & Kaldenberg, 1993; Roberts, Manolis, & Tanner, 2003). The Cronbach alpha for the materialism instrument in the second pilot test was .83. In addition, the subjects' scores on the premature affluence and the materialism instrument had a correlation coefficient of .72. Based on the findings from the pilot study, the premature affluence instrument is suitable for high school students, but not for college students. Moreover, the strong correlation between the premature affluence scores and the materialism scores provide evidence to support the validity of the new instrument.

Missing Data Points

There were nine completed questionnaires where respondents failed to respond to one item, either in a Likert type instrument or a nominal variable. It seemed illogical to throw out the questionnaire for one missing value. If a respondent failed to circle a response to one of the items in the Premature Affluence Scale, Material Values Scale, or the Rosenberg Self-Esteem scale, the researcher assigned the neutral response to that item (2 on the Premature Affluence Scale, 3 on the Material Values Scale, or 1.5 on the Self-Esteem scale). This option was better than considering that the value for the question is 0, because this would imply that the subject disagreed with the statement, and would thereby erroneously underestimate their score on the instrument. Coding the omitted item to the neutral response does not impact the scores in either extreme direction.

Data Analysis Strategy

Because the focus of the pilot tests was confirming the reliability and validity of the premature affluence, no other statistical analysis was conducted. In fact, the pilot test did not contain any of the other instruments that were using in the final questionnaire. However, in the main study conducted there were several statistical procedures conducted. In addition to tests of reliability and validity, descriptive statistics, and regression analysis were calculated to provide a comprehensive illustration of premature affluence.

Descriptive Statistics

Mean values, standard deviations, and frequency for each of the variables included in the model were calculated. This included subjects' mean scores on the dependent variable, premature affluence, as well as the independent variable self-esteem (as measured by Rosenberg's Self-Esteem Scale). The proportion of the sample that had experienced a change in family structure, each family income level and the control variables race and gender were also reported. The mean and frequency for the age covariate were reported as well.

In addition to reporting the descriptive statistics for the independent and control variables in the model, I reported the mean dollar amounts, standard deviation, and range for each individual source of teen income (allowances, gifts, etc.) and the overall mean for the total amount of income available to teens. The mean, standard deviation, and range for each use of money (both non-discretionary and discretionary categories) are also included. Since all subjects did not report receiving money from each source of money, or spend money in every category listed, the means among only the subjects that reported receiving or using money in a particular category are calculated as well. This information, in combination with the descriptive statistics

about the variables included in the model, provided a glimpse into the money sources, uses and demographic characteristics of the teens in the study.

Multiple Regression

At the outset of this research, I presented three hypotheses to explain how three different independent variables are related to premature affluence by teens. Provided in Table 1 is a list of abbreviations for each variable included in the model, as well as a brief description of the coding.

There are nine independent or control variables included in the model of premature affluence, six of which are measured as dummy variables (FAMSTR, BLACK, ASN, OTHER, HISP and FEM). In order to avoid the threat of small cell sizes for the race/ ethnicity variable, I collapsed all respondents that are not white, black, or Asian into one category, OTHER.

The three hypotheses to be tested are, symbolically:

$$H_1: \beta_{FAMSTR} > 0$$

$$H_2: \beta_{FAMINC} > 0$$

$$H_3: \beta_{ESTM} < 0$$

I performed a multiple regression model to test my hypotheses. The equation for the model is as follows:

$$PREMAFF = \beta_0 + \beta_{FAMINC} FAMINC + \beta_{FAMSTR} FAMSTR + \beta_{ESTM} ESTM + \beta_{AGE} AGE + \beta_{BLACK} BLACK + \beta_{ASN} ASN + \beta_{OTHER} OTHER + \beta_{HISP} HISP + \beta_{FEM} FEM$$

Statistics for the Individual Hypotheses

I tested the main effect of each of the independent variables, while controlling for age, gender, race, and ethnicity of respondents. The t statistic was used to test each main effects hypothesis. The calculated test statistic for each variable was tested at a significance level of .05,

Table 1

Description of Variables

Abbreviation	Description	Coding
PREMAFF	Premature affluence	scores range from 0 to 36
FAMINC	Family income	1=low, 2= middle, 3 = high
FAMSTR	Change in family structure	1= experienced change, 0=no)
ESTM	Self-esteem score	scores range from 0 to 30
AGE	Age of respondent	Age in years
BLACK*	African American respondent	1= yes, 0 otherwise
ASN*	Asian Respondent	1=yes, 0 otherwise
OTHER*	Respondent of another race	1= yes, 0 otherwise
HISP*	Hispanic respondent	1= yes, 0 otherwise
FEM*	Female respondent	1= female, 0 if male
MAT*	Materialism score	scores range from 18 to 80
MIN*	Minority respondent	1= yes, 0 otherwise

Note. White respondents were the omitted category for the race variables.

a generally accepted level of significance. In addition, all of the hypothesis tests were directional or one tailed tests, so the minimum t value for statistical significance was approximately 1.66. If the associated p value for a t statistic for a one tailed hypothesis test was less than .05, then the hypothesis was accepted.

For each hypothesis that was accepted I examined the variable's unstandardized coefficient, or b -value. For any interval level variable included in the model, for which the hypothesis has been accepted, I interpreted the b -value so that a one unit increase in the variable resulted in a change in the premature affluence score by a number of units equal to the b -value. For a dummy variable the b -value was used to interpret how being included in a particular category affected scores on the premature affluence instrument, compared to members of the omitted category. Although age, gender, race, and ethnicity were included in the model, there were no hypotheses to test for these variables. Therefore, interpreting the b -value for these variables was not as significant as it was for the other variables.

In addition to examining the b -values for each independent variable, where the hypothesis was accepted, I also looked at the standardized beta weights. These helped to interpret the strength of each variable's effect on premature affluence, relative to other variables included in the model. Larger betas indicated stronger relationships than variables with betas closer to 0.

Alternate versions of the model. Although only one model was planned, the results of a correlation analysis of premature affluence and materialism made it necessary to explore the relationship between these two variables. Therefore, an additional model was tested including the scores on the Material Values Scale as a control variable. Another alternate version of the model was developed due to minimal participation from minorities group in this research.

Initially each minority group was a separate control variable. However, due to the threat of small cell sizes, a composite variable, MINORITY, was created to determine if the non-white subjects, collectively (blacks, Asians, Hispanics, others), were different from white subjects. In the model using the MINORITY variable, the variables BLACK, ASIAN, OTHER, and HISP were omitted.

Statistics for the Entire Model

The final step in this regression was to determine if the variables, in aggregate, explained the dependent variable. In order to examine the explanatory power of the model, I looked at the F statistic calculated for the model. Like t statistics for each of the independent variables, I tested the overall null at the .05 level of significance. A p value for the model less than .05 would show that the variables included in the model explained variance in the dependent variable. I used the adjusted R^2 to determine how well the independent variables explain the variation in premature affluence. I used the adjusted R^2 , rather than R^2 , because there are nine variables in the model.

CHAPTER 4

RESULTS

Results of data analysis are discussed in this chapter. First descriptive statistics about the sample are provided, followed by a detailed examination of the subjects' sources and uses of money. In addition, the findings from the tests of reliability and validity for the premature affluence instrument are provided. Frequencies of responses to each item in the premature affluence instrument are also included. Finally an analysis of the model and results of the hypothesis tests are presented.

Descriptive Statistics

There were 114 teenagers from three high schools in Georgia included in the sample. One school, School A, was located in Commerce, Georgia, while the other two schools, Schools B and C, were located in the Atlanta metropolitan area. One hundred sixty six teenagers were sampled, but only 114 returned signed assent and parental permission forms, resulting in a 69% participation rate. Table 2 illustrates the number of teenagers sampled in each school, the participation rate for each school and for the entire sample.

School B had the lowest participation rate. The low participation in this school may be due to the fact that data were collected during after school tutoring sessions, which are held every other day. The teachers that facilitated the tutoring did not strongly encourage or even endorse participation. It seemed that my solicitation of participation was an unwelcome interruption to the teachers, who expressed an air of indifference toward the research. On the

Table 2

Sample Participation

School	Number Sampled	Number Included	Participation Rate (%)
School A	57	51	89%
School B	33	10	30%
School C	76	53	70%
TOTAL	166	114	69%

contrary, at Schools A and C, data collection took place during classes, where the teacher endorsed participation, and encouraged their students to return signed parental permission forms.

The sample consisted of 79 females and 35 males. Ages of participants ranged from 14 to 19, with a mean age of 16.32. The ages of participants were normally distributed, with very few responses from 14 and 19 year olds. While there was some participation from non-white teenagers, an overwhelming majority of participants, 83%, reported being white. There were 16 black participants and only one Asian respondent. It should be noted that only six teenagers reported being of Hispanic origin. Despite the small number of responses to the ethnicity question, I could not assume that missing values for this question indicated that the subject was non-Hispanic.

Approximately 6% of the subjects reported that their family was low income; 41% indicated that their family was middle income and 51% considered their families as high income families. Responses to the change in family structure item indicated that 61 teenagers experienced a change in their family structure, while 53 had not experienced such a change. These numbers should be examined with caution, however. Twenty-eight percent of participants indicated that their parents got married during the teen's lifetime. Although this is feasible, some of the participants may have misunderstood the question and responded that their parents got married during the participant's lifetime, even though their parents have been married during the entire time. Table 3 provides detailed information about the characteristics of the sample.

Table 3

Descriptive Characteristics

Independent Variables		Frequency	% total sample	Mean
Age				16.32
	14	5	4%	
	15	24	21%	
	16	37	32%	
	17	27	24%	
	18	19	17%	
	19	2	2%	
Gender				
	Male	35	31%	
	Female	79	69%	
Race/Ethnicity*				
	white	95	83%	
	black	16	14%	
	Asian	1	1%	
	other	2	2%	
	Hispanic	6	5%	
	non-Hispanic	3	3%	
Family Income				
	low income	7	6%	
	middle income	47	41%	
	high income	58	51%	
	no response	2	2%	
Change in Family Structure				
	no change	53	46%	
	experienced change*	61	54%	
	divorced	37	32%	
	separated	20	18%	
	married	32	28%	
	died	3	3%	
	remarried	26	23%	
Self-Esteem				21.87
Materialism				53.12
Premature Affluence				20.51

Note. The sum of frequencies and percentages are more than 114 people and 100% because subjects could provide more than one response

Sources and Uses of Money

Sources of Income

The teenagers included in this sample yielded a significant amount of economic control, with a mean of \$448.65 available to them for a four week period. Included in Table 4 are summary statistics for teenagers' sources of money. The subjects had a total of over \$51,000 over a four week period, used over \$23,000 for non-discretionary purposes, and spent almost \$22,000 for discretionary items. In Bachman's original study (1983), his focus was only on the significant amount money teenagers gained from employment. However, by focusing solely on employment earnings, Bachman missed a large amount of money available to teens from several important sources. Income earned in the labor market was the largest mean source of money. Earnings from employment for one month were a significant source of income for 41 of the subjects, with a mean of approximately \$132, but a standard deviation of \$274.16 indicates wide variation in the amounts of money earned from employment. Allowances, parental handouts, and monetary gifts, however, were sources of income for a larger proportion of the sample than was employment. Over half of the participants reported receiving money from their mothers, with a mean of \$42.48 for a four week period. Fathers gave money to 44% of the teenagers in the study, with an average of \$34.08 per month. Money from gifts was unexpectedly high, with almost 40% of the subjects receiving money from this source. This number may have been positively affected by beginning data collection approximately four weeks after the winter holiday season.

Examination of the standard deviations in each category revealed large variation in the amounts of money received from each source. For example, the mean amount of money from gifts was \$105.63, but this value was overshadowed by a standard deviation of \$660.59. The

Table 4

Sources of Money Among Subjects Who Reported Receiving Money in Category, for 4 Weeks

Category	Frequency	% of total sample	Mean ^a	Std. Dev. ^a	Range min - max
Employment	41	36%	\$ 369.04	\$ 350.64	\$ 0 - 2,000
Allowance	32	28%	\$ 83.78	\$ 105.19	\$ 0 - 400
Father	50	44%	\$ 77.70	\$ 103.34	\$ 0 - 500
Mother	64	56%	\$ 75.67	\$ 131.00	\$ 0 - 1000
Stepmother	1	1%	\$ 5.00	NA	\$ 0 - 5
Stepfather	3	3%	\$ 20.00	\$ 25.98	\$ 0 - 50
Other guardian	8	7%	\$ 27.50	\$ 33.06	\$ 0 - 100
Monetary gifts	44	39%	\$ 273.68	\$1,048.67	\$ 0 - 7000
Other	30	26%	\$ 409.30	\$1,813.68	\$ 0 - 10000
Total Sources	111	97%	\$ 460.77	\$1,219.63	\$ 0 - 10700

^a Only those subjects who responded with a non-zero dollar amount are included, omitting those who reported \$0 in the category. Many respondents reported receiving \$0 from many sources of money, so median values were \$0 in many categories, providing minimal insights.

mean values are skewed by the participants that received no money as gifts, as well as by those who received very large amounts. In addition, median values provided little information; for many of the categories the mean was \$0. This trend was true for each source of money.

Therefore, provided in Table 3 are the means and standard deviations among only the participants that reported receiving money in each respective category. Among teenagers that reported receiving money from employment for the four weeks preceding data collection, the mean amount of earnings was close to \$370. Similarly, the average allowance received among teens that received an allowance was \$83.78, almost \$60 more than the mean calculated for the entire sample. It is also interesting to note that almost two thirds of the sample did not received money from employment and almost three fourths did not receive an allowance.

Nondiscretionary Uses of Money

Although the focus of this research is discretionary spending by teenagers, there were interesting reports in the nondiscretionary uses of money. Some subjects, 37%, reported saving some of their money over the past four weeks, but 63% of the teenagers did not save any of their money. The amount of money that they reported saving was surprisingly high, with a mean of \$124.86. Almost half of the participants indicated that they spent money on gifts for others, but the average amount spent in this category was only \$22. As expected, very few teenagers gave money towards family expenses; only 13 teenagers gave money toward this category, with a mean of approximately \$13. Statistics for each category of required spending are provided in Table 5.

As with the analysis of teenagers' sources of money, large standard variations made it necessary to examine means among only the subjects that reported using their money in a specific category. Among the 42 teenagers that reported saving money, the mean amount saved

Table 5

Nondiscretionary Uses of Money Among Subjects Who Reported Spending in the Category for 4 Weeks

Category	Frequency	% of total sample	Mean ^a	Std. Dev. ^a	Range min - max
Savings	42	37%	\$ 338.91	\$ 1,101.69	\$ 0 - 7000
Charity	20	18%	\$ 18.40	\$ 15.40	\$ 0 - 75
Family expenses	13	11%	\$ 113.35	\$ 135.96	\$ 0 - 500
Car expense	42	37%	\$ 83.19	\$ 81.76	\$ 0 - 300
Transportation	5	4%	\$ 32.00	\$ 18.91	\$ 0 - 50
Extra curriculars	26	23%	\$ 47.31	\$ 53.32	\$ 0 - 200
Gifts for others	52	46%	\$ 48.24	\$ 67.65	\$ 0 - 400
Total Nondiscretionary uses	52	46%	\$ 451.31	\$ 1,196.29	\$ 0 - 8025

^a Only those subjects who responded with a non-zero dollar amount are included, omitting those who reported \$0 in the category. Many respondents reported using \$0 for many nondiscretionary uses of money, so median values were \$0 in many categories, providing minimal insights.

was \$338.41 over four weeks. The mean amount of money spent on family expenses among the 13 teens that spent money in this category was over \$113, which provides a different picture of teen spending on household expenditures. While the sample mean for charitable donations was negligible, the mean among the 20 teenagers that gave money to charity was \$18.23.

Discretionary Uses of Money

Teenagers spent their money on a variety of items, with the average amount of discretionary spending reaching \$192.19 for four weeks. Fifty five percent of the teenagers surveyed indicated that they had spent money on clothing during the four weeks prior to completing the questionnaire, with an average of \$51.45 spent on the category. Eating away from home was also a significant way for teenagers to use their money; 67% reported that they used money for this purpose, with a mean just over \$20 for the four week period. Almost 40% allocated some money for entertainment, such as going to movies and parties. Over 25% of the teenagers sampled spent their own money on cell phones and related expenses. Very few teenagers reported spending money on car accessories or electronics, with only 5% and 7%, respectively, using money in these categories. For detailed information on all categories, please refer to Table 6.

Again, because not every subject spent money on each discretionary category, I calculated the mean amounts spent in each category among only the subjects that reported spending money in the category. Table 7 provides descriptive data for subjects that reported spending in each discretionary category. Although the sample mean for spending on clothing was \$51.45, the average amount spent among the 63 teenagers that spent money on clothes was over \$90. Findings from the spending on shoes indicated that the teenagers that spend money in

Table 6

Discretionary Uses of Money for 4 Weeks

	Frequency	% of total sample	Mean	Std. Dev.
Clothing	63	55%	\$ 51.45	\$ 106.33
Shoes	26	23%	\$ 17.88	\$ 51.25
Accessories	24	21%	\$ 6.99	\$ 24.21
Compact Discs	33	29%	\$ 8.07	\$ 17.39
DVDs	10	9%	\$ 1.98	\$ 7.30
Entertainment	43	38%	\$ 10.71	\$ 21.63
Cell phone	30	26%	\$ 19.04	\$ 49.59
Eating out	76	67%	\$ 20.89	\$ 30.67
Personal care	26	23%	\$ 8.39	\$ 21.35
Books/ magazines	17	15%	\$ 3.30	\$ 10.63
Electronics	8	7%	\$ 8.37	\$ 43.82
Car accessories	6	5%	\$ 11.40	\$ 73.41
Other	35	31%	\$ 23.96	\$ 77.33
Total discretionary uses			\$ 192.19	\$ 294.94

Table 7

Discretionary Spending Among Subjects that Reported Spending in the Category for 4 Weeks

Category	Frequency	% of total sample	Mean ^a	Std. Dev ^a	Range min - max
Clothing	63	55%	\$ 93.10	\$129.09	\$ 0 - 700
Shoes	26	23%	\$ 78.38	\$ 83.30	\$ 0 - 400
Accessories	24	21%	\$ 33.21	\$ 44.40	\$ 0-175
Compact Discs	33	29%	\$ 27.89	\$ 22.32	\$ 0 - 100
DVDs	10	9%	\$ 22.40	\$ 12.43	\$ 0 - 50
Entertainment	43	38%	\$ 28.40	\$ 27.28	\$ 0 - 150
Cell phone	30	26%	\$ 72.37	\$ 74.76	\$ 0 - 368
Eating out	76	67%	\$ 31.34	\$ 32.95	\$ 0 - 200
Personal care	26	23%	\$ 36.81	\$ 31.19	\$ 0 -100
Books/ magazines	17	15%	\$ 21.94	\$ 18.86	\$ 0 - 70
Electronics	8	7%	\$119.25	\$126.02	\$ 0 - 300
Car accessories	6	5%	\$216.67	\$261.58	\$ 0 - 600
Other	35	31%	\$ 77.34	\$124.29	\$ 0 - 500
Total Discretionary uses	109	96%	\$201.00	\$298.71	\$ 0 - 1775

^a Only those subjects who responded with a non-zero dollar amount are included, omitting those who reported \$0 in the category. Many respondents reported using \$0 for many discretionary uses of money, so median values were \$0 in many categories, providing minimal insights.

this way spend an average of \$78.38 on shoes. This implies that the teenagers that spend money on shoes buy relatively expensive shoes, and supports previous researchers belief that teenagers use their own money to buy expensive shoes that their parents will not buy. Similarly, the sample mean of \$19.06 spent on cell phone expenses would indicate that these expenses are not significant for teenagers. However, among the 30 teenagers who spent money on this category, the average amount spent over four weeks was \$72.37.

Responses to Premature Affluence Items

In addition to examining the reliability of the set of items that comprised the premature affluence instrument, I examined the subjects' responses to each of the items included in the new instrument to determine if teenagers were prematurely affluent. A complete display of subjects' responses to the questions in the premature affluence instrument is provided in Table 8. This table includes a list of each question the premature affluence instrument, along with frequency and percent of the sample that gave each possible response.

Approximately 59% of the teenagers reported that they either "agree" or "strongly agree" with the statement "I like to buy items with designer brands and logos". Only 15% disagreed with this statement. Despite their preference for designer brands, only 32% indicated that they always buy goods that have designer labels. In addition, 35% of the subjects admitted that the designer possessions of celebrities and their peers influence their own purchasing decisions.

Bachman (1983) believed that teenagers have a desire for instant gratification, so there were two items included in this instrument to determine if this was true. Of the teenagers sampled 16% believed it was important to get the things that they wanted immediately, while 41% disagreed with the statement. This sentiment was echoed in the sample's response to the

Table 8

Responses to Items in Premature Affluence Instrument

Question	Frequency	% of total sample
I like to buy items with designer brands and logos.		
Strongly disagree	9	8%
Disagree	8	7%
Neutral	30	26%
Agree	33	29%
Strongly agree	34	30%
I always buy things that have designer labels.		
Strongly disagree	24	21%
Disagree	26	23%
Neutral	28	25%
Agree	26	23%
Strongly agree	10	9%
It is not important that I get the things I want immediately.		
Strongly disagree	2	2%
Disagree	16	14%
Neutral	49	43%
Agree	29	25%
Strongly agree	18	16%
When a new item comes out on the market, I am one of the first people to buy the item.		
Strongly disagree	34	30%
Disagree	37	32%
Neutral	33	29%
Agree	8	7%
Strongly agree	2	2%
I spend most of my money on things I want.		
Strongly disagree	5	4%
Disagree	6	5%
Neutral	14	12%
Agree	54	47%
Strongly agree	35	31%

Table 8 (continued).

Responses to Items in Premature Affluence Instrument

Question	Frequency	% of total sample
I will have to cut back on the amount of money that I spend on things I want once I graduate from high school.		
Strongly disagree	4	4%
Disagree	10	9%
Neutral	27	24%
Agree	41	36%
Strongly agree	32	28%
When I graduate from high school, I will have to pay for more of my expenses and financial responsibilities.		
Strongly disagree	1	1%
Disagree	6	5%
Neutral	15	13%
Agree	40	35%
Strongly agree	52	46%
When I graduate from high school I think my parents will give me money for things that I want (but don't need).		
Strongly disagree	32	28%
Disagree	29	25%
Neutral	29	25%
Agree	21	18%
Strongly agree	3	3%
I don't pay attention to the designer items that my friends and celebrities have when I decide to buy things.		
Strongly disagree	9	8%
Disagree	31	27%
Neutral	29	25%
Agree	22	19%
Strongly agree	23	20%

other item that addresses instant gratification; only 9% of the teenagers reported that they are one of the first to buy a new item when it comes out on the market.

Many of the teenagers sampled recognized that their spending patterns would have to change after they graduate from high school. Seventy eight percent reported that they spent most of their money on things that they want, and 64% agreed with a statement that they will have to cut back on their discretionary spending after graduating from high school. Moreover, 81% reported that they would have to pay for more of their necessary expenses and financial responsibilities after finishing high school, while only 6% disagreed with this statement. Although parents are a great source of money for discretionary spending, only 21% of the teenagers believed that their parents would continue to provide money for discretionary purposes after they graduate.

Pearson Correlation Coefficients

Although a majority of the variables of interest were included in regression analysis, and are discussed later in this chapter, neither subjects total sources of money or their total discretionary uses for money were included in the models. However, after examining the data I began noticing relationships between the two dollar amounts and other variables. Therefore, a Pearson correlation coefficient matrix was created to statistically investigate relationships between other variables that were not regressed onto each other in the model. The statistically significant findings from this matrix can be found in Table 9.

There was a statistically significant correlation between the family income and teens' sources of money ($R = 0.20$, $p = .03$). As discussed in the review of literature, the amount of money that teens had was a positive function of their family's income range. There was also a statistically significant correlation between teens' total sources of money and the total

Table 9

Results of Pearson Correlation Matrix

Variables	Variable	Coefficient	
Family Income	Total sources of money	0.20	*
Total sources of money	Discretionary spending	0.24	*
Premature Affluence	Discretionary spending	0.22	*
Premature Affluence	Materialism	0.51	***
Premature Affluence	Age	-0.27	**
Premature Affluence	Hispanic	-0.26	**
Materialism	Hispanic	-0.30	***
Family Income	Self-esteem	0.33	***
Age	Employed subject	0.25	***
Age	Employment earnings	0.30	***
Age	Discretionary spending	0.22	*
*p< .05 **p<.01 ***p<.001			

discretionary spending. With a positive coefficient, these data indicated that as teens have more money they will spend more money on discretionary consumption. This is congruent with the absolute income hypothesis, where increased income results in increased consumption.

Discretionary spending was also correlated to premature affluence ($R = 0.22$, $p = 0.02$). This finding can be interpreted in two ways; being a prematurely affluent teenager increases the amount of discretionary spending, or elevated levels of discretionary spending increase the premature affluence of teenagers.

Reliability and Validity

Reliability of Instruments

Before conducting the multiple regression analysis I tested the inter-item reliability of the Material Values Scale, Rosenberg Self-Esteem Scale, and the Premature Affluence Scale.

Negatively worded questions in each instrument were reverse coded before conducting these analyses, as discussed in chapter three. Reliability tests for each instrument were performed by calculating Cronbach's alpha for each instrument.

Results from the reliability test for the self-esteem scale yielded a Cronbach's alpha of .88, indicating a high level of internal consistency. The questions included in the instrument are reliable and measure the same construct. This value falls in the higher end of the range of Cronbach alphas calculated for this instrument in previous research (The Rosenberg Self-esteem Scale, 2004, p. 2).

The Cronbach's alpha for the Material Values Scale was .83, very close to the .86 reported in Richins and Dawson's (1992) original research. Again, this indicates that the Material Values Scale is reliable and is consistent in measuring the construct of materialism. The high reliability coefficient also means that the scores from the Material Values Scale can be

correlated to the scores on the premature affluence scale to determine the new instrument's validity.

The premature affluence instrument, including all nine items, had a Cronbach's alpha of .53. This value is .15 higher than the reliability coefficient calculated in the pilot test at the University of Georgia, but .09 lower than the pilot tests with the high school students. Results of the reliability tests in both pilot studies and this data collection show that the third question in the premature affluence instrument ("When I graduate from high school I think my parents will give me money to buy the things that I want but don't need") had a statistically negative correlation ($p < .05$) with the total premature affluence score as well as with each of the other questions included in the instrument. This negative correlation indicates that this item does not measure the same construct that the other items included in the instrument measure. Even though a large proportion of the sample indicated that they agreed with this statement, it may be true of all teenagers, not just prematurely affluent teens. An additional reliability test of the premature affluence instrument, with this item omitted from the analysis, yielded a Cronbach's alpha of .66, .13 higher than when the negatively correlated item was included in the analysis. Although the Cronbach's alpha for the premature affluence instrument did not reach .90, the scores are still useful. Premature affluence, as measured by the instrument, is not uni-dimensional, so the internal consistency is reduced. As discussed in the methodology, there are several aspects of premature affluence included in the instrument, with some aspects more relevant to some teens, and other elements of the construct more relevant to other teens.

Validity of Premature Affluence Instrument

The concurrent criterion validity of the premature affluence instrument was determined by correlating the scores on the premature affluence instrument to the scores of the Material

Values Scale, a similar, established instrument. The Pearson correlation coefficient for these two scores was statistically significant ($p < .0001$), with a coefficient of .51, as shown in Table 8. This value supports the validity of the premature affluence instrument, and indicates that the instrument can be used to test hypotheses.

Regression Analysis

Initially, only one regression model was to be tested in this research. However, after manipulating the variables and data collected it became necessary to perform several regressions. Materialism scores were included due to the strong correlation with premature affluence. In addition, due to the small number of responses from non-white respondents as well as Hispanics, I wanted to investigate if nonwhite teenagers, collectively, were different from white teenagers. Presented in this section are the results of the original regression model, as well as the results of models including materialism, and a model in which all the race and ethnicity categories were collapsed into one variable, MINORITY. It should be noted that all of the hypothesis tests were directional, one-tailed t-tests.

Hypotheses Tests in the Original Model

At the outset of this research three hypotheses were presented. Each hypothesis was tested using ordinary least squares regression. The t-value for each variable included in the model was examined to determine if there was a statistically significant relationship between the variable and premature affluence. In addition, hypotheses were tested at the .05 significance level, while controlling for age, race, ethnicity, and gender. The results of this model are found in Table 10. The original model is:

$$\text{PREMAFF} = \beta_0 + \beta_{\text{FAMINC}} \text{FAMINC} + \beta_{\text{FAMSTR}} \text{FAMSTR} + \beta_{\text{ESTM}} \text{ESTM} + \beta_{\text{AGE}} \text{AGE} + \beta_{\text{BLACK}} \text{BLACK} + \beta_{\text{ASN}} \text{ASN} + \beta_{\text{OTHER}} \text{OTHER} + \beta_{\text{HISP}} \text{HISP} + \beta_{\text{FEM}} \text{FEM}$$

Table 10

Regression Results for the Original Model: Dependent Variable Premature Affluence

Variable	b-value	Standard Error	t-value	beta
Family structure	1.04	0.89	1.17	0.11
Family income	0.43	0.68	0.63	0.06
Self-esteem	0.11	0.09	1.33	0.13
Age	-1.07	0.37	-2.85 *	-0.27
Black	1.53	1.28	1.20	0.11
Asian	5.20	6.40	0.81	0.11
Other	-7.99	4.91	-1.63	-0.23
Hispanic	-4.75	2.02	-2.35 *	-0.23
Female	0.46	0.93	0.50	0.05
Intercept	33.63			
R ² = .19				
Adjusted R ² = .12				
F-value= 2.78***				
*p< .05 **p< .01 ***p< .001				

Hypothesis 1: Teenagers who experienced a change in family structure are more prematurely affluent than teens who did not experience a change in family structure.

Controlling for all the other variables included in the model, there was no statistically significant effect of experiencing a change in family structure on teenagers' premature affluence scores. Teenagers from families that have never experienced a change in family structure engaged in the same prematurely affluent behavior as the teens that experienced a change in family structure. This finding is contrary to the research by Burroughs and Rindfleisch (1997), which found that experiencing a divorce increases spending and elevated consumption.

Hypothesis 2: Teenagers from higher income households are more prematurely affluent than those from lower income households.

This hypothesis was also rejected. Results of the multiple regression analysis indicated that there was no statistically significant relationship between family income and premature affluence. That is, teenagers from low income households are as prematurely affluent as teenagers from higher income households.

Hypothesis 3: Teenagers' level of self-esteem has a negative relationship with premature affluence. Teenagers with high self-esteem are less likely to display prematurely affluent behavior than teens with low self-esteem.

This hypothesis was also found to be not significant, in the original model. There was no relationship between teenagers' self-esteem and premature affluence. Both teens with high levels of self-esteem and teenagers with low levels of self-esteem displayed similar prematurely affluent behavior.

Control Variables in the Original Model

There was a statistically significant finding for the control variable of age in the original model. With a t- value of -2.85 ($p=.005$), a negative relationship was found between a respondent's age and scores on the premature affluence instrument. The beta of -1.07 indicates that each additional year decreased scores on premature affluence by approximately 1.07. This finding implies that younger teenagers are more prematurely affluent than older teenagers. It seemed possible that this finding was masking the effect of subjects' participation in the work force, so two additional analyses due to age were performed. As shown in Table 9 there were statistically significant and positive correlations between subjects' ages and whether or not they were employed and the amount of money received from employment. However, results of a regression analysis, including whether or not subjects were employed, did not yield statistically significant findings for the employment variable; age was still a significant variable.

There was also a statistically significant effect for the Hispanic variable. Hispanic teenagers engage in less prematurely affluent behavior than non-Hispanics ($t= -2.35$, $p<.05$). In fact, being Hispanic decreased the score by 4.75 points. Being a female had no statistically significant effect on being prematurely affluent; males and females are statistically equivalent. Likewise, there was not statistically significant finding due to the race of respondents. Compared to whites, the omitted category, blacks, Asians, and other races were the same. The model, including the coefficients, is:

$$\text{PREMAFF} = 33.63 + .43\text{FAMINC} + 1.04\text{FAMSTR} + .11\text{ESTM} + -1.07\text{AGE} + 1.53\text{BLACK} + 5.20\text{ASN} + -7.99\text{OTHER} + -4.75\text{HISP} + .46\text{FEM}.$$

Alternate Versions of the Model

Due to the strong Pearson correlation coefficient between premature affluence and materialism, the scores from the Material Values Scales were included in the model as a control variable. As depicted in Table 11, after including materialism in the model, there were some changes in the statistical significance of some variables included in the model. Materialism had a statistically significant effect on the premature affluence scores, with a t-value of 5.76 ($p < .001$). With a b-value of .23, a one unit increase in the materialism scores will increase the premature affluence score by .23. In more practical terms, a five point increase in materialism scores will increase the premature affluence score by more than 1 point. This result shows that materialistic teenagers are more prematurely affluent than teenagers that are not materialistic.

The inclusion of materialism, as a control variable, also changed the significance of self-esteem. A t-value of 2.14 ($p < .05$), indicated that controlling for materialism, self-esteem has a statistically significant effect on premature affluence. This relationship, however, is in the opposite direction of the one hypothesized. Based on these findings, teenagers with high self-esteem are more prematurely affluent than teenagers with low self-esteem. After the inclusion of the materialism scores, the Hispanic variable is not statistically significant at the .05 significance level. Materialism, then, moderates the effect of the other independent variables on the dependent variable, premature affluence. The model, including the coefficients, is:

$$\text{PREMAFF} = 15.98 + 0.29 \text{ FAMINC} + 0.65 \text{ FAMSTR} + 0.16 \text{ ESTM} + -0.79 \text{ AGE} + 1.20 \text{ BLACK} + -7.71 \text{ ASN} + -1.10 \text{ OTHER} + -3.04 \text{ HISP} + 0.96 \text{ FEM} + .23 \text{ MAT}.$$

The effect of materialism far outweighed the effect of self-esteem or age. An examination of the standardized coefficients, or betas, allow for comparison of each statistically

Table 11

Regression Results, Controlling for Materialism: Dependent Variable Premature Affluence

Variable	b-value	Standard Error	t-value	beta
Family structure	0.65	0.78	0.84	0.07
Family income	0.29	0.59	0.49	0.04
Self-esteem	0.16	0.08	2.14 *	0.18
Age	-0.79	0.33	-2.39 *	-0.20
Black	1.20	1.12	1.07	0.09
Asian	7.71	6.03	-1.28	-0.15
Other	-1.10	4.46	-0.25	-0.03
Hispanic	-3.04	1.79	-1.70	-0.14
Female	0.96	0.82	1.17	0.10
Materialism	0.23	0.04	5.76 ***	0.51
Intercept	15.98			
R ² = .39				
Adjusted R ² = .33				
F-value= 6.59***				
*p< .05 **p< .01 ***p< .001				

significant variable's effect on the dependent variable. Materialism's effect is two and a half times stronger than the effect of self esteem or age. The values can be found in Table 11.

As stated previously, there was minimal participation from Asians, blacks, other races, along with respondents of Hispanic ethnicity. Therefore these four variables were combined into one variable MINORITY, due to the minimal response from these groups. Running a regression analysis with the three independent variables, along with the control variables AGE, FEM, and the composite variable MINORITY yielded no new findings, as shown in Table 12. There was no statistically significant finding due to being in a minority. As in the other two models, the age variable still had a statistically significant relationship to premature affluence ($t = -3.01$, $p < .01$). The new model, after these changes, is:

$$\text{PREMAFF} = 36.28 + 0.41 \text{ FAMINC} + 1.09 \text{ FAMSTR} + 0.07 \text{ ESTM} + -1.16 \text{ AGE} + -0.40 \text{ MINORITY} + 0.40 \text{ FEM}.$$

Analysis of the Models

The original model, as presented in Table 9, demonstrated that the set of variables included in the model were able to explain the variation in the dependent variable. The F-value for the model was 2.77 and was statistically significant at the $p < .01$ level. The R^2 for the model was .19, and the adjusted R^2 was only .12, both of which are very weak values for the coefficients of determination. These two values indicate that only 19% of the variation in the dependent variable was explained by the independent and control variables included in the model; after adjusting for the number of variables included in the model, only 12% of the variation is explained. These values indicate that there are other variables that could possibly explain more of the variation in premature affluence.

The second model presented, with scores on the Material Values Scale included in the model, was also statistically significant. This model explained variance in the dependent

Table 12

Regression Results for Model with all Minority Groups Combined: Dependent Variable Premature Affluence

Variable	b-value	Standard Error	t-value	beta
Family structure	1.09	0.92	1.18	0.12
Family income	0.41	0.71	0.58	0.06
Self-esteem	0.07	0.09	0.73	0.07
Age	-1.16	0.39	-3.01 **	-0.29
Minority	-0.40	1.17	-0.34	-0.03
Female	0.40	0.95	0.42	0.04
Intercept	36.28			
R ² = .09				
Adjusted R ² = .04				
F-value= 1.77				
*p< .05 **p< .01 ***p< .001				

variable of premature affluence ($F= 6.59, p< .001$). In addition, both the R^2 and the adjusted R^2 were much higher in this model, with values of .39 and .33, respectively. By including materialism in the model, the variables were able to explain almost 40% of the variation in premature affluence. Based on these findings, it seems that any future examination of premature affluence should include a measure of materialism.

The final model, which included the original independent variables, and the control variables AGE, FEM, and MINORITY, was not statistically significant. These variables were unable to explain any variation in the dependent variable ($F= 1.77, p= .11$). Because the model was not statistically significant, no interpretation of the coefficient of determination or the adjusted coefficient of determination was necessary. Running a regression model without any race or ethnicity variables is not statistically significant either, and does not explain the variation in premature affluence. This situation alludes to the possibility that race and ethnicity are factors affecting premature affluence; sufficient number of subjects from each racial group and ethnicity are important in explaining premature affluence.

CHAPTER 5

CONCLUSIONS AND DISCUSSION

The focus of this research was to examine teenagers' spending behavior and determine if teenagers are prematurely affluent. To date, premature affluence had been defined as elevated levels of discretionary spending by teenagers that they will not be able to sustain after they graduate from high school and become responsible for necessary expenditures (Bachman, 1983). Despite interest in the topic, premature affluence had never been measured as a construct. Therefore, it was necessary to translate Bachman's definition of premature affluence, as well as common beliefs about excessive spending by teenagers into an instrument that would provide an operational definition of premature affluence.

Moreover, findings from previous research indicated that certain personal characteristics, such as family income, family structure, and self-esteem, would all be effective predictors of prematurely affluent behavior in teenagers. Therefore, in addition to testing the reliability and validity of the premature affluence instrument, an ordinary least squares regression model was developed to understand what factors are related to premature affluence.

Summary

One hundred fourteen teenagers from three high schools completed the questionnaire for this research. The questionnaire measured the dependent variable premature affluence using a Likert instrument developed for this research. Also included in the questionnaire were measures of the independent and control variables: family income, change in family structure, self-esteem, materialism, age, race, gender, and ethnicity.

Results of this study indicate that teenagers are prematurely affluent, based on their responses to the premature affluence instrument. This instrument was found to be relatively reliable, with a Cronbach's alpha just over .50. Validity was determined by the results of a correlation with the Material Values Scale, an instrument that measures a similar, but not synonymous construct of materialism. With a Pearson correlation coefficient of .51 ($p < .001$), the new instrument was also found to be valid, measuring what it is intended to measure.

While all three hypothesis presented were rejected, there were some significant findings. Parents are teenagers' greatest source of money, which the teens use for discretionary purposes. There is a statistically significant positive relationship between self-esteem and premature affluence. Materialism also has a statistically significant effect on premature affluence ($t = 5.76$, $p = 8.7 \text{ E } -8$). Younger respondents were found to be more prematurely affluent than older respondents. In addition, teenagers of Hispanic origin were less prematurely affluent than non-Hispanic teenagers.

Premature Affluence Instrument

As defined earlier, premature affluence is characterized by elevated levels of discretionary spending that teenagers will be unable to sustain after they graduate from high school and become responsible for their own necessities (Bachman, 1983, p. 65). The first half of the premature affluence instrument provided concrete support for this assertion. In addition, the subjects' responses to the Likert-type items indicated that teens understand that they will have to decrease their discretionary spending and increase their spending on necessities. Although they acknowledged that they will have to change their spending strategy upon graduating, they are likely to have a difficult time making this adjustment. Knowing something does not require that behavior is founded on this knowledge. There seems to be disconnection

between being cognizant of these facts and the spending behavior that they displayed. Almost two thirds of the teens reported that they did not save money. This information is particularly interesting, considering that over 90% of the participants were students in Consumer Sciences and Finance classes. Their spending behavior is not reflective of what they have learned.

These teenagers seem to know what they are supposed to do, but the difficulty comes when that knowledge has to be translated into behaviors. Even though they are capable of creating thorough budget plans, the likelihood of the teenagers living according to their budget is questionable, especially when they encounter an item that they want badly.

Sources of Income

Almost two thirds of the sample received no money from employment. As expected, money from parents comprised a large portion of the money that teenagers received. This finding is not surprising, but provides further support of previous research of teens' sources of money (Brazil, 1999). Over half of the teenagers received money from their mothers and almost half of the teens received money from their fathers. Allowances were not as large of source of money for the teenagers as handouts by the parents, with less than one third of the subjects receiving money from allowances. Allowances are generally structured payments on a consistent time table, and are given for the completion of household chores or academic success. This implies that most of the money that teens received was given on an impromptu "need it now" basis.

Despite parental complaints about their children's spending habits, parents may be enabling irresponsible financial management skills. If the parental handouts are given to their teenagers on an ad hoc basis, the parents are encouraging the children to believe that instant gratification is a regular part of life, and is a reasonable expectation.

It seems possible that parents engage in lenient parenting techniques, in terms of their children's money management skills and consumption behavior. In their research of the effect of parenting styles' on children's consumption, Carlson and Grossbart (1988) found that compared to authoritarian mothers, permissive mothers were less restrictive of their children's consumption practices and were less likely to mediate advertising messages. These researchers also found that permissive parents are more likely than stricter parents to fulfill children's desires and to comply with their requests (Carlson & Grossbart, 1988). Their permissive parenting techniques may be driven by a desire to get along with their children and to avoid telling their child "no". As the parents of young children, they may have bought whatever their children wanted to avoid outbursts and tears. In addition, as children grow into teenagers the prices of the goods that they want increases. Much more money is required to assuage a teenager's desire for an electronic gadget than it was to buy her a doll when she was a young child.

Parents want to have healthy, well-adjusted children. People have children because they want to enjoy their children, to delight in their successes and accomplishments. Parents spend large sums of energy and money to provide their children with the best education, both formal and informal training, possible. However, parents also want to have a happy child. It may be that some parents are attempting to buy their child's happiness, either by purchasing material possessions or providing the teenagers with money to buy the goods themselves (Brazil, 1999; Roberts, 1998). Moreover, with many parents employed full time they may not spend enough quality time with their children, so they may substitute additional goods in place of quality time. While this may ease the guilt that parents feel for their absence, their behavior may be contributing to a larger problem.

Family Income

A poignant finding from this research was that teenagers from low income households were as prematurely affluent as teenagers from high income households. This finding was contradictory to previous research about the effect of family income on teens' spending behavior. The realities of this finding can have both short-term and long-term negative consequences.

In the short run, high income parents do not have difficulty providing their teenaged children with money for discretionary spending. However, parents with low incomes must struggle to give their teenaged children money for the things that they want. Just like the high income family, they want a happy child who is able to enjoy having the items that they desire. In order to provide these things for their child, the parents may forsake household necessities or over-utilize credit methods to get their children the things that they want. Many children from low income households return to school from Christmas break with the most expensive clothes, athletic shoes, and with expensive toys that their parents may have had to juggle financial responsibilities to obtain. Children are not likely to think about how their desires affected their family's economic well-being, but over time become accustomed to requesting and receiving expensive items every year.

From a longer term perspective, if a teenager from a high income family continues to engage in elevated discretionary spending after graduation from high school, the problem is not severe. These teens would be expected to receive substantial financial support from their parents if they encounter difficulties due to money mismanagement. A teenager from a low income household, however, that engages in the same behavior will be less likely to have a financial cushion. This predicament, then, has the potential to have a more detrimental impact on teens from low income households than those from high income households.

Moreover, as teens from low income households grow older they may resort to questionable ways to obtain the goods that they want. After determining that they can not maintain the spending pattern to which they had become accustomed, they may begin to engage in high risk, high pay off activities, such as selling drugs, or dating people for material gain. These behaviors can become inescapable traps if they do not learn to control their demand for discretionary items.

Materialism

Materialism played a critical role in explaining premature affluence. Initially, the measure of materialism was only to be used to determine the validity of the premature affluence instrument. However, after examining the correlation, significant at the .001 level, it was imperative to further explore the relationship between materialism and premature affluence.

It is important to note that although materialism and premature affluence were highly correlated, the two constructs are not synonymous. Materialism has been defined as “the importance a consumer attaches to worldly possessions. At the highest levels of materialism, such possessions assume a central place in a person’s life and are believed to provide the greatest sources of satisfaction and dissatisfaction” (Belk, 1985, p. 265). Materialism focuses more so on the goods themselves, rather than on discretionary spending, as a category.

Richins and Dawson’s Material Values Scale (1992) is based on the belief that materialistic people need possessions to show their success. In addition, the researchers believed that possessions provide happiness are central to their lives of materialistic consumers. The regression model, including materialism, indicated that being materialistic had a positive impact on a subject’s premature affluence score. In general, materialistic teenagers were also prematurely affluent.

With a focus on a desire for possessions, expensive items in particular, it seems natural that materialistic teenagers are also prematurely affluent. It is possible that these teenagers engage in elevated discretionary spending because they deem it necessary to acquire the goods that they hold in high regard or that they believe can make them happy. This has the potential to turn into a vicious cycle, however, for a teen that continues to feel that owning a particular good will make them happy, or will make them feel successful.

Materialism is not a value that appears one day and then disappears the next day. Rather, materialistic values are developed over time, based on information that the teenagers received over their lifetime from parents, peers, and the media. After viewing television commercials and programming since early childhood, the high scores on the materialism scale were not surprising. In a study of children's socialization as consumers, measures of materialism were found to be positively related to television viewership and discussions with peers about acquiring goods (Churchill & Moschis, 1979). Goldberg, Gorn, Perachio, and Bamossy (2003) had similar findings for their study of materialism among the youth. The materialistic teens in their study were more influenced by television advertisements than subjects that scored low on the materialism instrument. They were also more likely to request that their parents buy the advertised goods that they saw in the media (Goldberg et al., 2003)

Age

The age of respondents had a negative impact on premature affluence scores. Older teenagers were less prematurely affluent than older teenagers. These findings can be extended to the viable 9-14 "tween" market as well. After examining this finding, it was necessary to determine if this variable was masking the effects of teen employment, since teenagers must be 16 years old to work. While the results of a correlation analysis revealed a positive relationship

between age and employment, regression analysis indicated that teen employment was not a factor influencing premature affluence.

Young teenagers live in a sheltered microcosm of real life, where if they want something they can have the item. While they test their independence, they have no real idea of what being an adult means. Although they may know that financial responsibilities exist, they have not made the practical connection that they will face these responsibilities. The prospect of being a young adult may be too far away or too glamorized for them to fully comprehend. Older teenagers, however, feel the import of being a responsible adult and have lost some of the carefree attitudes that young teenagers enjoy.

Theoretical Framework and the Premature Affluence Instrument

Although this research was conducted based on observations of teenagers' consumption behavior, theory provided a foundation for the research. More specifically, there were items in the premature affluence instrument that investigated how closely teenagers' behavior modeled theory.

Veblen effect

Veblen proposed that people consume goods that convey status and prestige. These goods are expensive and imply that the owners have high levels of income, since they have bought the expensive items. The primary objective of consumers that operate under the Veblen effect is to impress others based on the expensive prices of the goods (Vigneron & Johnson, 1999).

There were two items included in the instrument that addressed teenagers' demand for designer goods that conveyed status. These questions were based on the Veblen effect, which asserted that consumers buy goods that other people believe are expensive, such as designer

goods. According to the results, provided in Table 8, some teenagers do purchase goods for the Veblen effect. However, just because teenagers like designer labels and logos does not mean that they buy these goods. Over half of the sample indicated that they like to buy goods with designer labels, but less than one third agreed with the statement that they always buy designer items.

Teenagers are particularly vulnerable to designer brands. Many of the advertisements for these goods depict beautiful, perfect, young people wearing very expensive clothing. In addition, the proliferation of brand names mentioned in song lyrics has made young people, particularly fans of rap music, familiar with upscale brands that they would have been ignorant of without the lyrical commercials. Owning brand name items is no longer a fantasy to wait for, but a goal that can be attained immediately. Designer items, then, are not out of the reach for many teens, but accessible accoutrements.

Bandwagon Effect

First modeled by Leibenstein (1950), this hypothesis posits that consumers' demand for goods is interdependent on other consumers' demand for the good. Consumers' demand for certain goods can increase because they see others in their peer group with the good (Biddle, 1991). According to both the bandwagon effect and the relative income hypothesis, teenagers would be expected to compare their spending behavior to their peers and use the spending behavior of peers as a standard to reach or exceed. Based on the responses to the statement "I don't pay attention to the designer labels that my friends and celebrities have when I decide to buy things", 35% disagreed with this statement, implying that the purchases of celebrities and peers play a role in their purchase decisions.

Absolute Income Hypothesis

According to Keynes' absolute income hypothesis, consumption is a positive function of the income available to a consumer (Bryant, 1990). Results from a Pearson correlation test also provide support for using the absolute income hypothesis as a basis for this research. There was a positive correlation between the total amount of money that teens received and the amount that they used for discretionary purposes ($R = .24$, $p = 0.01$). Based on this correlation, it seems that the sample operated according to the absolute income hypothesis; teenagers that had more money spent more money on discretionary items.

Although the absolute income hypothesis is focused on how an increase in income impacts consumption behavior, it seems that that converse situation should also be true. As a consumer's income decreases, his level of consumption should decrease. This is a key issue in the study of premature affluence: will teenagers be able to reduce their discretionary consumption expenditures when their sources of discretionary income decrease or fade away? While their responses to the premature affluence instrument indicate that they will reduce their spending, it is possible that there will be a gap between what they know and how they will behave.

Limitations

Despite the best efforts to conduct a completely flawless project, some circumstances and events are beyond the control of the researcher. I found this to be the case with this research, especially working with several large school districts. In addition, limited resources and time prevented obtaining the most reliable data available. Nevertheless, the data provided by the subjects allowed for a greater understanding of teenage spending behavior and an operational definition of premature affluence.

External Validity

There were several factors that hindered the external validity of this research. Because I only contacted school districts within a limited geographical region, it will be impossible to generalize these findings nationwide, or even throughout all of Georgia. The ability to generalize the findings within the north Georgia region is also hindered by the paucity of schools able to participate in the research. It cannot be assumed that the teenagers in the three participating schools are representative of the population of teenagers in that area. In addition to using a limited geographic area, random selection was not used in this research, causing the sample to be more purposeful than originally planned.

In addition to the three schools included in this sample, there was one additional high school that had been sampled and had received the required forms and questionnaires for participation in this research. However, due to scheduling difficulties and impending deadlines, it became unfeasible for these teenagers to participate. This was extremely disappointing, considering that 260 teenagers were to be sampled in this school. This is a prime example of working with external entities, whose priorities do not coincide with the researcher's plans.

The external validity of the research was severely comprised due to circumstances beyond the control of the researcher and limited time and economic resources. It is very important to note, however, that the focus of the research was not achieving maximum external validity; the creation of a reliable instrument to measure premature affluence was the preeminent focus. The reduced external validity, then, is not an issue paramount to the success of the research. In addition, using teenagers in high schools provided greater external validity than attempting to collect data in public places where teenagers congregate. The use of schools also facilitated the distribution and collection of required forms and questionnaires.

Internal Validity

The design for this research was not without flaws. The use of an *ex post facto* cross sectional design does not allow the analysis of shifts in the independent and dependent variables over time. The data are static and provide a snapshot of teen spending at one point in time. Another weakness of this design was the possibility that there are a considerable number of variables that interfere with the findings and create statistical noise. This weakness is diminished by controlling for some variables that could create the greatest differences in subjects, such as gender, age, race, and ethnicity. Nevertheless these intervening additional variables are selection threats to the internal validity.

A critical issue in evaluating the reliability of this instrument was that premature affluence is not one dimensional. Since reliability tests determine if all of the items included in an instrument are measuring the same thing, it will be extremely difficult to obtain a reliability coefficient that reaches .90, the generally accepted Cronbach's alpha. If all of the items focused only on elevated spending, or only on the subjects' ability to sustain their level of discretionary spending after they graduate, it would be expected that the instrument would yield a higher reliability coefficient. However, if the instrument only addressed one aspect of premature affluence and did not include items that addressed societal conceptions of the construct, a lot of information would be sacrificed. Although it may result in a higher Cronbach's alpha, the instrument would not fully illustrate the nature of premature affluence.

The questionnaire used for this research did not include any items to determine if teenagers lived in a single earner or dual earner household. According to previous research, parents in dual earner households give their children more money and possessions as a substitute for time that they do not spend with their children (Roberts, 1998). It is possible that the results

of the change in family structure variable were confounded by the effects of dual earner versus single earner families. This is also an area for future research into premature affluence.

Future Research

Although the limitations discussed are caveats to interpreting and generalizing the findings of this research, they also may serve as opportunities for future research on premature affluence. Any improvements made will advance the body of knowledge on premature affluence.

As stated previously, there were very few respondents that were Asian, Hispanic, black, or from other minority groups. While race and ethnicity only served as control variables in this research, the findings suggest that there are some powerful relationships between race and ethnicity and premature affluence. Further investigation of the construct should focus more so on racial and ethnic differences and how they affect premature affluence. In the original model, with each group separated, blacks and Asians had positive b-values (although the t-values were not statistically significant), while others and Hispanics had negative b-values. Future research into premature affluence should sample a large, heterogeneous group of teenagers in order to have statistically significant findings for race and ethnicity categories. It would be optimal to obtain a sample that had a disproportionately large number of blacks, Asians, and Hispanics, to determine if the findings from this study were accurate. Any future exploration of premature affluence, with high external validity as the focus, might consider mailing surveys to a large number of households. The questionnaire would have to contain a screener question to determine if a teenager resides in the household. Such a sampling technique would yield a more heterogeneous sample of teenagers than focusing data collection in a small geographic region.

Due to the significant findings of the control variable of materialism, future research of premature affluence should use materialism as a substantive independent variable and test a hypothesis about the variable. In addition, there were several factors discussed in the review of literature that may be related to premature affluence, such as shopping frequency, media exposure, and single or dual earner households, and should be tested statistically.

The questionnaire used in this research measured the dependent variable and all of the independent and control variables at one point in time. Several of the variables in the model, however, were based on behaviors and values displayed over a period of time, rather than at one point in time. Future investigators of premature affluence should consider using a diary method over the four week time period or tracking teenagers' spending behavior over a period of time. The use of a diary would increase the accuracy of the monetary values as well as the responses to the Likert-type scales.

Further research into premature affluence might also focus on other options for testing the reliability of the instrument. For instance, a researcher may consider giving an alternate form of the instrument and correlate the scores to determine if the instrument is reliable. Another option would be to administer the instrument to a group of subjects and re-administer the instrument after some time has passed. If the subjects' scores remained in the same range, the researcher could determine that the instrument was reliable. Although these options were available, given the difficulty in obtaining permission to administer the instrument just once, it was not feasible to perform either of the aforementioned tests of reliability.

In addition to alternative methods of testing the instrument's reliability, it may be beneficial to create additional items to include in a premature affluence instrument. The researcher would benefit from having a larger pool of items to include in the instrument, and

thereby select the best items to include in the final version of the premature affluence instrument. A good source of ideas for creating additional items would be compiled by conducting a focus group of teenagers, and stimulating a dialog about teen spending and their ability to sustain this level of spending after they graduate from high school.

Implications

The problem of premature affluence is essentially a problem of questionable expectations. The purpose of this research is not to judge if teenagers' expectations of their future spending behavior are good or bad, or to deem their behavior reprehensible. However, the question has to be asked, how will this cohort of teenagers behave when their expectations about their standard of living are not met? How will they govern themselves in the face of additional financial responsibilities and decreased amounts of money available for discretionary spending?

Let it be understood, the expectations that these teenagers have were not created in a vacuum. They are the result of years of media programming, telling them that they should get what they want; buy the best, the biggest, the newest products available. They are the result of parents giving into tantrums, and sulking when they did not get what they want. In short, teenagers have been shaped by the type of lifestyle that they enjoyed to this point, from where they go out to eat to how often they can go to the mall. It would be virtually impossible to live in this type of environment without developing some very strong ideas about the consumption style that is preferred.

A major implication of this research is the gap between what teenagers know and how they behave. There have been several programs developed to strengthen teenagers' money management skills, and many states have consumer science classes in the public schools. Yet it does not seem that the lessons stick with participants. Teachers and extension agents can explain

everything very clearly, but if the students do not put the information to use, substantial progress will not be made. At present, many people do not understand the damage they have done to their financial health until they want to make a major purchase or find themselves in horrible financial circumstances.

Parents play a critical role in decreasing the prevalence of premature affluence. As teenagers' most prevalent source of money, they may consider being less lenient to their children's request for money. In reality, by denying them something that they want, they are teaching them valuable lessons in self denial and delayed gratification. These parents also need a strong support network, such as extended family or parents of other teenagers, to enforce tougher financial standards. Parents may also consider discussing budgeting with their teenagers, or show them how they handle their finances in a responsible manner. More importantly, parents need to demonstrate through their own actions that acquiring more and getting the newest things are not central to their lives. In Goldberg et al.'s study (2003), parents with high scores on a materialism instrument had children who scored high on the materialistic orientation instrument. This supports the belief that parents' values and behaviors can have an effect on their children's consumption behavior.

While marketers are undertaking a full scale campaign to earn children and teenagers' money, parents, teachers, and financial educators also need to partner up to combat the hyper consumption environment that has evolved. It is not likely that this research will change marketing standards. This country is based on consumers' ability to buy the goods that they demand. The images in the media encourage viewers that they "must have" a good, and espouse the belief that possessions are key to a successful life. Since children begin viewing television

and commercials from such a young age, parents need to counterbalance these images early by teaching values that are not centered on material possessions.

Currently Congress is debating a bill that would force food manufacturers to limit the use of children's favorite cartoon characters to promote unhealthy cereals and snacks (Goldstein, 2005). Although this is only one case of understanding the media's influence on the consumption ideologies of children it is symptomatic of the problem of marketing to children and teenagers, in general. Food manufacturers are not the only companies responsible for creating elevated demand for products. Congress can cite negative health outcomes for the children that are targeted by these foods, but they have more trouble citing negative financial outcomes that result from other marketing plans targeted to teenagers. While childhood obesity and diabetes are a critical problem, so are bankruptcy filings by young adults (Trigaux, 2004). The number of these bankruptcy filings by young adults will only increase if no attention is given the problem of elevated spending by teenagers and young adults. Credit cards will take the place of parental handouts of money so that young adults can still obtain discretionary items.

So much focus has been given to the economic power of teenagers, citing the billions of dollars that they spend each year. They are considered to be an extremely savvy generation. While it is true that their spending is significant, I counter that these people have limited economic power. They may know how to spend money, but they are not fully equipped to successfully function in the marketplace. The elevated levels of spending associated with teenagers mask their inadequacy to master what it takes to be a successful consumer. Anyone can buy things, but it takes more to be an efficient consumer. The reality is, while there are privileges that accompany being a part of the consumer culture, these privileges are accompanied by prioritizing, sacrificing desires, and displaying responsible consumer behavior.

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APPENDIX A: Purpose, Objectives and Hypotheses

Purpose, Objectives, and Hypotheses

Purpose: To investigate the extent of premature affluence among teens as well as factors that have been associated with the behavior.

Objectives:

1. To investigate the extent to which young people, between the ages of 14 and 18, spend money primarily on discretionary items and display behavior that is considered prematurely affluent.
2. To develop and test an instrument to measure the construct of premature affluence.
3. To investigate whether the factors that have been found to be related to materialism and compulsive buying are also related to premature affluence.

Hypotheses:

1. Teenagers who experienced a change in family structure are more prematurely affluent than teens who did not experience a change in family structure.
2. Teenagers from higher income households are more prematurely affluent than those from lower income households.
3. Teenagers' level of self-esteem has a negative relationship with premature affluence. Teenagers with high self-esteem are less likely to display prematurely affluent behavior than teens with low self-esteem.

APPENDIX B: Parental Permission Form and Assent Form

PARENTAL PERMISSION FORM

I agree to allow my child _____ to take part in a research study entitled "Premature Affluence: Factors Related to Elevated teen spending", which is being conducted by Marietta G. Jelks in Housing and Consumer Economics, at the University of Georgia, (706) 542-4722 under the direction of Julia Marlowe in Housing and Consumer Economics at University of Georgia, (706) 542-4851. My child's participation is voluntary; I and my child can stop taking part at any time without giving any reason, and without penalty.

The following points have been explained to me:

1. The reason for the research is to identify factors related to young adults' uses of money and to test a questionnaire to determine if teens and young adults spend excessively.
2. Neither I nor my child will benefit directly from this research.
3. The procedure is as follows:
During one class, my child will be asked to complete a questionnaire. The questionnaire asks for estimates of the sources of my child's money as well as the uses of the money in the last four weeks. The questionnaire should take approximately 20 minutes to complete.
4. No discomforts or stresses are expected.
5. No risks are expected.
6. The only person who will know that my child is a research subject is the researcher. No information about my child or provided by my child during the research will be shared with others. My child's responses will remain anonymous.
7. Participation in the study is voluntary and will not affect either my child's grades or placement decisions.
8. The researcher will answer any further questions about the research, now or during the course of the project, and can be reached by telephone at (706)542-4722.

My signature below indicates that the researcher has answered all my questions to my satisfaction and that I consent for my child to volunteer for this study. I have been given a copy of this form.

Marietta G. Jelks

Name of researcher
Telephone: (706) 542-4722
Email: mgjelks@uga.edu

Signature

Date

Name of Participant

Signature

Date

Please sign both copies, keep one and return one to the researcher.

Additional questions or problems regarding your rights as a research participant should be addressed to Chris A. Joseph, Ph.D., Human Subjects Office, University of Georgia, 612 Boyd Graduate Studies Research Center, Athens Georgia 30602-7411; Telephone (706) 542-3199; E-Mail Address IRB@uga.edu

ASSENT FORM

I agree to take part in a research study entitled "Premature Affluence: Factors Related to Elevated teen spending", which is being conducted by Marietta G. Jelks in Housing and Consumer Economics, at the University of Georgia, (706) 542-4722 under the direction of Julia Marlowe in Housing and Consumer Economics at University of Georgia, (706) 542-4851. My participation is voluntary; I can stop taking part at any time without giving any reason, and without penalty. The following points have been explained to me:

1. The reason for the research is to identify factors related to young adults' uses of money and to test a questionnaire to determine if teens and young adults spend excessively.
2. The procedure is as follows:
During one class, I will be asked to complete a questionnaire. The questionnaire asks for estimates of the sources of my money as well as the uses of the money in the last four weeks. It should take approximately 20 minutes to complete the questionnaire.
3. No risks are expected.
4. The only person who will know that I am a research subject is the researcher. No information about me, or provided by me during the research will be shared with others. My responses will remain anonymous. I will not write my name on anything other than this form.
7. The researcher will answer any further questions about the research, now or during the course of the project, and can be reached by telephone at (706)542-4722.

My signature below indicates that the researcher has answered all my questions to my satisfaction and that I consent to volunteer for this study. I have been given a copy of this form.

Marietta G. Jelks

Name of researcher
Telephone: (706) 542-4722
Email: mgjelks@uga.edu

Signature

Date

Name of Participant

Signature

Date

Please sign both copies, keep one and return one to the researcher.

Additional questions or problems regarding your rights as a research participant should be addressed to Chris A. Joseph, Ph.D., Human Subjects Office, University of Georgia, 612 Boyd Graduate Studies Research Center, Athens Georgia 30602-7411; Telephone (706) 542-3199; E-Mail Address IRB@uga.edu

APPENDIX C: Questionnaire

Please place a check mark next to all of your sources of income in the last 4 weeks. For each of the sources that you checked, please estimate the amount of money that you received from this source in the past four weeks.

Sources of Money (check all that apply)	\$ Amount in past 4 weeks
<input type="checkbox"/> Employment	_____
<input type="checkbox"/> Allowance	_____
<input type="checkbox"/> Father (not including allowance)	_____
<input type="checkbox"/> Mother (not including allowance)	_____
<input type="checkbox"/> Stepmother (not including allowance)	_____
<input type="checkbox"/> Stepfather (not including allowance)	_____
<input type="checkbox"/> Other guardian (not including allowance)	_____
<input type="checkbox"/> Monetary gifts (for birthdays, holidays)	_____
<input type="checkbox"/> Other	_____

Please place a check mark next to all of the ways that you used **your own money** in the last 4 weeks. For each way that you checked, please estimate the amount of money that you spent in each category in the last 4 weeks.

Money Uses (Check all that apply)	\$ Amount in past 4 weeks
<input type="checkbox"/> Savings	_____
<input type="checkbox"/> Charity (Donations, church, temples)	_____
<input type="checkbox"/> Family expenses (household bills, utilities, phone)	_____
<input type="checkbox"/> Car expense (Gas, insurance, repairs)	_____
<input type="checkbox"/> Transportation (Public transportation)	_____
<input type="checkbox"/> Extra curricular activities (teams, organizations)	_____
<input type="checkbox"/> Gifts for others	_____

Please place a check mark next to all of the ways that you **spent your money on things for yourself** in the last 4 weeks. For each of the uses that you checked, please estimate the amount of money that you used in each category over the past four weeks.

Money Spent on Yourself (check all that apply)	\$ Amount in the past 4 weeks
<input type="checkbox"/> Clothing	_____
<input type="checkbox"/> Shoes	_____
<input type="checkbox"/> Accessories (ex. jewelry, purses)	_____
<input type="checkbox"/> CDs	_____
<input type="checkbox"/> DVDs and video cassettes	_____
<input type="checkbox"/> Entertainment (going to movies, parties)	_____
<input type="checkbox"/> Cell phone (include monthly fees, cost of minutes)	_____
<input type="checkbox"/> Eating away from home	_____
<input type="checkbox"/> Personal care (haircuts, hairstyling, manicures)	_____
<input type="checkbox"/> Books and magazines	_____
<input type="checkbox"/> Electronics (video games, MP3 players, computer accessories)	_____
<input type="checkbox"/> Accessories for car (cd player, rims)	_____
<input type="checkbox"/> Other ways you spent money on things you wanted	_____

Please circle the number that best represents how you feel or believe. 0= strongly disagree (SD)
1= disagree (D), 2= neutral (N), 3= agree(A) 4= strongly agree (SA)

	SD	D	N	A	SA
I like to buy items with designer brands and logos.	0	1	2	3	4
It is not important that I get the things that I want immediately.	0	1	2	3	4
When I graduate from high school, I think my parents will give me money to buy the things that I want (but don't need).	0	1	2	3	4
When I graduate from high school, I will have to pay for more of my of expenses and financial responsibilities.	0	1	2	3	4
When a new item comes out on the market, I am one of the the first people to buy the item.	0	1	2	3	4
I always buy things that have designer labels.	0	1	2	3	4
I will have to cut back on the amount of money that I spend on things I want once I graduate from high school.	0	1	2	3	4
I don't pay attention to the designer items that my friends and celebrities have when I decide to buy things.	0	1	2	3	4
I spend most of my money on things I want.	0	1	2	3	4

FAMILY INCOME

Please place a check mark next to category that best describes your family's income.

- ☐ Low income (\$0 - \$30,000)
☐ Middle Income (30,000 -50,000)
☐ High Income (\$50,000 or more)

FAMILY STRUCTURE

During your lifetime, have your parents or guardians done any of the following:

(Check all that apply)

- ☐ Gotten divorced ☐ Remarried
☐ Separated ☐ None of these events have happened
☐ Married
☐ Died

1. How old are you? _____

2. What is your gender? ☐ Male ☐ Female

3. Please place a check mark next to the terms that best descibe you. Check all that apply.

- ☐ Hispanic ☐ Non-Hispanic
☐ White ☐ Black ☐ Asian
☐ Other (please specify) _____

Please circle the number that best represents how you feel or believe. 1= strongly disagree (SD)
2= disagree (D) 3= neutral (N) 4= agree (A), 5= strongly agree (SA)

	SD	D	N	A	SA
I admire people who own expensive homes, cars, and clothes.	1	2	3	4	5
Some of the most important achievements in life include acquiring material possessions.	1	2	3	4	5
I don't place much emphasis on the amount of material objects people own as a sign of success.	1	2	3	4	5
The things I own say a lot about how well I'm doing in life.	1	2	3	4	5
I like to own things that impress people.	1	2	3	4	5
I don't pay much attention to the material objects other people own.	1	2	3	4	5
I usually buy only the things I need.	1	2	3	4	5
I try to keep my life simple, as far as possessions are concerned	1	2	3	4	5
The things I own aren't all that important to me.	1	2	3	4	5
I enjoy spending money on things that aren't practical.	1	2	3	4	5
Buying things gives me a lot of pleasure.	1	2	3	4	5
I like a lot of luxury in my life.	1	2	3	4	5
I put less emphasis on material things than most people I know.	1	2	3	4	5
I have all the things I really need to enjoy life.	1	2	3	4	5
My life would be better if I owned certain things I don't have.	1	2	3	4	5
I wouldn't be any happier if I owned nicer things.	1	2	3	4	5
I'd be happier if I could afford to buy more things.	1	2	3	4	5
It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like.	1	2	3	4	5

Please circle the number that best represents how you feel or believe. 0= strongly disagree (SD)
1= disagree (D), 2= neutral (N), 3= agree(A) 4= strongly agree (SA)

	SD	D	A	SA
On the whole, I am satisfied with myself.	0	1	2	3
At times I think I am no good at all.	0	1	2	3
I feel that I have a number of good qualities.	0	1	2	3
I am able to do things as well as most other people.	0	1	2	3
I feel I do not have much to be proud of.	0	1	2	3
I certainly feel useless at times.	0	1	2	3
I feel that I'm a person of worth, at least on an equal plane with others.	0	1	2	3
I wish I could have more respect for myself.	0	1	2	3
All in all, I am inclined to feel that I am I failure.	0	1	2	3
I take a positive attitude toward myself.	0	1	2	3