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# Why Are Young People Ditching Cars for Smartphones?

By Jordan Weissmann

*For cash-strapped twenty-somethings, staying connected may be worth more than a set of wheels.*



The Apple Store on

5th Avenue in Manhattan, in front of the General Motors Building. (Reuters)

Youth culture was once car culture. Teens cruised their Thunderbirds to the local drive-in, Springsteen fantasized about racing down Thunder Road, and Ferris Bueller staged a jailbreak from the 'burbs in a red Ferrari. Cars were Friday night. Cars were Hollywood.

Yet these days, they can't even compete with an iPhone -- or so car makers, and the people who analyze them for a living, seem to fear. As [Bloomberg reported this morning](#), many in the auto industry "are concerned that financially pressed young people who connect online instead of in person could hold down peak demand by 2 million units each year." In other words, Generation Y may be happy to give up their wheels as long as they have the web. And in the long term, that could mean Americans will buy just 15 million cars and trucks each year, instead of around 17 million.\*

"A car is a symbol of freedom," one consumer researcher told *Bloomberg*. "But unlike previous years, there are many different ways that a Gen Y person can capture that freedom."

Young adults are in fact [buying fewer](#) cars and trucks today than in the past. According to CNW Marketing Research, Americans between the ages of 21 to 34 purchased just 27 percent of new cars in 2010, down from 38 percent in 1985. Bloomberg quotes the industry analysts at R.L. Polk & Co., who say that "the rate of U.S. auto sales to 18-34-year-old buyers declined to 11 percent in April 2012, down from 17 percent for the same age group in April 2007, before the recession."

Is it really reasonable to blame that drop on Gen Y's love of tech? No, not entirely. But it is fair to think that our preoccupation with smartphones and laptops might be contributing to the fall. Here's why.

First, Gen Y is [strapped for cash](#). Badly. Thanks to the recession and slow recovery, it's been slammed with high rates of joblessness. Even college graduates, who have better prospects than most, are still collectively [underemployed](#) and staggering around beneath the weight of [unprecedented student debt](#). In the scheme of a young person's budget, a \$12,000 Kia and a \$2,000 Macbook Pro both count as major life purchase. Given the centrality of the web to everybody's personal and professional lives, the computer (or heck, even a phone) may be the higher priority.

Second, young Americans aren't simply turning their back on buying cars. They're also turning their backs on driving. The percentage of teens and twenty-somethings with licenses has [dropped dramatically](#) over the past thirty years, which may be the sign that Gen Y's indifference towards autos is a cultural shift as much as an economic one. Of course, we don't know precisely why the young are driving less. Urbanites may embracing mass transit, biking, and car sharing services like Zipcar. Other young people may be gravitating towards walkable suburbs, where cars are often optional. But it's not far fetched to think that the ability to connect with friends and family, shop, and entertain ourselves online has contributed to the trend.

Finally, this all might be part of a global pattern. Michael Sivak and Brandon Schoettle of the University of Michigan Transportation Research Institute have found that the fraction of teen drivers tends to fall as a country's level of internet access increases. There's also vivid, albeit anecdotal, evidence from Japan, where in 2008, the *Wall Street Journal* reported that the country's tech-obsessed youth had all but forgotten about cars:

Reasons [for the drop in sales] include higher gasoline prices and Japan's graying population. But even more worrying to auto makers are signs that the downturn is part of a deeper generational shift among young Japanese consumers. Unlike their parents' generation, which viewed cars as the passport to freedom and higher social status, the Internet-connected Japanese youths today look to cars with indifference, according to market research by the Japan Automobile Manufacturers Association and Nissan. Having grown up with the Internet, they no longer depend on a car for shopping, entertainment and socializing and prefer to spend their money in other ways.

Sound familiar? As youth culture becomes tech culture, it may be that cars just tend to get pushed out of the way. No matter where you are in the world.

This article available online at:

<http://www.theatlantic.com/business/archive/2012/08/why-are-young-people-ditching-cars-for-smartphones/260801/>

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