

RETAIL

Back-to-school shopping in full swing

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Farfetch's back to school promotion for 2017. Image credit: Farfetch

By SARAH JONES

As students prepare to head back to class or college, luxury brands have the opportunity to meet affluent parents who are ready to spend.

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According to a survey by the National Retail Federation, back-to-school shopping in the United States is projected to reach a near record \$82.8 billion this year. While luxury retailers may not be the first stop for school supplies, fashion categories such as clothing, shoes and backpacks are all key heading into a new school year.

"I think there's a real place in the market at back-to-school for luxury," said Evan Magliocca, brand marketing manager at [Baesman Insights & Marketing](#), Columbus, OH.

"Back-to-school isn't about checking boxes or needs," he said. "It's about imagination, excitement and anxiety. Going to college for the first time, or entering your senior year—those are times of extreme emotional swings from excitement to anxiety.

"But in the end, it's about what that year holds in store. Customers shop the brands and products that support and exemplify how they see themselves during that time. They shop for what they aspire to be.

"In that regard, luxury has a stronger competitive advantage. They usually have a much stronger story to tell that aligns emotionally."

Back to class

NRF found that more back-to-school shopping is happening earlier. Compared to 74 percent last year, 77 percent of shoppers this year will be starting to make purchases at least three weeks before school begins.

Additionally, a Bazaarvoice survey found that three in 10 shoppers will start two months ahead of school, with earlier buyers likely to spend more.

Per NRF, consumers with children in kindergarten through 12th grade are expecting to spend an average of \$685, while those shopping for college-bound kids will be buying an average of \$942.



Soon kids will be going back to school. Image credit: Gucci

Back-to-school shoppers spend the most money on apparel, with an average of \$237, followed by electronics and shoes.

In comparison, college students shell out the most on electronics, with clothing and furnishings coming in behind.

As well as differing in category spend, consumers tend to shop in different places depending on the age of the child.

Back-to-school shoppers prefer department stores, followed by online retailers and discount stores. Those headed to college use online retail the most, with department stores and discount stores coming in behind.

With access to product information online, pre-teens and teens are becoming more specific in their shopping requests. Due to this, some school-aged kids will put their own money towards back-to-school purchases.

"Back-to-school is a microcosm of what retail will look like in the next three to five years," Mr. Magliocca said.

"Today's teens will be every retailer's core demographic in just a couple of years.

"And with each new generation comes a host of wildly different expectations around technology, social interaction, customer service, payment options and product," he said. "So even though luxury retailers may not see revenue increase during this timeframe, they'll be fighting for their business in just a couple of years.

"The best strategy is to get into the malls and observe, ask questions and hear it straight from the source."

College-aged students and parents will similarly work together on back-to-school shopping, with 82 percent of parents in a Deloitte survey saying they would be helping to guide their college students' budgets and shopping.

However, college students are not always spending their own money. Only 30 percent of high-income parents expect their children to pay for their college shopping.



High-income parents often give children money to shop for school. Image credit: Bloomingdale's

High-income parents are also more likely to give their child their credit card to shop, with 42 percent of affluent

parents planning to do so compared to only 19 percent of lower income respondents.

"At this point in the season, most retailers have already developed their merchandise strategy and product is on the way to shelves," said Lokesh Ohri, principal at [Deloitte Consulting LLP](#) and leader of customer engagement, content and commerce offerings in the retail practice. "From our research, we know that higher-end retailers have a unique opportunity to engage with two groups—parents and students—who are working in tandem this shopping season.

"Retailers can focus on the brands they offer that matter most to college students, as 65 percent of our survey respondents said brand was a deciding factor in choice of retailer," he said. "These retailers can also focus on the lifestyle that college students are looking to achieve and target that lifestyle to the students.

"Our survey results also showed that students of high-income households influence about 90 percent of clothing and accessories purchases as well as dorm and apartment furniture purchases. By reaching their ideal customers through targeted communications, marketing and promotion, luxury stores can stand above the competition.

"We've seen some retailers use social-led interactions like Instagram campaigns and chat-based bots to attract their target market and others use hyper-local approaches to help shoppers find what local schools and colleges recommend."

Income levels also change where college shopping takes place. While three-quarters of all consumers will shop at mass merchants, high-income shoppers tend to frequent department stores and club stores.

Despite having higher incomes, 63 percent of affluent consumers still plan to shop throughout the summer to scope out deals.

Deloitte found that online shopping for back-to-college has slowed. Fifty-four percent of sales will take place in-store, compared to only 24 percent through digital channels.

However, Bazaarvoice found that 70 percent of college shoppers will make a mobile purchase, with popular categories including school bags, apparel and bedding.

"Retailers really need to understand the market as a whole and find ways to incentivize their target shoppers to visit their stores," Mr. Ohri said. "While many shoppers plan to visit mass stores, there are still plenty opportunities to capture some share of wallet.

"In fact, for both back-to-school and back-to-college seasons, shoppers are still undecided on where they will spend 20 percent of their budget—either online or in-store," he said. "This tells us there are sales up for grabs and there is clear opportunity for retailers to continue to influence behavior."

According to Deloitte's data, back-to-college shopping peaks in the last two weeks of July and the first two weeks in August, with 80 percent of parents and students expecting to be actively buying during this period.

While many categories see early shopping, apparel sees a late bump around September as students wait to see what is in style.



Consumers take days to research bedding. Image credit: Frette

Bazaarvoice tracked the typical purchase path for back-to-school items, noting that many consumers use different sites to research potential items. Bedding, for instance, had a four-day-long research period in which shoppers looked at eight products.

Store centric

The store is poised to play a key role in back-to-school shopping.

Despite being digitally driven, Generation Z consumers value bricks-and-mortar shopping and tactile retail experiences.

A new report from Criteo finds that while three-quarters of this up-and-coming consumer group prefer to shop online, 80 percent enjoy visiting physical stores when possible and 65 percent want to touch items before buying. Rather than eschewing traditional retail entirely for ecommerce, Gen Z is instead seeking bricks-and-mortar stores that incorporate technology and seamless omnichannel shopping ([see story](#)).

It was once the common understanding in retail that shoppers follow a path to purchase, but that path today looks more like a web.

According to a new report on retail shopping habits from Blis, consumers now follow winding and circuitous paths to purchase, taking many detours and shopping through multiple channels at the same time. Despite consumers' increasingly complex and digital journeys to buying, Blis found that the store remains a key starting point for shoppers ([see story](#)).

"In our survey, we learned shoppers plan to spend more in-store than online, but the percent of online spend this year compared to last year is relatively constant," Deloitte's Mr. Ohri said. "Digital channels are incredibly important throughout the shopping journey as they influence many in-store purchases.

"In previous research, we found that over 55 percent of all in-store sales were digitally influenced, which shows the power of digital engagement," he said. "Interestingly, in our back-to-school study this year, we noticed that usage of traditional digital engagement has been flat or declining over the last three years. We also saw a similar trend in back-to-college over the last two years.

"This means that customers are looking for the next innovation in digital technology. We think this provides a big opportunity for retailers who are able to engage customers in new ways. We believe that 'digital' is taking on a new meaning today.

"Digital no longer just refers to apps, Web sites and social media. Retailers are now starting to use digital at-scale within the store to drive engagement and purchases. It is becoming more integrated into the experience rather than

simply another channel."

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