

RETAIL

How luxury brands can win back-to-school business

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Childrensalon is touting back-to-school fashions. Image credit: Childrensalon

By SARAH JONES

This back-to-school season, the bricks-and-mortar experience will be paramount for retailers, as Generation Z becomes a bigger player in purchase decisions.

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Despite being digitally driven, Gen Z consumers favor shopping in stores, and the physical retail environment can make or break customer satisfaction. Back-to-school purchasing is a multi-generational affair, requiring tactics that speak to both parents and their children.

"Smart brands think long-term," said Tom Buiocchi, CEO of [ServiceChannel](#), Pleasanton, CA. "Gen Z is now just entering the workforce and will eventually take over the purchasing power from previous generations, so while back-to-school shopping may not appeal to them now, it's an early chance for your brand to make a great impression and gain a lifelong fan.

"I would also caution brands against thinking that Gen Z equals digital," he said. "We have found that Gen Z equals 'experience.'

"Our research has found that 82 percent of millennials and Gen Z respondents still buy half or more of their goods in stores. Consider redirecting some of the research you are doing on digital channels into the outstanding and memorable brick-and-mortar experience for Gen Z shoppers and their families."

Spending surge

According to a survey from the National Retail Federation, this year back-to-school spending per person will be up. However, the overall spending is down slightly due to fewer respondents with school-aged children.

Those who have children going back to kindergarten through 12th grade will be spending an average of \$696.70, up from \$684.79 last year. For young adults heading to college, the average spending is \$976.78, up from \$942.17.

For K-12 students, the greatest expenditure is clothing and accessories.

NRF also found that teens and pre-teens are planning to spend more of their own money this year, adding a level of

independence. However, the average amount they are spending on their own is \$36.71 for teens and \$26.40 for pre-teens, showing that parents still drive most purchasing.

While it may be adults' money that is spent, Gen Z guides a lot of purchasing decisions.

Some brands are speaking directly to the older cohort of school-aged consumers.

For instance, a Michael Kors email campaign touting men's and women's fashions prompted shoppers to get "A+ style" with its watches and backpacks, inviting them to shop "back to cool."



The advertisement features a yellow banner at the top with the text "MICHAEL KORS" in white. Below this, the words "BACK TO" are written in large, bold, black letters. The central image shows three models: a man on the left wearing a black leather jacket, white pants, and sunglasses, carrying a black backpack; a woman in the middle wearing a grey and white checkered jacket and skirt, also wearing sunglasses; and a woman on the right wearing a black and white striped dress and a black cap, holding a white handbag. The word "COOL" is written in large, bold, black letters at the bottom of the image. Below the image, the text reads: "Shopping = the most exciting thing about going back to school. From pragmatic backpacks to sport-luxe watches, we've got everything you need to make the grade."

Back-to-school email from Michael Kors. Image credit: Michael Kors

A study from BRG found that back-to-school shoppers are largely visiting bricks-and-mortar stores. For apparel and accessories, 58 percent plan to make most of their purchases in-store.

Consumers head to stores partly because they want to be able to see and touch products in person. They also cite being able to more easily compare items.

"Brands play a key role working with retailers during the back-to-school season," said Keith Jelinek, co-leader of BRG's retail performance improvement practice, Emeryville, CA. "For instance, our survey indicates that the top three categories to be shopped will be tops, bottoms and footwear.

"These categories are heavily driven by the complexity of size, style and color," he said. "Easy identification and location of sizing on hang tag pricing labels can help relieve some of the stress and make an impact on the

shopping environment to help drive sales conversion.

"The majority of these shoppers will be moms with kids in tow. There will be high expectations for convenient and clean dressing rooms with clutter removed.

"Having an area designated for children to play with toys, read books and having some crayons to color pictures can also be well-received by moms that are frantically trying to keep the attention of their children while making selections and towing them back and forth to dressing rooms."

Most of the shopping for back-to-school happens at the end of July or early August, with most families finishing their purchasing by mid-August. Consumers can take between a weekend to a few weeks to complete their apparel and footwear shopping.

Online is a growing force in back-to-school shopping, particularly for older school-aged consumers. According to NRF, while ecommerce is the third most popular channel for K-12 shopping, with 49 percent buying online, it is the top channel for college shopping, with 45 percent planning to buy via ecommerce.

Perks such as free shipping can help to gain school-related business. Retailers can also promote access.

"Luxury brands should continue to focus on their core competency of exclusivity," said Kyle Henderick, senior director of client services at [Yes Marketing](#), Chicago. "Many luxury retailers have implemented tiered loyalty programs that reward their highest value customers with early access to new product releases, exclusive events and in-person experiences that help promote a sense of exclusivity.

"Luxury- and status-driven shoppers tend to be driven less by price, offers or sales, so be sure to promote your exclusive benefits, access and prestige," he said.

"If you're marketing to a rewards program member specifically via email, for example, call out the membership status and tier-specific offers that only they have access to in your subject line. This is an easy way to reaffirm the value of their exclusive membership status and to elevate your messages above the other emails inundating their inboxes during this season."

Ecommerce players are stressing ease. Children's retailer Childrensalon has created a back-to-school hub on its ecommerce site, which features designer backpacks and school-ready attire, making it easier for shoppers to find appropriate fashion for their children.

[View this post on Instagram](#)

These star students can certainly teach us a thing or two about style We're giving these classroom combos an A+ #DressedbyCS #kidsfashioninsta #designerstyle #miniootd #microfashion #minilook #designerfashion #TartineetChocolat #SKU262467

A post shared by Dressing children beautifully (@childrensalon) on Jul 24, 2019 at 3:00am PDT

Instagram post from Childrensalon

Shopping simplicity is also key in stores.

"Brands cannot underestimate the importance of the basics: a welcoming environment that is well-organized, clean and inviting," Mr. Buiocchi said. "Especially for back-to-school, when families will be arriving with very specific lists of supplies, brands need to make shopping as frictionless as possible.

"Most stores create a special section for back-to-school which is a great start but they must ensure that those sections remain organized and easy to browse," he said. "Our research has shown that two out of five shoppers highly value the ability to browse but unfortunately have run into problems with disorganized inventory.

"Making products browsable and findable is a simple step that can make a big difference in the experience and the likelihood of a return customer."

As of the NRF survey, which was conducted from July 1 to 8, 89 percent of consumers still had half or more of their back-to-school shopping to do.

"In general, we're seeing these campaigns inch earlier into the year, especially as retailers have leaned into the energy around Amazon Prime Day with their own midsummer shopping events," Mr. Henderick said.

"To capture the momentum around this emerging peak shopping season, marketers should begin their campaigns now to drive awareness and prime shoppers for potential deals," he said. "Then they can leverage their best offers around time-bound events, like tax-free weekends, to create a sense of urgency and scarcity to drive sales around the event."

Gen Z 101

As Gen Z's influence on back-to-school grows, retailers should keep their consumer behavior in mind.

Per research from Yes Marketing, Gen Z is heavily influenced by social media, with 44 percent saying that they take reference from Instagram for shopping decisions.

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

A 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](#)).

"There is opportunity for retailers to drive digital or in-store sales during the back-to-school shopping rush by being where Gen Z is, enabling digital benefits on mobile or social and adding in a human element to their content," Mr. Henderick said. "The marketers who complement the in-store shopping experience with engaging displays and digital enhancements via their mobile app and via digital-to-store capabilities like buy online, pickup in-store will bring home the most share of wallet this year."

While millennials and Generation Z consumers make more online clothing purchases than other age groups, they are still seeking flexibility from ecommerce platforms.

More than a third of Gen Z consumers are interested in installment plans as they desire upscale clothing outside of their budgets, according to a shopping behavior report from Klarna. Shoppers also continue to turn to bricks-and-mortar locations when making expensive purchases so they can try on items, but they are receptive to "try-now, pay-later" options ([see story](#)).

"The in-store experience needs to be perfect," Mr. Buiocchi said. "Customer expectations have never been higher and tolerance for bad experiences have never been lower.

"Our research shows that higher-income consumers those that make over \$100,000 a year have greater expectations for their in-store shopping experience than any other income bracket," he said. "If they have a bad time in your store, they're much less likely to spend money or come back, and they're more likely to shop with a competitor.

"Seventy-one percent of those high-income shoppers have even walked out of a store because of the physical appearance just another reminder that brick-and-mortar locations need to be in tip-top shape for back-to-school season. If luxury retailers can win at back to school, they will have a good chance of gaining attention from those shoppers when the holidays roll around."

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