

MarketingDaily

Story

School Shoppers Looking Closely At Retail Value

Aaron Baar, Jul 28, 2009 03:31 PM



Consumers will spend about 10% less on back-to-school shopping this year, although the recession is only partly to blame for the decline.

According to brand and customer loyalty research consultancy Brand Keys, shoppers will spend an average of \$531 during the back-to-school season, about a 10% decline over last year. "Despite whispers that the recession is over, consumers are showing steadfast frugality," says Robert Passikoff, president of Brand Keys. "They are looking at the back-to-school buying

[season] by evaluating which retailer is going to offer the best prices for the things the kids really require."

According to the survey of 10,000 U.S. households with school-age children, people were expected to spend about the same on essentials like clothing (an average of \$275, about the same as last year), while cutting back on luxuries like computers, software and printers (an average of \$189, down 11% from last year). They are also expected to cut back on shoes (\$105, down 10%), supplies (\$95, down 5%) and books and study aids (\$20, down 25%).

Meanwhile, consumers are expected to do more shopping at discount retailers than anywhere else, with 95% saying discount stores were their preferred back-to-school shopping channel -- up 12% from last year. Some 55% cited department and office supply stores as their preferred channel (the same and up 10%, respectively, compared with last year), while half cited online (up 25%). Only 30% cited specialty outlets as a preferred shopping channel, down 6% from last year.

"We've been seeing this pattern since before the recession," Passikoff tells *Marketing Daily*. "People are being much more laser-targeted about which [retail] brand will provide them the best value."

Among those discount store brands, Wal-Mart remained the most popular, with 70% of consumers citing the store as a preferred store (up 10% from 2008). Half cited Target (about the same as last year), while 40% cited Kmart, down 5% from a year ago.)

Among department stores, Kohl's led among consumer preference with 40% (up 15% from last year), while 35% cited Macy's (down 5% from last year) and Dillard's (about the same). Nearly a third -- 30% -- cited Sears as a preferred retailer (up 5%), while 15% said Sears was a preferred retailer (down 5%).

"Wal-Mart has spent the past decade getting the brand right for themselves," Passikoff says of consumers' continued preference for the retailer. "And they have broader merchandise offerings than they have had before. With all the companies outsourcing production to the same places, the quality is about the same, and Wal-Mart has been able to capitalize on that."

Ultimately, as the recession eases, consumers will still be looking for value, and may have decided that some products will not be worth the extra expense at some retailers. The answer, Passikoff says, will be to have a greater brand definition, both for the merchandisers and the manufacturers. "Consumers are going to be looking for brands that have a resonating meaning and differentiation," Passikoff says. "They're going to have to stand for something more than being a placeholder."