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A Primer on Back-to-School Shopping

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-By Mark Dolliver

Though it probably doesn't gladden the hearts of kids, the back-to-school shopping season tends to give the economy an annual boost. This summer, amid tentative signs that the worst of the recession could be behind us, one might hope for the boost to be an especially vigorous one. Alas, a batch of consumer surveys, along with the expert observations of people who keep track of the back-to-school market, portends nothing of the kind. Instead of being the leading edge of a strong rebound in consumer spending, this summer's back-to-school shopping seems likelier to show how far Americans are from regaining their old zest for spending.

The survey numbers on this topic are pretty grim. Polling conducted by Worthington, Ohio-based BIGresearch for the National Retail Federation forecasts that this year's back-to-school spending will be 7.7 percent lower than last year's, coming in at an average of \$549 per family. Similarly, a survey by New York-based Brand Keys yields a forecast that back-to-school sales will decline 10 percent this year, to \$531 per family.

In Deloitte polling, 64 percent of respondents said they'd spend less on back-to-school this year than they did last year, including 43 percent who expect to reduce their outlays by more than \$100.

On what has to pass as the more optimistic end of the spectrum, Nielsen (Progressive Grocer's parent company) predicts a rise in dollar sales of around 1 percent, but with a 5.5 percent decline in unit sales. The numbers for this year look weaker still when you take into account the fact that last year's back-to-school season was itself less than robust, coming as it did at a time when gas prices were running above \$4 per gallon and food prices were spiking sharply upward.

As the recession drags on and unemployment keeps rising, consumers feel an even greater sense of urgency about economizing. "Last year, it was about things taking a bite out of their wallets," says Mary Delk, a director in New York-based Deloitte Consulting's retail practice. "Now, it's more about what's in their wallets or what will come into their wallets." Amid job losses and jitters about layoffs, people are spending less on back-to-school (among other things) because they're saving more, says Delk. In this regard, she points to Deloitte's finding that 65 percent of respondents said they'd buy only what they need. Reflecting this tendency, while 32 percent said they'd spend less on school supplies, 81 percent said they'd spend less on clothes -- which, after all, the kids already have. That's in sync with the finding of a MomConnection poll by The Parenting Group in New York, in which 43 percent of mothers said they'd be using hand-me-downs as a substitute for some new-clothing purchases.

If you think the "nag factor" will help prop up back-to-school spending as kids hector their parents to buy things for them, your supposition may be out of date. It turns out that the young folks aren't oblivious to the

economic realities their families face. “Kids are certainly very conscious about what their parents are going through, and are making accommodations to their own spending,” says Wendy Liebmann, whose title at New York-based WSL Strategic Retail is “CEO and chief shopper.” She points to WSL polling in which 61 percent of teenage girls subscribed to the statement, “Before I ask for something now, I think about how my parents will be able to afford it.” Delk offers a similar take on this matter. “Children are learning about trade-offs and how to do more with less,” she says. “Some are ever becoming ‘frugalistas’ rather than ‘fashionistas.’ They’re cognizant of job losses. And they’re cognizant of the environment.”

Cheryl Sternberg, director of strategic insights for The Parenting Group, says the nag factor “definitely comes into play in certain back-to-school categories, particularly backpacks.” But she also sees parents pushing back amid the recession. “Many parents are using these scenarios as a teaching tool, helping kids better understand the value of money and how to prioritize their purchases,” she says. “If they must have new sneakers, they’ll have to do without the concert tickets, and so on. The older the child, the more they may be inclined to nag, but the more likely Mom is to be discussing with them the effect of the economy on the family.” She mentions a recent MomConnection survey in which 50 percent of mothers with kids over age 6 said they’ve been discussing the economy with them. Anyhow, Delk notes that the intention to spend less this year is most pervasive among people with lower incomes. “So even if kids do nag, the parents may not have the money to spend,” she says.

Whether nagged or not, parents are plainly shifting the way they approach the season’s spending. In the polling for the Washington-based National Retail Federation, 56 percent of respondents said they’re “shopping for sales more often” in their back-to-school forays. Forty-three percent said they’re “doing more comparative shopping with ad circulars/newspapers”; 42 percent said they’re “buying more store brands/generic products”; 40 percent are “using coupons more.” At the same time, 35 percent are reducing the need for some purchases by “making do with last year’s school items.” Along the same lines, 48 percent of respondents to The Parenting Group’s MomConnection polling said they’re “switching from brand-name items to store-brand or generic products.” In Deloitte’s survey, meanwhile, 55 percent of respondents said they’d use more store coupons, 45 percent said they’d shop at less-expensive stores than usual, and 74 percent said they’d buy more items on sale. “Consumers are mastering the art of deal-hunting,” remarks Delk. “They’re going to be smart and look for bargains.”

While consumers try to get the most mileage out of their back-to-school dollars, it’s more than simply a matter of price. “The high percentage of moms using hand-me-downs reflects how much more emphasis moms place on value,” says Sternberg. “They’re still shopping for clothing, but they’re looking for items that will last and can be reused from season to season, or handed down from one child to the next. It’s also possible that the hand-me-downs will stay in the rotation to reduce wear and tear on the new stuff, which will then be in better shape when it becomes hand-me-downs.”

Sternberg points to one segment of the back-to-school market that’s less apt to be tight-fisted: “Moms of children in pre-K, kindergarten and first grade are a bright spot in the world of back-to-school spending. Most are starting new schools and some are heading off to new classes for the first time, so it’s no surprise that moms with children in this age group are less likely to cut back.” Moreover, mothers who are new to back-to-school shopping “are less likely to have figured out the tricks of how to economize on this stuff without sacrificing their child’s chances of getting into Harvard.”

Liebmann raises the possibility that retailers may have made things tougher for themselves by catering too heavily to consumers’ utilitarian impulses, thereby taking the potential fun out of back-to-school shopping and failing to have appealing items in their stores. “At least if there was something new and different to buy, parents [and kids] would consider going beyond the tried, true and no doubt very discounted basics.” She points to polling her firm did recently in which “48 percent of women told us they could afford to buy

things, but it has to be new and different.” At the same time, though, she adds that consumers have been intent on avoiding temptations to spend. In this regard, she mentions WSL polling in which 54 percent of women reported “avoiding stores where they might be tempted to overspend.”

One might wonder whether, after all the economizing they’ve done in the past year, consumers would embrace the back-to-school season as an opportunity to get back into the stores. With its underlying aura of practical necessity, could the back-to-school season have been an opportunity for consumers (with the right prodding from marketers) to enjoy some shopping without feeling guilty about it? Sternberg has her doubts about that notion, if only because the task is an arduous one. “There’s no real opportunity here to build a ‘here’s a break from the cutback blues’ pitch, as the whole process takes Mom’s time and energy and can hardly be positioned as an alternative to a spa day,” she says. “Not all shopping was created equal.”


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