



Brand Keys

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2016 Back-to-School Consumer Spending Gets a D+ Anticipated Spending Only Up 4% in Brand Keys Survey

**More Than Prices Affect Back-to-School Spending:
73% of Consumers Uncertain About the Future**

NEW YORK, NY (August 15, 2016) – The 2016 Back-to-School spending report card for households with school-age children (pre-school through 12th grade) indicates that parents *do not* plan to spend significantly more this year. Consumers signaled only a 3.9% increase, with an anticipated average spend of \$675.00 (versus \$650 in 2015), according to the 22nd annual survey conducted by Brand Keys (www.brandkeys.com), the New York-based brand loyalty and emotional engagement research consultancy.

Consumers Uncertain About More Than The Economy

When asked reasons for the small increase in anticipated back-to-school spending, nearly three quarters of respondents (73%) mentioned a feeling of “uncertainty,” “anxiety,” and “unpredictability,” with only 18% mentioning “the economy.”

When pressed to explain the causes of these feelings, consumers mentioned the upcoming Presidential elections (58%), income/wealth distribution (47%), crime and violence (44%), unemployment (30%), race relations (22%) and a general feeling of insecurity related to terrorism (19%). “Apparently it’s not just consumer confidence in the economy,” noted Robert Passikoff, Brand Keys founder and president, “It’s a lot more than that.”

Anticipated Category Spend Generally Unchanged

Average anticipated spending in all major back-to-school categories – with the exception of the tech category, where “the replacement cycle has kicked in,” noted Passikoff, were generally unchanged versus last year:

Clothing:	\$278.00 (+ 3%)
Shoes (athletic & dress)	\$125.00 (+ 5%)
Supplies	\$ 92.00 (+ 2%)
Computers/Electronics/ Tablets/Smartphones:	\$180.00 (+ 20%)
Books/Study Aids	\$ 20.00 (- 10%)

Parents are taking a harder look at what their children need for back-to-school, “but there’s no way to get around children’s growth spurts or the need for technological upgrades,” said Passikoff,

Methodology

The survey included assessments from 7,580 households drawn from the nine U.S. Census regions. Interviews were collected by telephone and central location intercepts (to account for the surging number of cell-phone only households) over the period July 29th through August 12th 2016.

Online is Consumers’ Shopping Default - Department Stores are Preferred Retailers

The breakdown of ‘preferred’ retail categories versus last year’s indicates an anticipated use of all retail platforms. The biggest increases in the choice of where to buy appeared in Department Stores (+10%) and Office Supplies (+5%). “Department stores have been battling the consumer shift to online with lots of deals,” noted Passikoff.

Catalogs were down again in mentions, “but that shouldn’t surprise anyone,” said Passikoff. “Consumer purchases have shifted from print to digital and online has, of course, been growing every year and has become consumers’ shopping default mode.” Virtually every consumer interviewed (99%) indicated they were using online for back-to-school buying.

Online	99% (+ 4%)
Discount Stores:	98% (- 1%)
Department Stores:	65% (+ 10%)
Specialty Retailers	50% (- 5%)
Office Supply:	40% (+ 5%)
Catalogs	7% (- 13%)

Top 10 Retailers and Etailers

This year, Brand Keys’ top 10 lists of the most popular retail brands includes Kohl’s, with Apple stores being pushed to #11. Walmart moved to the #1 spot ahead of Target (last year’s #1 retailer). Macy’s fell from #3 to #5, reflecting ongoing difficulties the retailer has had over the past year.

For e-tail brands, Apple.com is #3, “reflecting the shift in shopping from traditional stores to digital,” noted Passikoff. Sears.com replaced Nike.com in this year’s top 10.

The top 10 retail brands consumers indicated they intended to shop this year:

	Retail	E-tail
1.	Walmart	Amazon.com
2.	Target	Walmart.com

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| 3. | CVS/Walgreen's | Apple.com |
| 4. | Best Buy | Target.com |
| 5. | Macy's | Staples.com |
| 6. | TJ Maxx | Macys.com |
| 7. | Kohl's | Bestbuy.com |
| 8. | Sears | Gap.com |
| 9. | Footlocker | Sears.com |
| 10. | Staples | Overstock.com |

Nearly 55% of consumers indicated they had already stockpiled necessities and supplies for the first day of school before August, up 18% over last year. Another 30% indicated they would wait for 'Summer Sales.' The remaining 15% are waiting until the last minute. "Retailers have spent nearly two decades teaching consumers they can get things cheaper or for better value if they wait a little longer, and when it comes to back-to-school, consumers have been fast learners," said Passikoff.

"Value, of course, isn't just about pricing, it's about brand differentiation, and brand engagement," said Passikoff. And, this year, apparently, more fundamental issues. Retail brands that can emotionally engage consumers are seen as surrogates for added-value and those will be the brands that benefit most. "Consumers not only believe that, they behave that way in the marketplace."

"These days, providing more than just low-lower-lowest prices is a fundamental lesson all back-to-school retailers will need to cram for if they hope to pass with flying colors," said Passikoff. "And increased same-store sales."

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