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**2018 Back-to-School Spending Math:
Consumer Confidence + Tax Reform + Technology = +2%**

Anticipated Family B2S Spend Estimated at \$730

Parents In Northeast Will Spend Most

NEW YORK, NY July 23, 2018 – The 2018 Brand Keys Back-to-School (B2S) survey for households with school-age children (pre-school through 12th grade) indicates parents plan to spend slightly more this year than last due to a combination of rising consumer confidence and tax reform, but mostly due to consumer technological smarts and networking.

Consumers surveyed signaled a 2% increase, with an anticipated average spend of \$730 (versus \$716 in 2017) per family, according to the 24th annual survey conducted by Brand Keys (brandkeys.com), the New York-based brand loyalty and emotional engagement research consultancy.

Consumers Have Adapted to Retail Strategies and Technology

“Smart, connected consumers,” said Robert Passikoff, founder and president of Brand Keys, “Keep becoming smarter shoppers. They’re more confident in the economy and more confident of their own understanding of 21st century retail strategies and are taking more advantage of their knowledge of marketing, social networking, and technology.”

Back-to-School Trends

Three key trends were revealed in this year’s B2S survey:

1. Retailers start marketing for back-to-school earlier every year. This year was no exception with consumers shopping in waves: much earlier (July) *and* planning to shop just before the start of school (late August).
2. Prices started very low, will increase over time, and then drop dramatically just before the start of school.

3. Deals are always available. Technology and social networking has made it easier for consumers to advise each other how to shop more economically for virtually all B2S needs.

Methodology

The survey included assessments from 7,950 households with school-age children, drawn from the nine U.S. Census regions.

Interviews were collected over the period June 15th through July 15th 2018.

Category Spends Are Generally Flat

“Average anticipated spending in all major back-to-school categories were relatively unchanged compared to last year,” noted Passikoff. “Except for computers, smartphones, and electronics, purchases of which tend to be cyclical in nature when it comes to B2S. We’re entering an ‘upgrade’ cycle this year.”

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| Clothing: | \$218.00 (+ 1%) |
| Shoes (athletic & dress) | \$120.00 (+ 1%) |
| Supplies | \$ 98.00 (+ 1%) |
| Computers/Electronics/ Tablets/Smartphones: | \$200.00 (+ 7%) |
| Books/Study Aids | \$ 26.00 (+ 1%) |

Where Consumers Shop B2S Most

Today’s consumers use all purchase platforms, with online and discount retail preferred.

The biggest increase where consumers intend to shop this year appeared in Department Stores (+10%). “Department stores have been battling the consumer shift to online with lots of deals and their own online very effective strategies,” noted Passikoff.

“No surprise, catalogs were down again,” said Passikoff. “Consumer purchases have shifted from print to digital, although there are specialty catalogs that still engage customers. Online is the consumers’ shopping default mode.”

Virtually every consumer interviewed (99%) indicated they were using online for one area of back-to-school buying or another, with other platform and location preferences as indicated:

| | |
|---------------------|-------------|
| Online | 99% (---) |
| Discount Stores | 98% (---) |
| Department Stores | 79% (+10%) |
| Specialty Retailers | 57% (+ 2%) |
| Office Supply | 44% (+ 1%) |

Catalogs

5% (- 1%)

Who's Spending Most For B2S

Regionally, spending for B2S was highest for consumers in the Northeast, followed by the West, the Midwest, and the South.

Northeast: \$817.60

West: \$728.08

Midwest: \$700.80

South: \$673.60

Value Is More Than Prices

"Prices are important but 'value isn't just about pricing, it's about brand differentiation and brand engagement, and how consumers see brands meeting their expectations," said Passikoff. "All brands – but especially retail brands – that can emotionally engage consumers will be seen as surrogates for price-based added-value. Those are the brands that will benefit most over the nearly four months that now make up the back-to-school marketplace."

"These days, providing more than just low-lower-lowest prices is a fundamental lesson all back-to-school retailers must master if they hope to pass the B2S profitability test," said Passikoff. "Retailers that do that will not win with more loyal and engaged customers, they'll see increased bottom lines too."

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