Deloitte.

2017 back-to-college survey

Insights from both parents and students

Deloitte's 2017 back-to-college survey

Key insights

Back-to-college spend is nearly twice that of K-12 back-to-school spend; shifts in venue preference are similar

- B2C spend in absolute dollars (~$46B) remains flat to last year
- Mass merchants, off-price, and fast fashion are big winners; traditional department stores and specialty plunge
- College supplies and clothing still top shopping lists but technology products command the largest budgets
- Parents report higher spend than students, yet two-thirds are highly influenced by student preferences
- Parents believe in budget collaboration (67%); students think they drive shopping decisions (49%)

In-store prevails, especially among parents, but shoppers seize digital opportunities

- Parents are most likely to shop in store for all categories; students lean online except for clothing and housewares
- ~25% of shoppers are undecided as to whether they will shop online or in store and might be influenced
- Social media plays a particularly significant role in shopping by students—40% of whom rely on it for guidance
- Use of digital payments among both parents and students is up 40% since 2016
- 45% of students would take advantage of scan-as-you-shop mobile apps to avoid lengthy checkout

Students prioritize experiences and look for savvy ways to save on purchases

- Freshmen incur college startup costs that prompt them to spend more than students in other class years
- Experiences, like socializing and attending cultural and sporting events, are a budget priority for the majority of students, three quarters of whom will look for ways to economize on other purchases
- Students are budget savvy and tend to shop later in the season than their parents

Back-to-college (B2C) shopping season to reach $46B and account for 60% of annual college-related purchases in 2017

B2C shopping season touches...

7K+ Educational institutions*

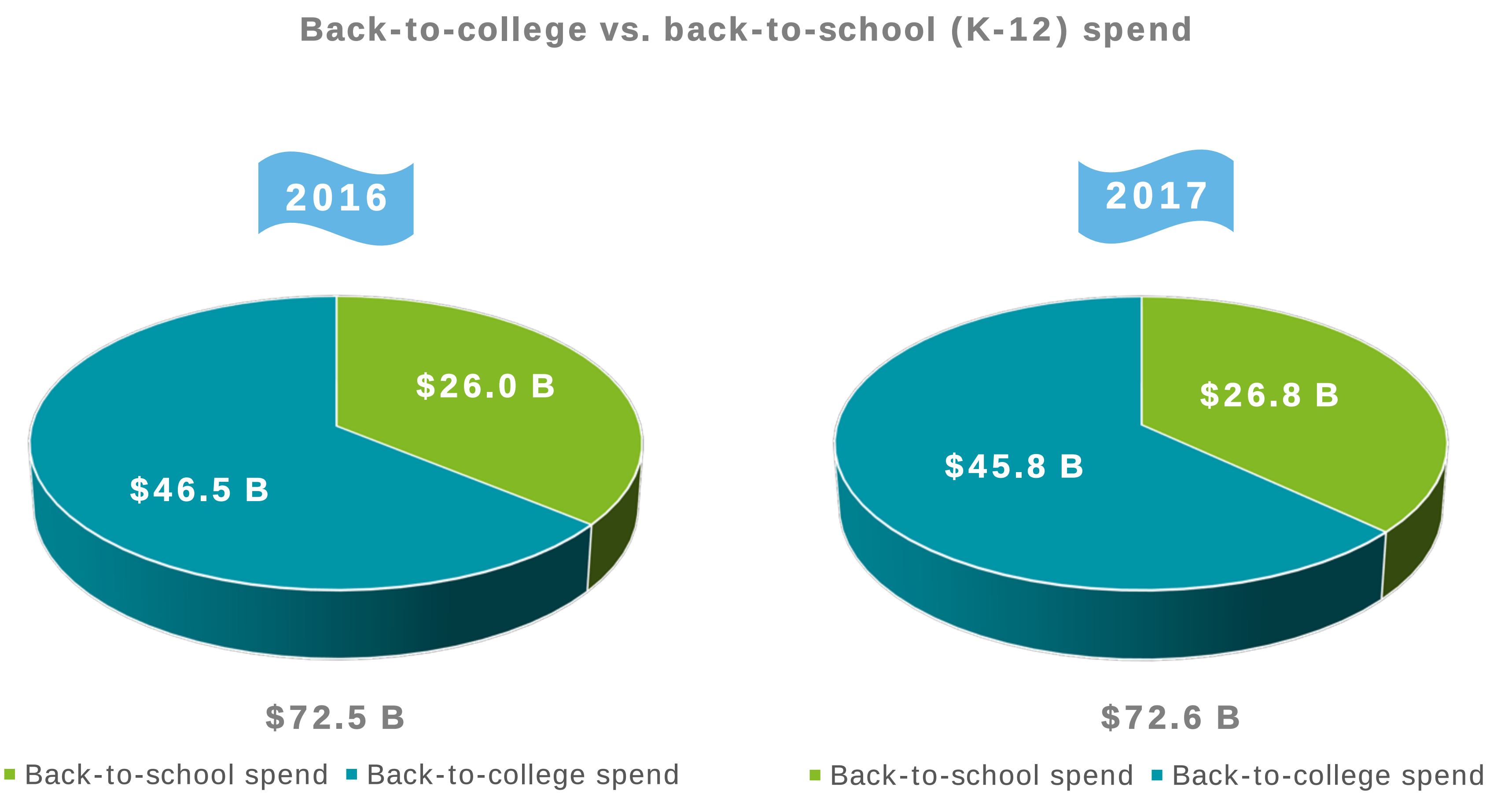
60% of annual college purchases

19 Million college students

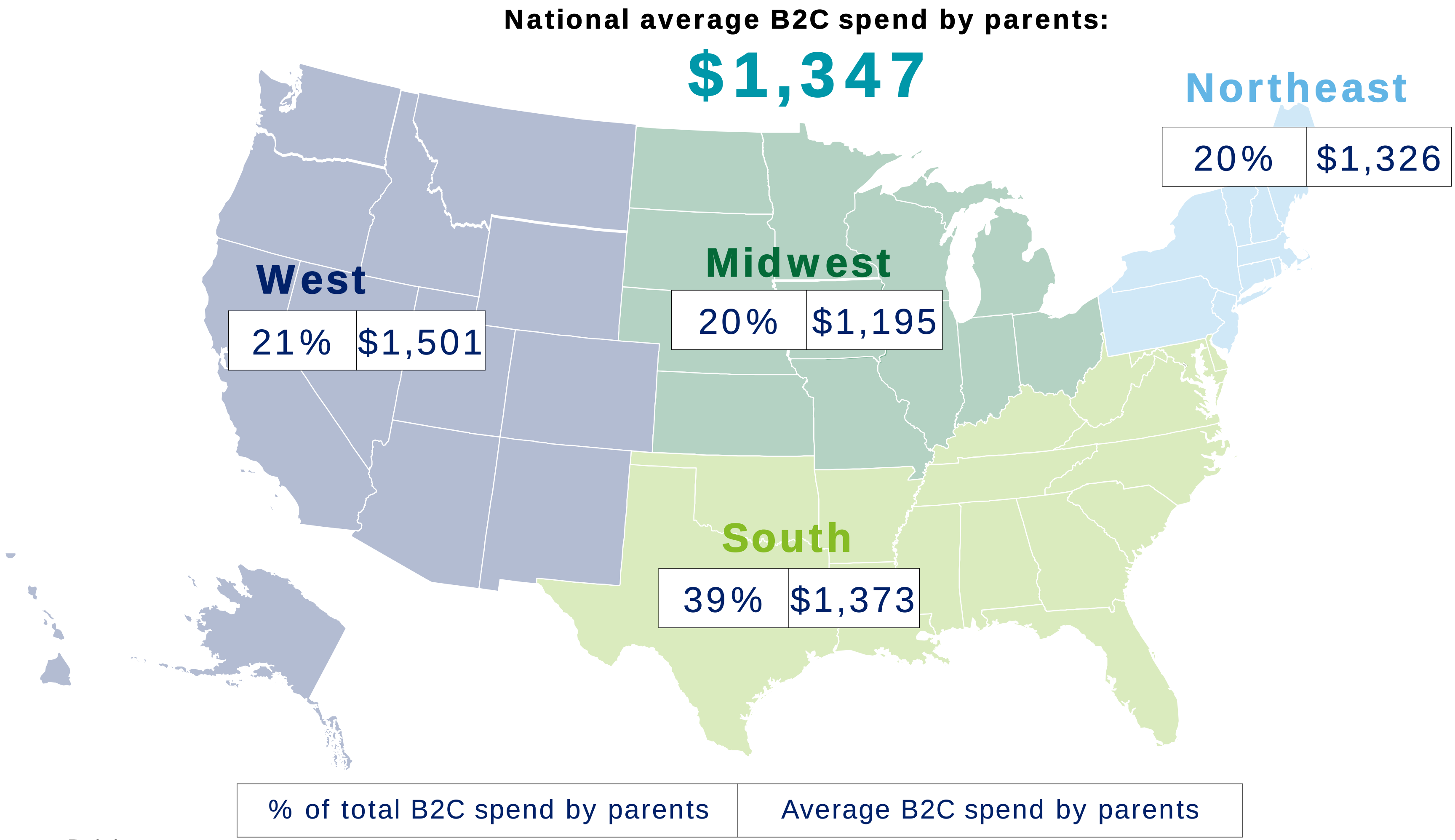
$46 Billion

Source: U.S. Current Population Survey (CPS) 2016; National Center for Education Statistics (NCES) 2015; Deloitte survey
* Post-secondary Title IV educational institutions
Note: Parent survey sample size (N) = 1,025; Student survey sample size (N) = 1,025.

While back-to-college spending is expected to remain flat to last year, it is massive at nearly two-thirds of seasonal spend



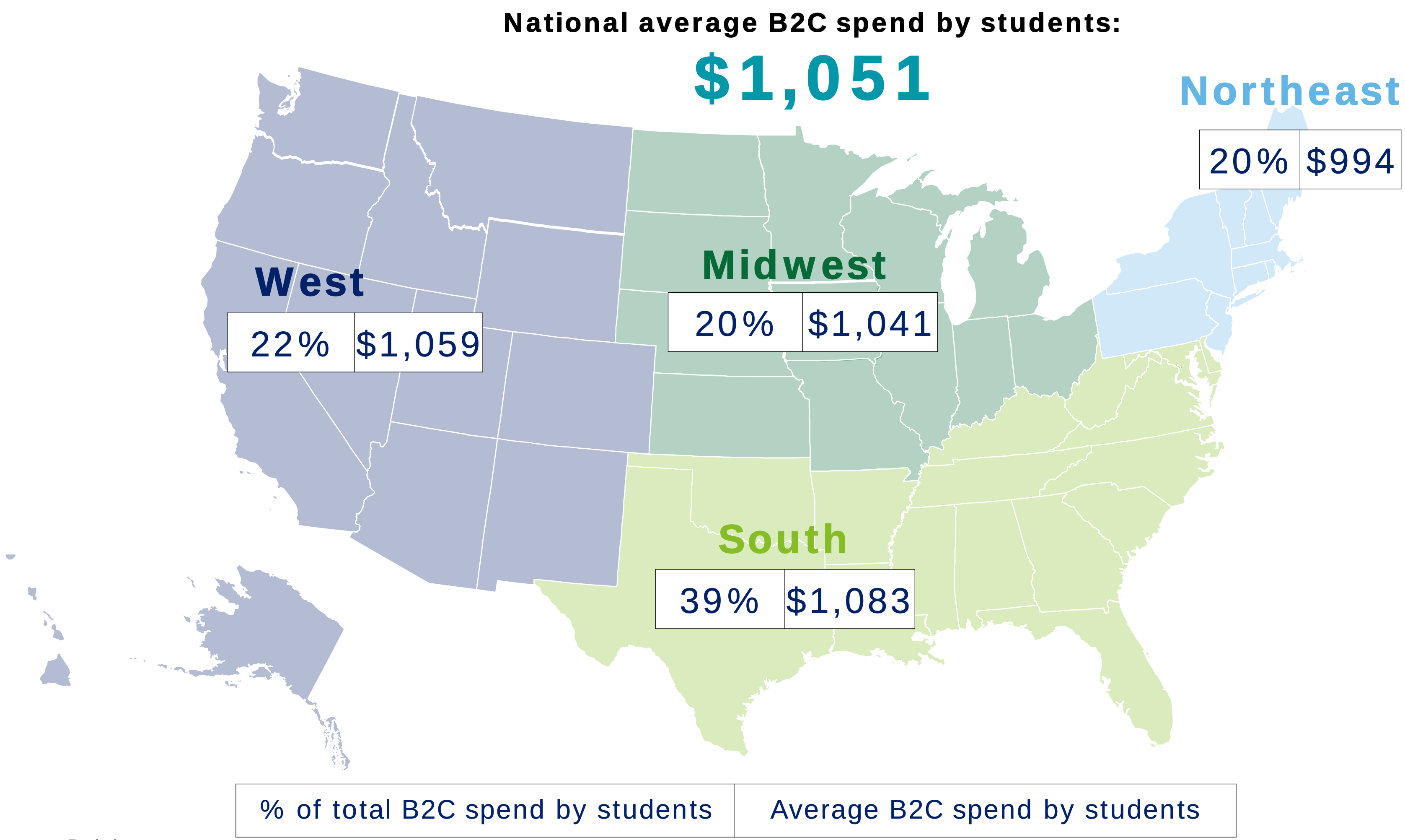
Spend by **parents** is expected to remain flat at $1,347 in 2017 compared to $1,345 in 2016



Source: Deloitte survey

Note: Average spend based on shoppers from each region – South (n = 394), Northeast (n = 211), Midwest (n = 229), and West (n = 191).

Spend by **students** is also expected to remain almost flat at $1,051 in 2017 compared to $1,082 in 2016



Source: Deloitte survey

Note: Average spend based on shoppers from each region – South (n = 383), Northeast (n = 212), Midwest (n = 211), and West (n = 219).

While college supplies and clothing top most parents' shopping lists, those who purchase computers spend most on that category

Average spend planned by parents (2017): $1,347

Parent

By category

88 % plan to buy
College supplies
Avg. spend **$505**

79 % plan to buy
Clothing & accessories
Avg. spend **$291**

72 % plan to buy
Household appliances
Avg. spend **$205**

48 % plan to buy
Dorm furniture
Avg. spend **$312**

41 % plan to buy
Computers & hardware
Avg. spend **$648**

34 % plan to buy
Electronic gadgets & digital subscriptions
Avg. spend **$314**

Source: Deloitte survey
Note: Parent survey sample size (N) = 1,025.
Average spend is calculated only for the respondents who plan to purchase at least one item from the above mentioned category

Students too are most likely to seek basic supplies but they report lower average spend in every category than parents

Average spend planned by students (2017): $1,051

Student

By category

93 % plan to buy
College supplies
Avg. spend **$379**

78 % plan to buy
Clothing & accessories
Avg. spend **$192**

71 % plan to buy
Household appliances
Avg. spend **$173**

47 % plan to buy
Electronic gadgets & digital subscriptions
Avg. spend **$290**

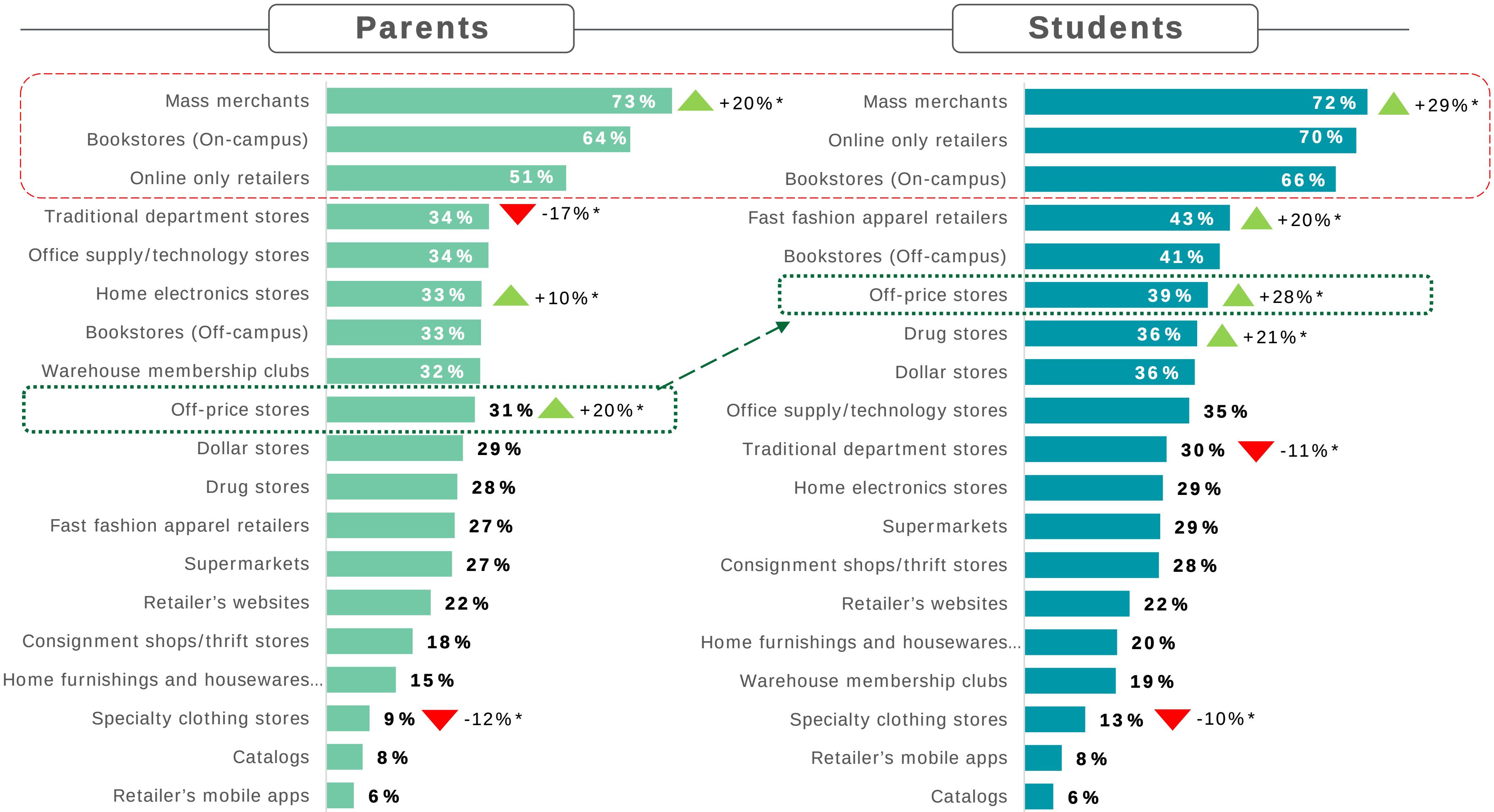
43 % plan to buy
Computers & hardware
Avg. spend **$437**

40 % plan to buy
Dorm furniture
Avg. spend **$250**

Source: Deloitte survey
Note: Student survey sample size (N) = 1,025.
Average spend is calculated only for the respondents who plan to purchase at least one item from the above mentioned category

Mass merchants are most preferred, department stores plummet, and off-price stores gain traction with both parents and students

"In what types of retail environments do you plan to do your Back-to-College shopping? #"

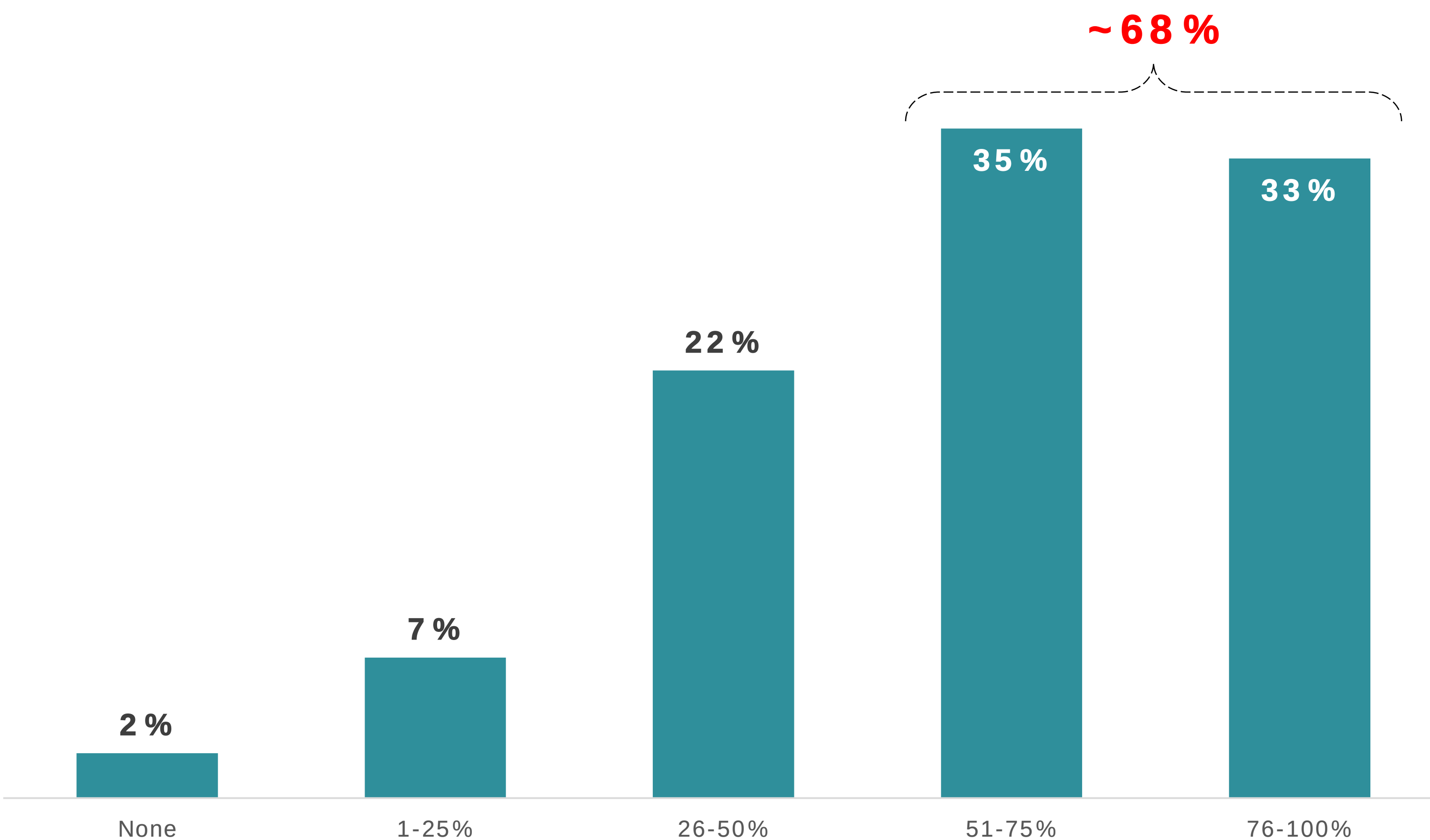


Source: Deloitte survey Parents sample (N) = 1,025; Students sample (N) = 1,025.
Multi-select question; * 2017 vs. 2016 (YoY) % change in shoppers format preference

Parents heed student preferences when they shop

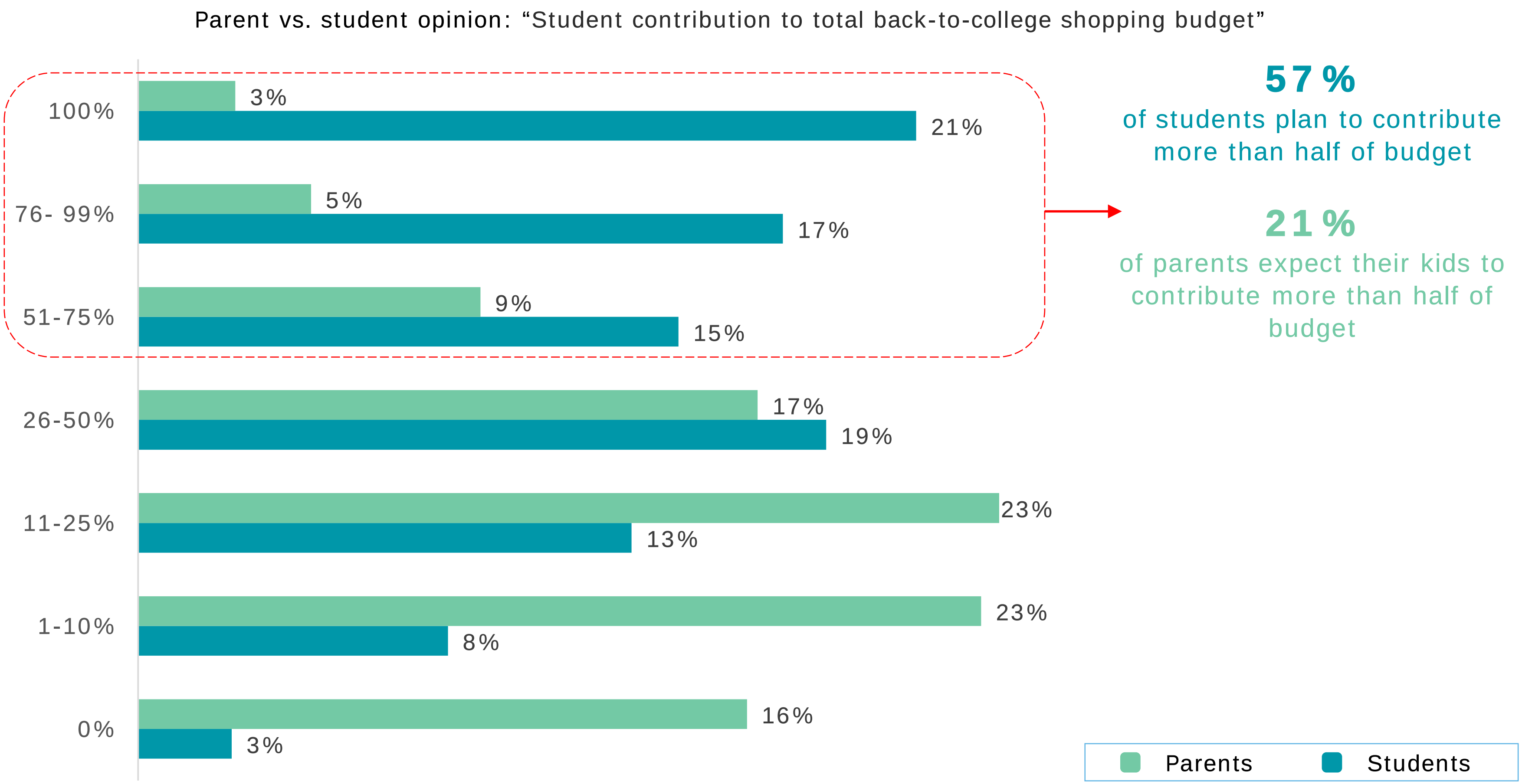
Two out of three say that more than half of their B2C spending is influenced by the student

Parents: “What percentage of your back-to-college spending is influenced by your student?”



Source: Deloitte survey
Note: Parent survey sample size (N) = 1,025

Students claim they will contribute more to the back-to-college shopping budget than parents expect they will cover

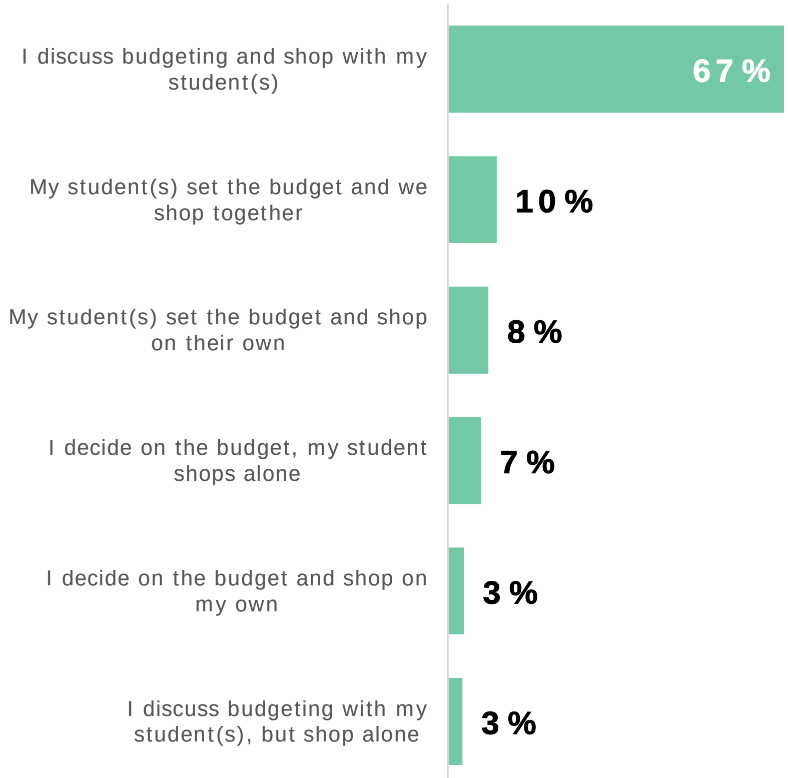


Source: Deloitte survey
Note: Students survey sample size (N) = 1,025; Parent survey sample size (N) = 1,025.
Respondents who selected ‘Uncertain’ is not shown on this slide.

Parents and students have different perceptions about who holds the purse strings, but both point to heavy student involvement

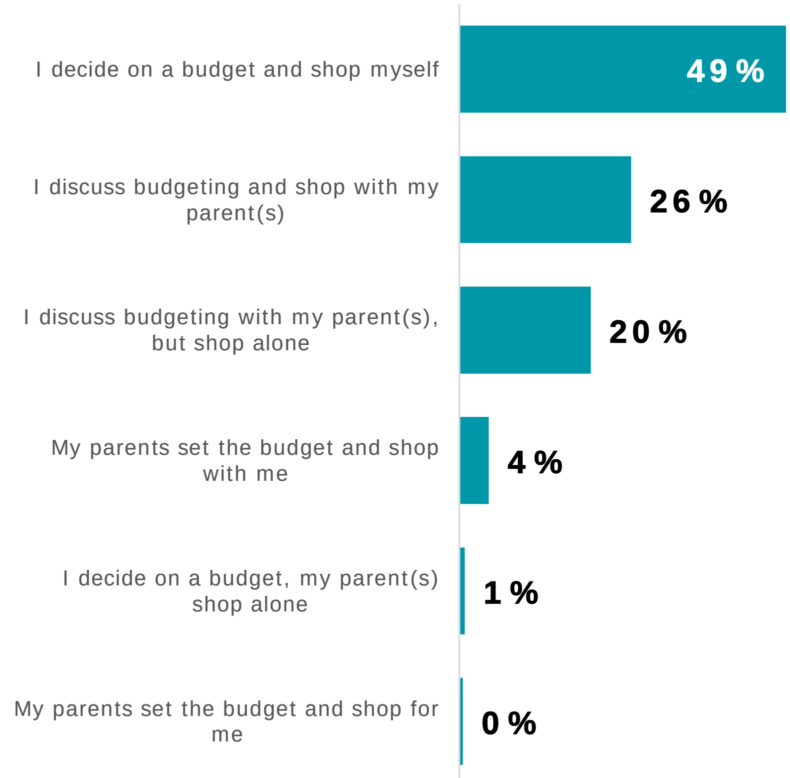
Parents

Which of the following best describes your approach for back-to-college shopping?



Students

Which of the following best describes your approach for back-to-college shopping?



Source: Deloitte survey
Parent sample (N) = 1,025; Student sample (N) = 1,025.
Multi-select question

In-store remains the preferred shopping channel, but students are more likely than parents to shop online

Parents: Average spend	Parents: Share of spend	Spending by channel	Students: Share of spend	Students: Average spend
$657	49%	In-store	41%	$431
$338	25%	Online	35%	$365
$353	26%	Undecided*	24%	$254

Source: Deloitte survey
Parent sample (N) = 1,025; Student sample (N) = 1,025.

*Undecided (In-store/Online)

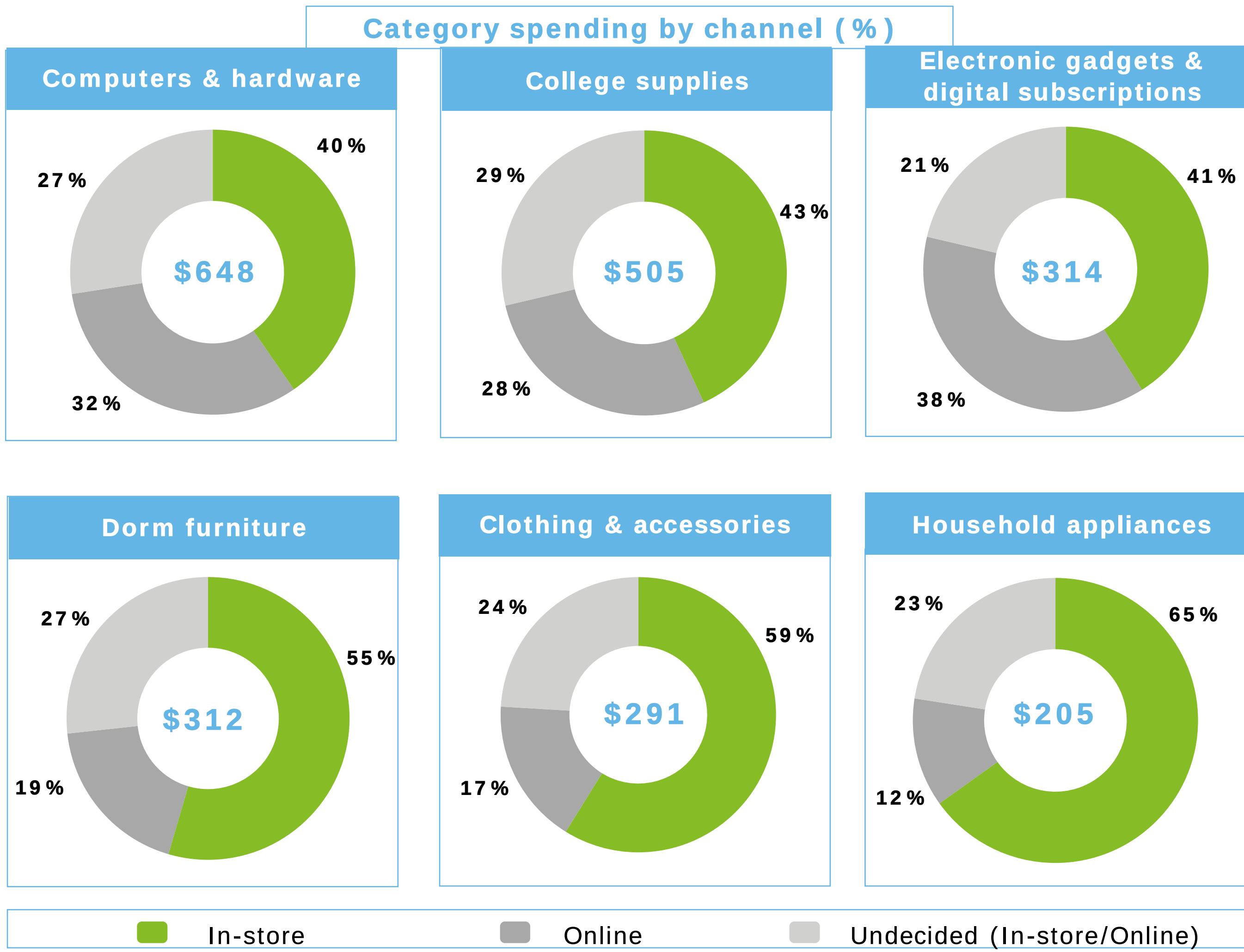
For parents, in-store remains the preferred channel across all categories, but many are still undecided about how they will shop

Average expected B2C spend by parents is **$1,347**

Overall B2C spending by channel

- In-store: $657
- Online: $338
- Undecided*: $353

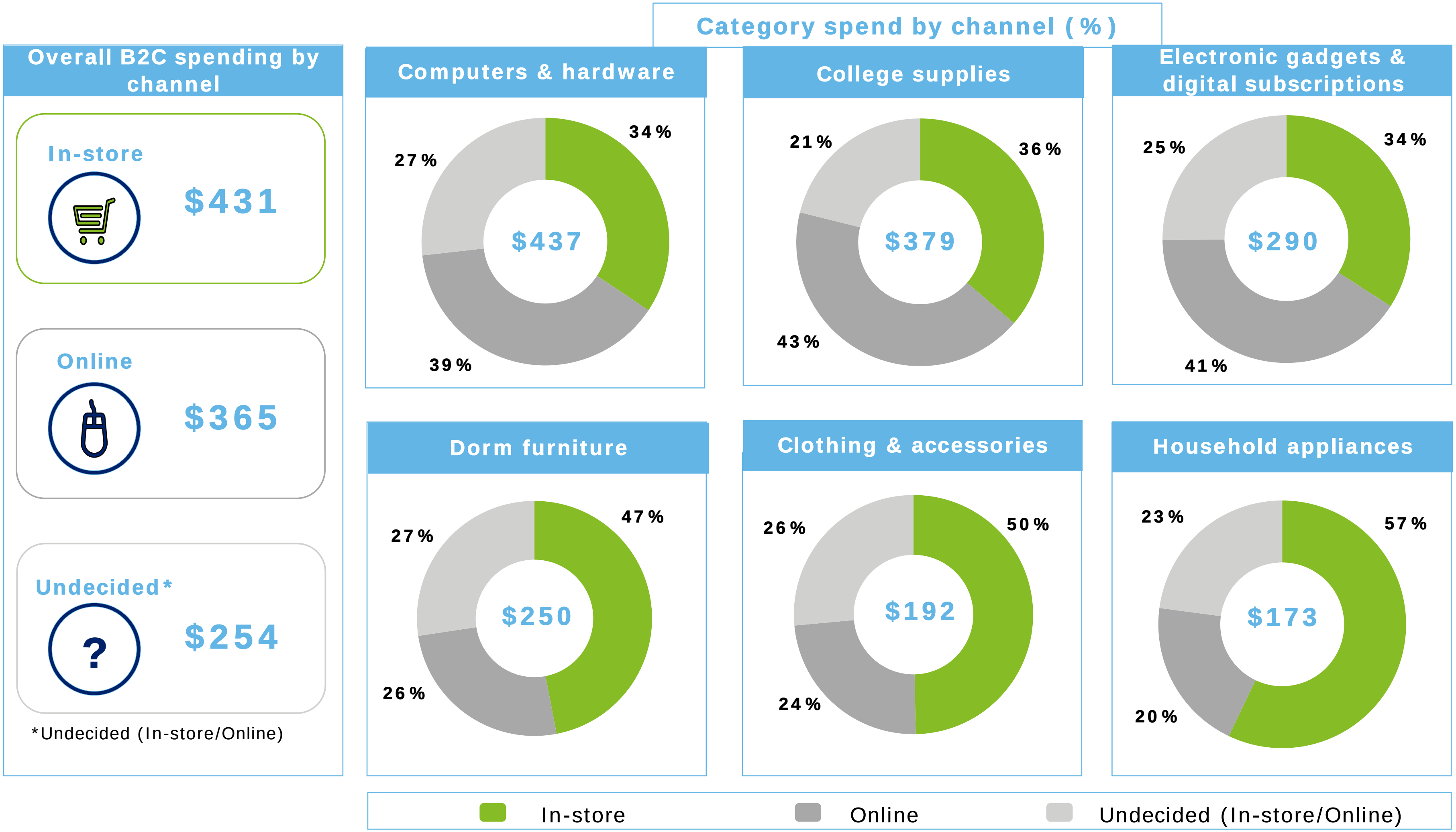
*Undecided (In-store/Online)



Source: Deloitte survey

Students are more likely than their parents to shop online but still prefer physical stores when purchasing clothing or housewares

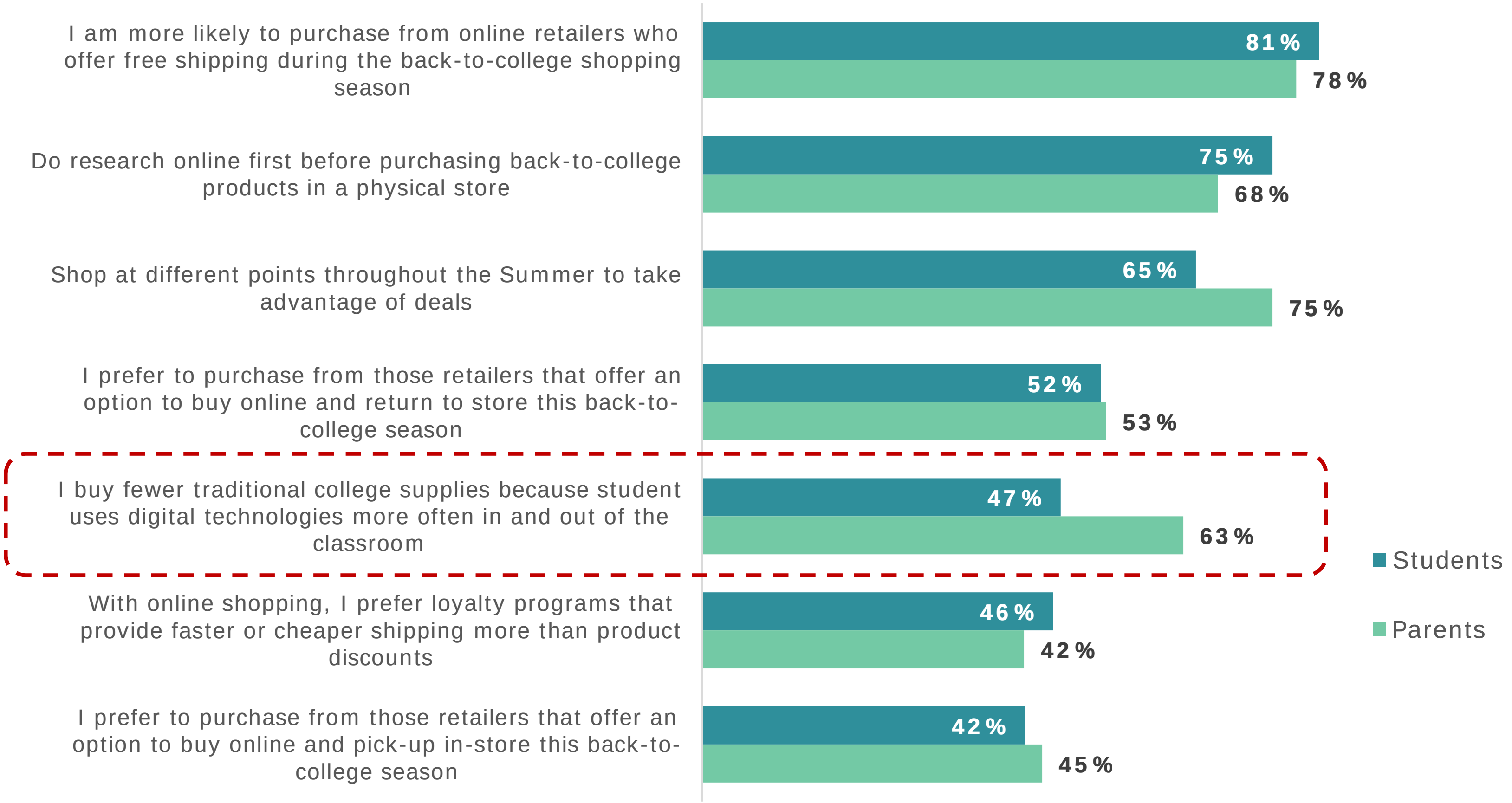
Average expected B2C spend by students is **$1,051**



Source: Deloitte survey

Shoppers are likely to shift spend from traditional supplies to digital alternatives

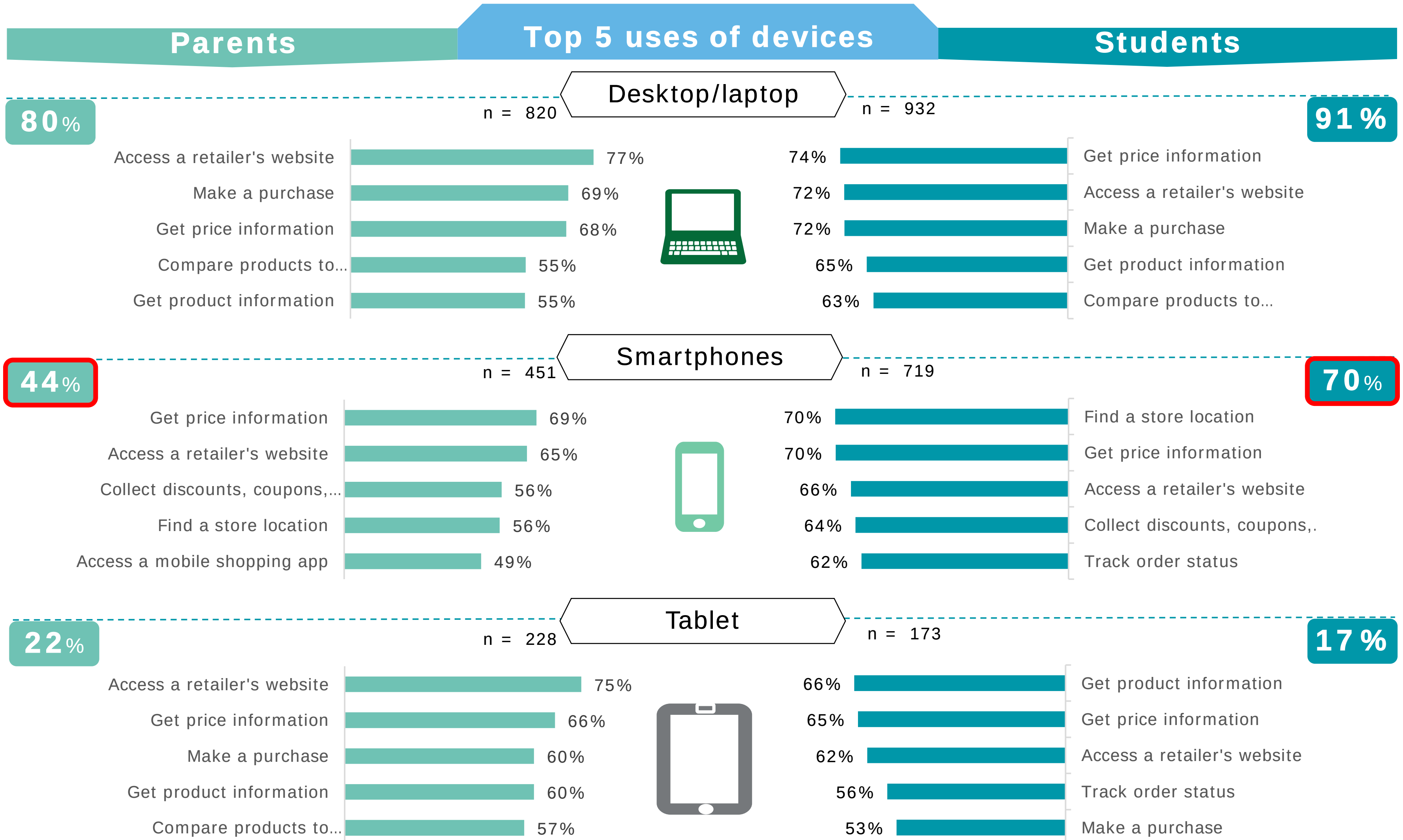
“Please indicate your level of agreement with the following statements (% who agree or somewhat agree)”*



Source: Deloitte survey
Note: Parent sample size (N) = 1,025; Student survey sample size (N) = 1,025.
* Percent represents respondent who agreed or somewhat agreed with statements.

Students use their smartphones more for B2C shopping

B2C shoppers from both groups are more likely to purchase using a desktop/laptop than a mobile device

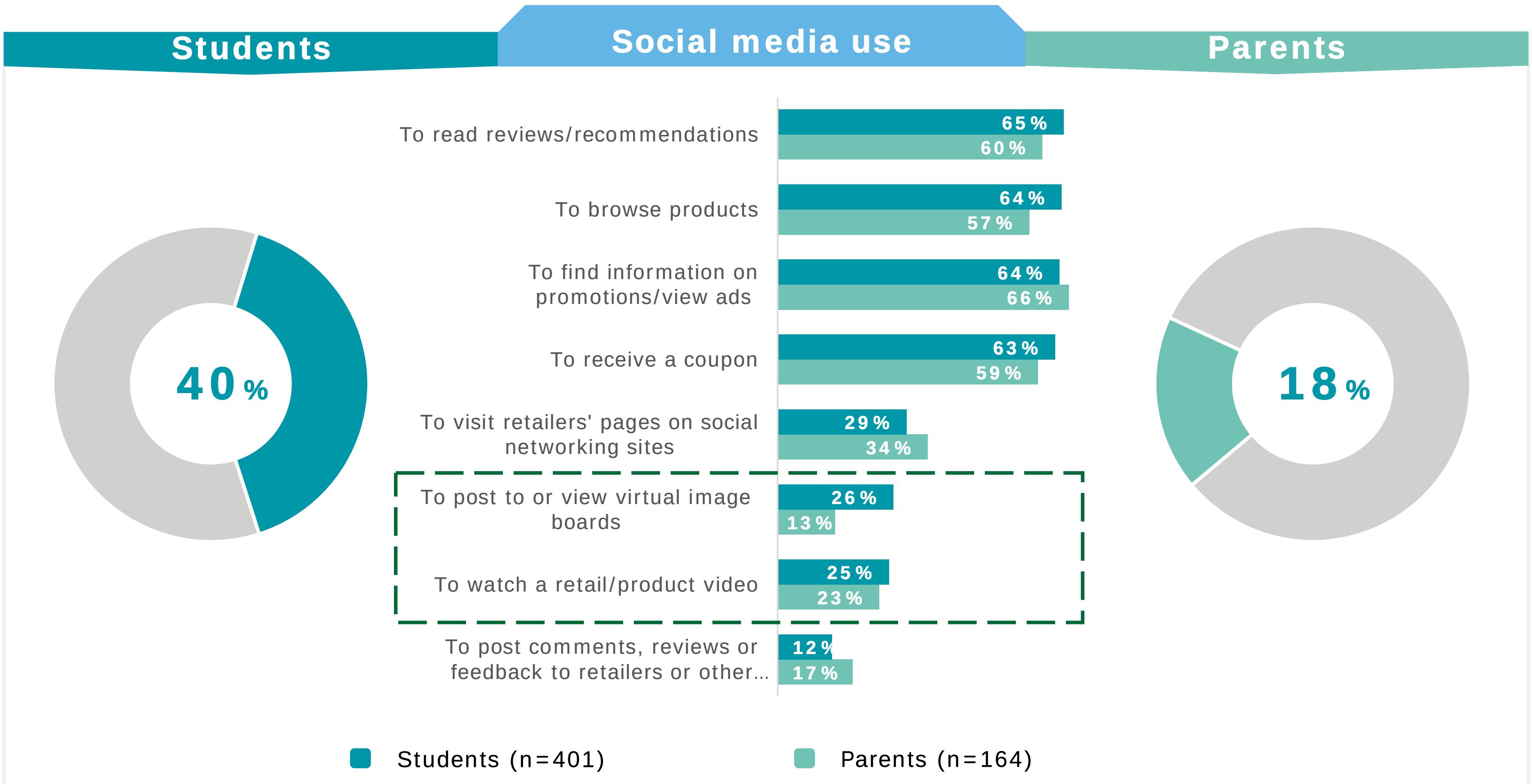


Use of social media is high among students who are more likely to post/view virtual image boards and watch video than parents

"Do you plan to use social media sites to assist in your back-to-college shopping?"

"With regard to your back-to-college shopping, how do you plan to use social media sites? #"

"Do you plan to use social media sites to assist in your back-to-college shopping?"



Source: Deloitte survey

Note: Student survey sample size (respondents who use atleast one digital device for shopping) = 994; # Multi select question

Parents most often shop with credit cards, whereas students favor debit cards; use of digital payments increased 40%

"Which of the following payment methods will you likely use for your back-to-college purchases?"

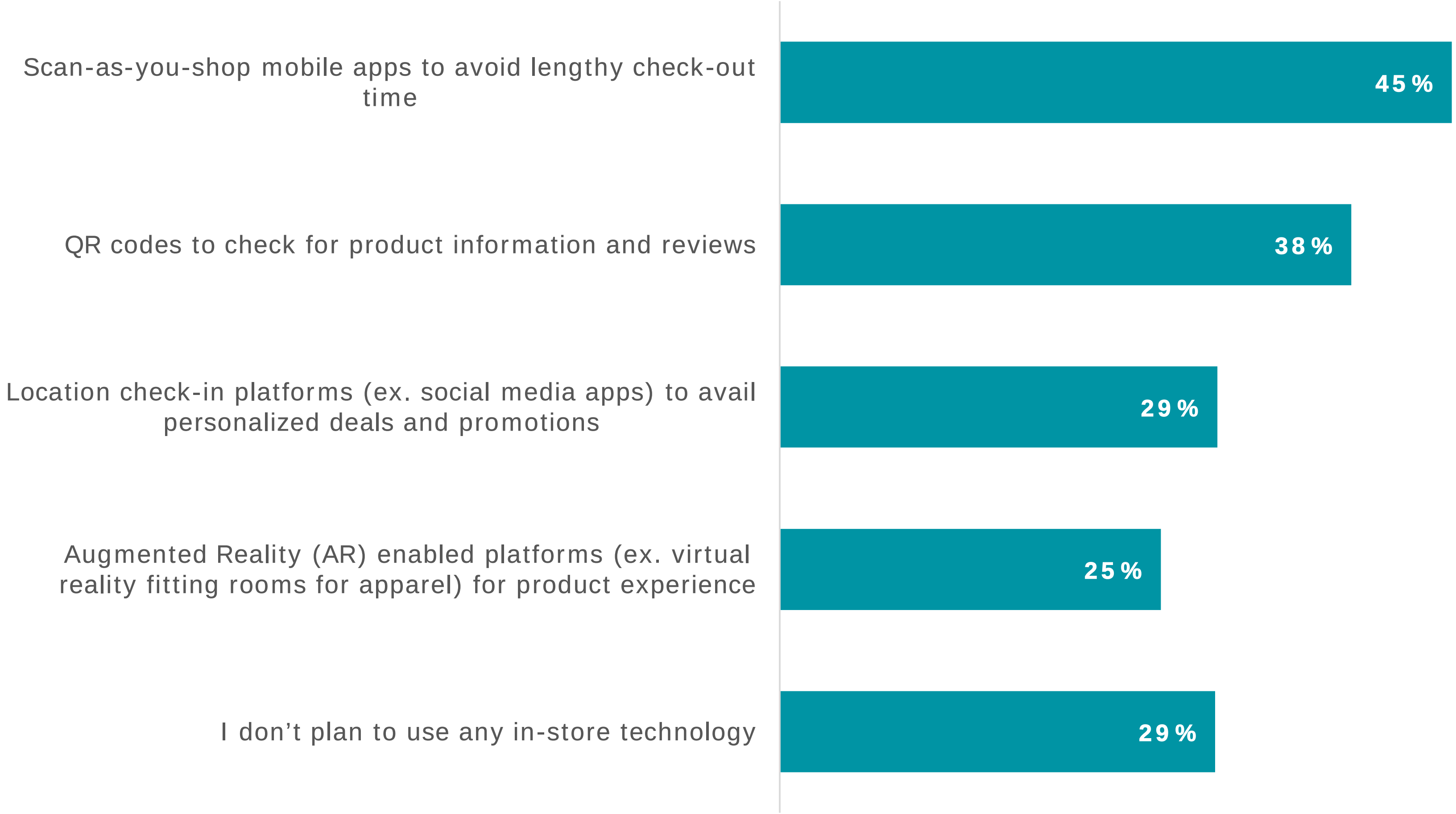
Parents	Payment method	Students
53%	Debit card	72%
66%	Credit card	53%
42%	Cash / check	56%
8%	Gift card	17%
11%	Digital payments ▲	12%
1%	Other	1%

Source: Deloitte survey
Parent sample (N) = 1,025; Student sample (N) = 1,025.
▲2016 Digital payments: weighted average for both students/parents 6.8%
▲2017 2016 Digital payments: weighted average for both students/parents 11.5%
Multi-select question

Student shoppers will use in-store technologies that provide value and convenience

In-store technologies

"If the following in-store technologies were available, are you likely to use it for the back-to-college shopping?"



Source: Deloitte survey
Note: Student survey sample size (N) = 719; multi-select

A majority of shoppers would increase their B2C spending across channels if offered a sales tax reduction/holiday

Parents are more likely to take affirmative actions to avail sales tax reductions

Impact of sales tax reduction/holiday on increase in spending

	Parents	Students
I would **increase my online spending** due to a sales tax reduction/holiday	48%	52%
I would **increase my in-store spending** due to a sales tax reduction/holiday	54%	53%

If sales tax reduction/holiday is not automatically included

	Parents	Students
I would NOT complete my shopping and check out*	51%	43%
I would demand to speak to a supervisor/manager**	44%	33%

% -- who agree or somewhat agree

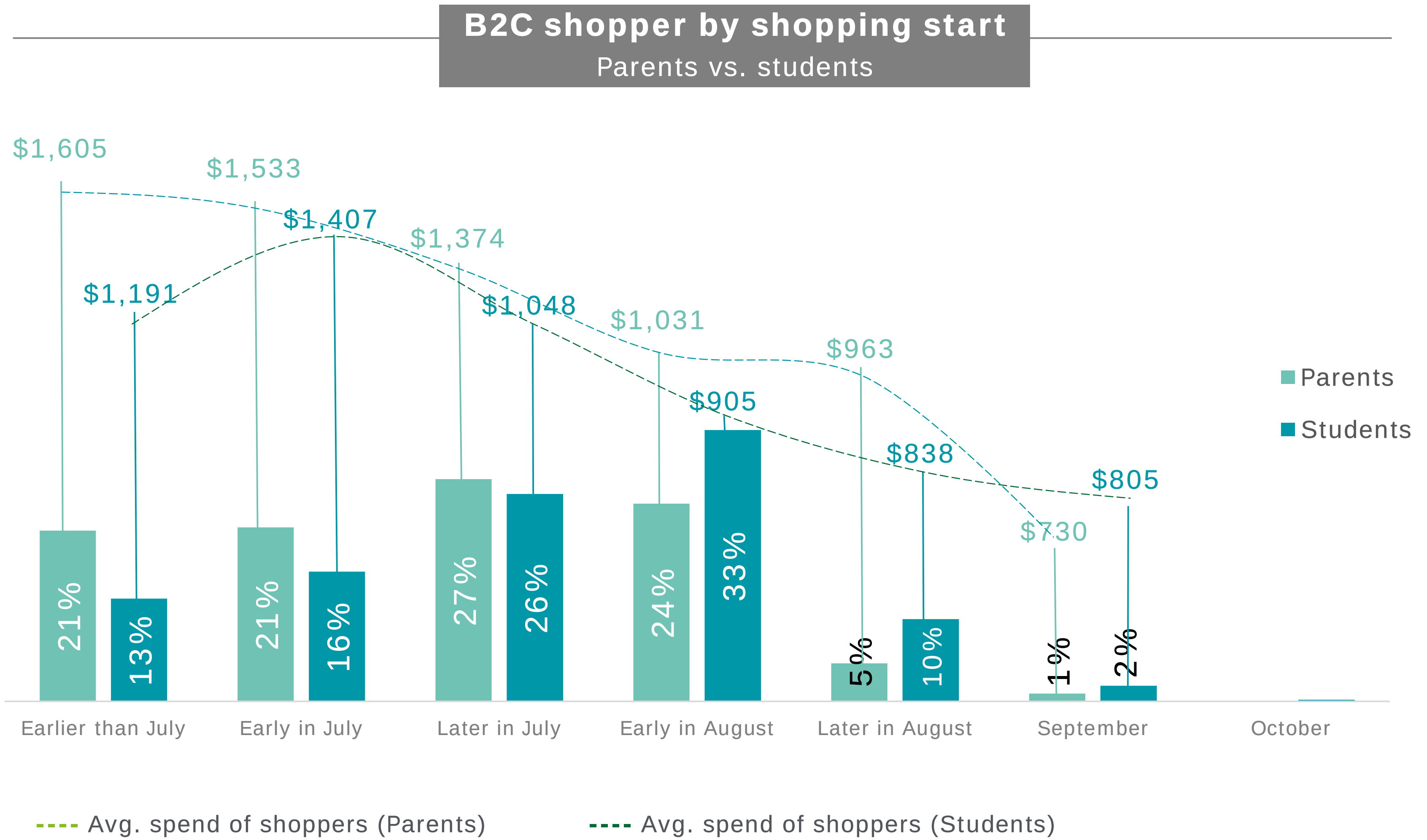
Source: Deloitte survey

* "If an online purchase did NOT automatically include the sales tax reduction/holiday, I would NOT complete shopping cart checkout"

** "If an in-store purchase did NOT automatically include the sales tax reduction/holiday, I would demand to speak to a supervisor/manager"

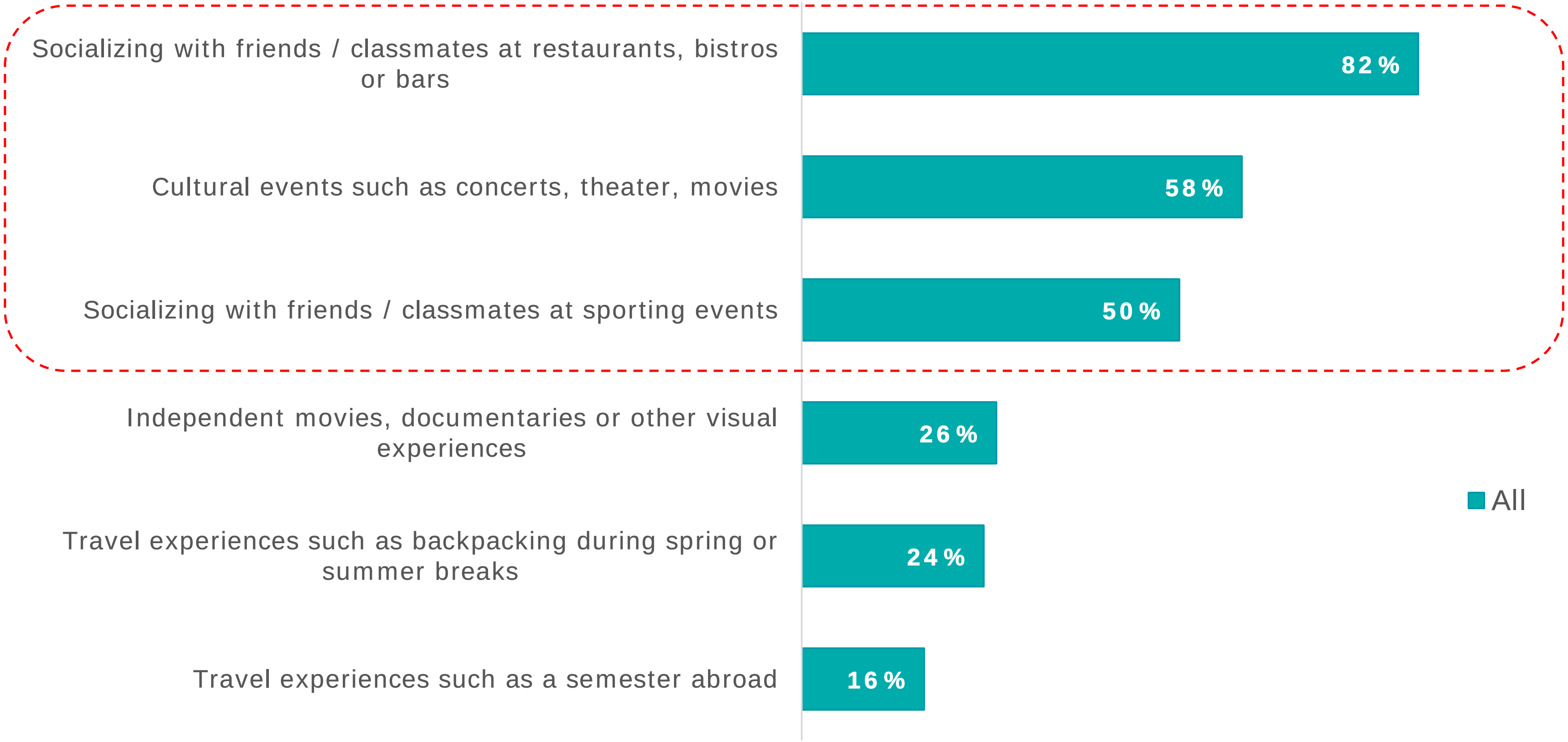
Early shoppers are expected to spend more than those who wait

Parents are likely to spend more and start shopping earlier than students



A majority of students are likely to account for experiences in their college budget planning

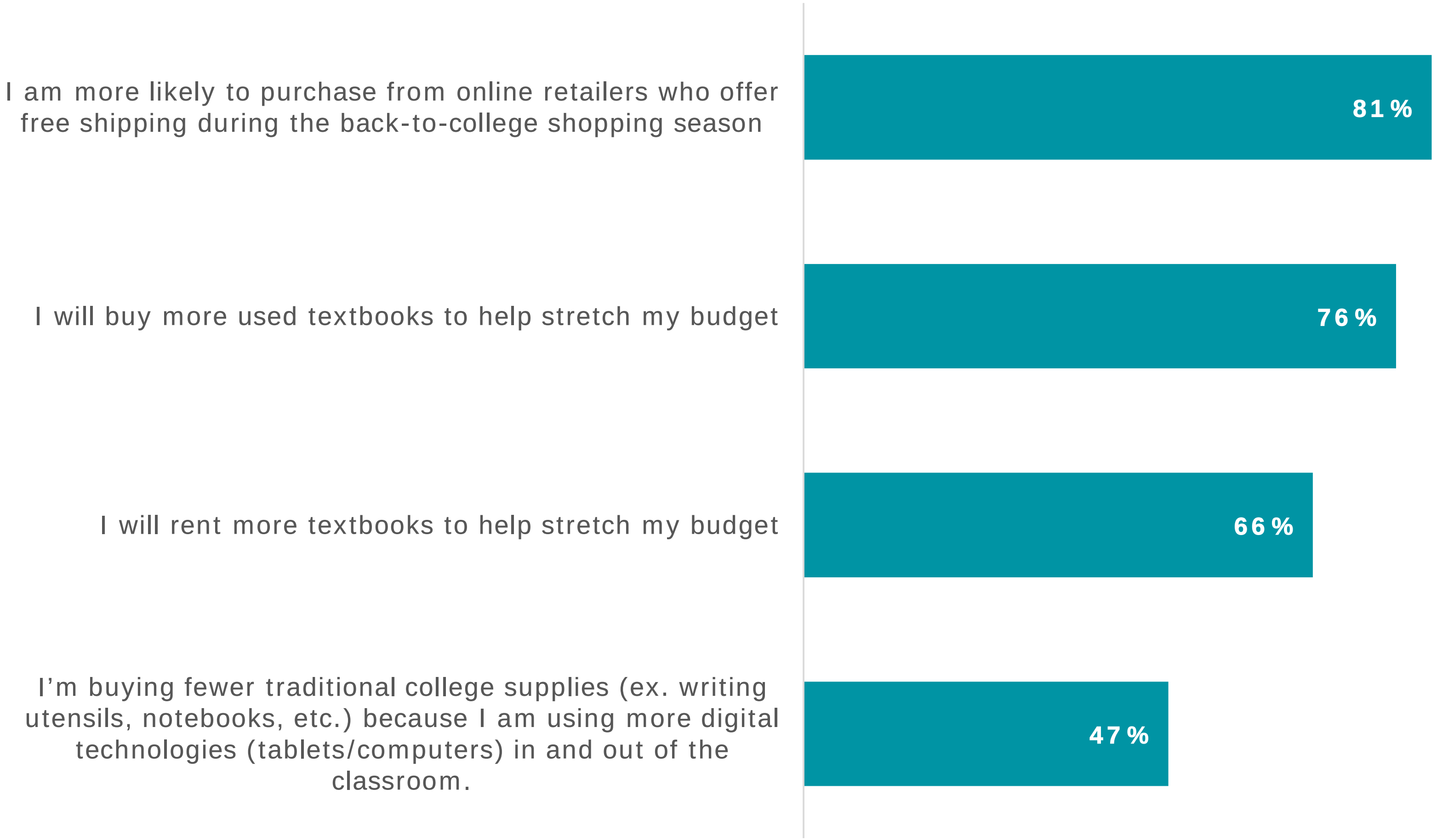
"Will college budget planning include these events as part of your university-level experiences?"



Source: Deloitte survey
Note: Student survey sample size (N) = 1,025

Budget-conscious students will buy used books and seek free shipping options to stretch their back-to-college funds

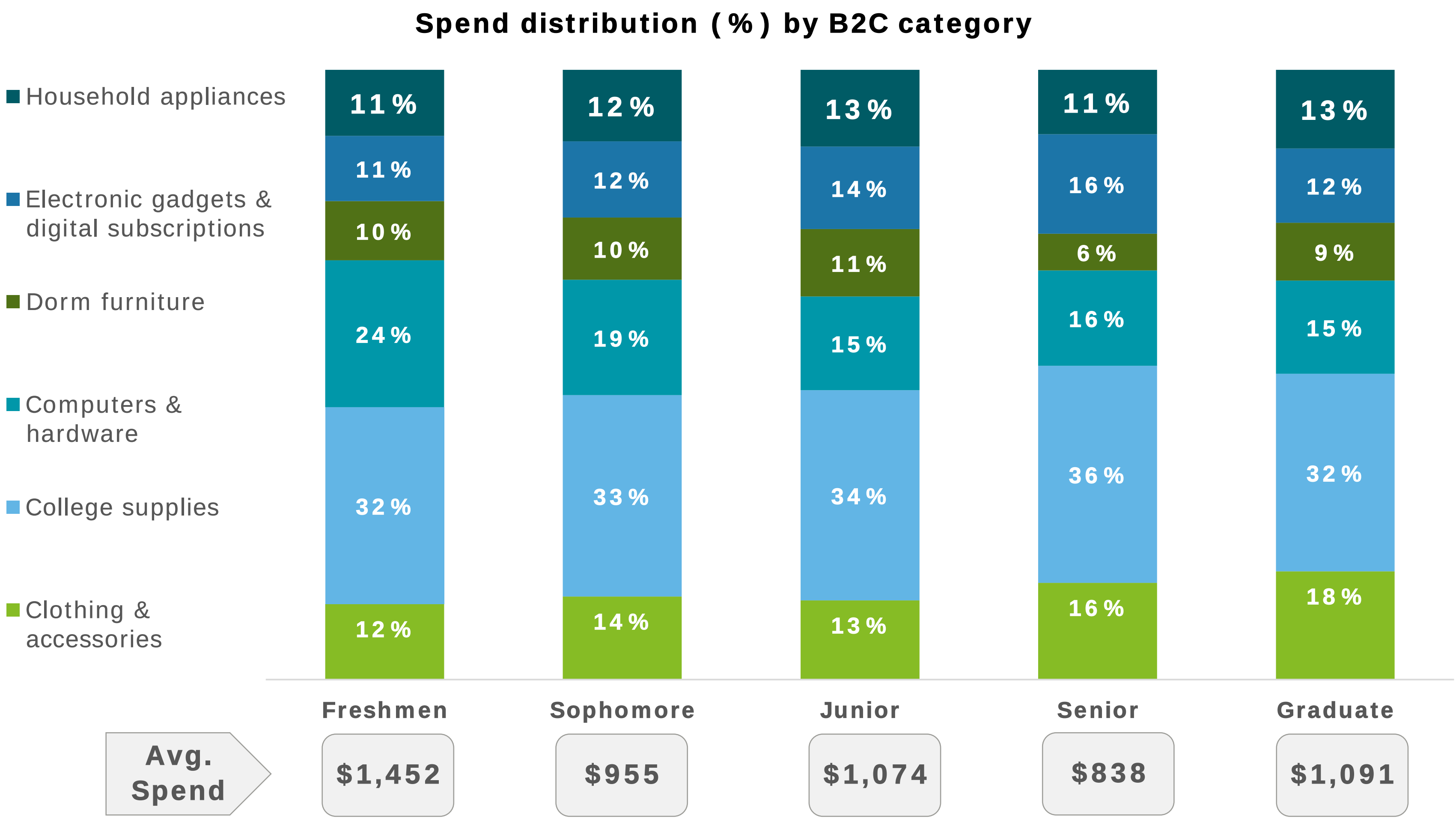
"Please indicate your level of agreement with the following statements (% who agree or somewhat agree)?"



Source: Deloitte survey
Note: Student survey sample size (N) = 1,025
* Percent represents respondent who agreed or somewhat agreed with statements.

Freshmen spend most on college start up, but students make annual investments across all categories

College supplies and computers & hardware will account for more than half of student spending regardless of class year



Source: Deloitte survey
Note: Freshmen (n) = 150; Sophomore (n) = 249; Junior (n) = 247; Senior (n) = 227; Graduate (n) = 152

About the survey

This annual Deloitte survey was conducted online using an independent research panel between May 31 - June 13, 2017. The study involved two surveys, polling a sample of 1,025 parents with college-going children and 1,025 college-going students, and has a margin of error for the entire sample of plus or minus three percentage points.

Deloitte Center for Industry Insights

The Deloitte Center for Industry Insights is the research division of Deloitte LLP's Consumer and Industrial Products practices. The center's goal is to inform stakeholders of critical business issues, including emerging trends, challenges and opportunities. Using primary research and rigorous analysis, the center provides unique perspectives and seeks to be a trusted source for relevant, timely and reliable insights.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.