



2020 Deloitte back-to-college survey

Reimagining the return to class

July 2020

Executive summary

As we approach a new school year, many parents are weighing difficult decisions about sending their children off to college, especially as several states are experiencing flare ups of COVID-19 cases. It's likely that nothing about higher education will be normal this year, but those who plan to shop for back-to-college (BTC) supplies are intending to stick to their normal spending plans—at least for now. Many don't plan to shop until later in the season, leaving the possibility that spending patterns could change.

The pandemic closed most of the country's 7,000 colleges this spring, affecting roughly 20 million students, with many finishing their semesters virtually from home. Only 52% of parents were satisfied with the education students received this spring, and many are now contemplating the value of online learning at the price of an on-campus experience.

Meanwhile, 62% of parents are anxious about sending kids to college because of the pandemic, and 40% are concerned about making upcoming college-related payments. This has caused some parents to explore alternate options for the upcoming year, such as taking a gap year, living at home, or finding more affordable schooling.

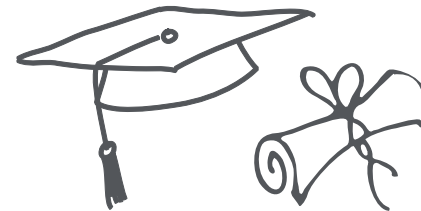
We won't know how many students actually follow through with these alternative plans for several months, but the implications could be damaging to educational institutions as well as retailers and communities that benefit from student spending.

With this backdrop of uncertainty, we launched our annual back-to-college survey to explore intended behavior of parents who plan to spend on back-to-college items this summer.

Although anxiety and concerns are running high, this group of consumers seem intent on giving their children a somewhat normal back-to-college experience. Expected spend is relatively flat over previous years, with an uptick in spend from higher-income families offsetting a lower spend from middle- and low-income households.

Retailers should understand that parents are adapting to the new realities of the pandemic and altering shopping behavior. Spending trends are shifting to online formats as consumers prioritize convenience and safety more than in years past.

For further details on how back-to-college shoppers are planning for the upcoming year, please view our findings below.



Rodney R. Sides
Vice chairman & US leader
Retail & Distribution
Deloitte LLP
rsides@deloitte.com

Stephen Rogers
Executive director
Consumer Industry Center
Deloitte Services LP
stephenrogers@Deloitte.com

Bryan Furman
Retail sector specialist
Retail & Distribution
Deloitte Services LP
bfurman@deloitte.com

Lupine Skelly
Research leader
Retail, Wholesale & Distribution
Consumer Industry Center
Deloitte Services LP
lskelly@deloitte.com

Cheat sheet



Uncertainty influencing behavior

Uncertainty around health and finances causing some to consider changing BTC plans



Spending trends relatively flat

Overall expected spend is flat as middle- and lower-income families cut back slightly, but higher-income families spending more across categories



Digital formats accelerate

Shoppers shifting purchases online to seek out contactless formats such as delivery and Buy online pick up in store (BOPIS)



Preferences: Safety makes the list

Price remains the number one priority for shoppers but convenience and safety were also top of mind this year because of health concerns

Key findings

Uncertainty influences behavior

- **Parents are anxious (62%)** about sending their kids to college this year as concerns over the pandemic linger
- **Concerns for health (72%) and finances (40%)** causing a portion to rethink plans for the fall
- Some considering transferring to online-only institutions (30%), while **29% may change plans and live at home**
- **24% Unsure** how their student's college will open in the fall and what safety precautions will be taken

Spending trends flat YoY

- Parents expect to spend an average of \$1,345 for back-to-college (BTC); there is a bifurcation in spend with **high income growing 6%, while middle and low income drop 12% and 4%**, respectively
- With roughly 75% of BTC spend being planned from late July onwards, the **spending plans may dramatically change later in the summer based on how college re-openings are planned**

Digital formats accelerate

- Parents expect to spend 34% of their budget online vs 28% in 2019; there is an **opportunity for retailers as 29% remain uncertain** of how they will purchase
- As COVID-19 has kept people at home, **80% expect to shop from personal computers this year vs. 68%** in 2019

Preferences: Safety makes the list


- **75% of shoppers plan to shop at mass merchants** this year; price still a driving factor for where to shop but convenience and safety becoming more of a priority this year

Satisfaction levels around the education college students received during the COVID-19 shutdown were lackluster no matter the learning format provided

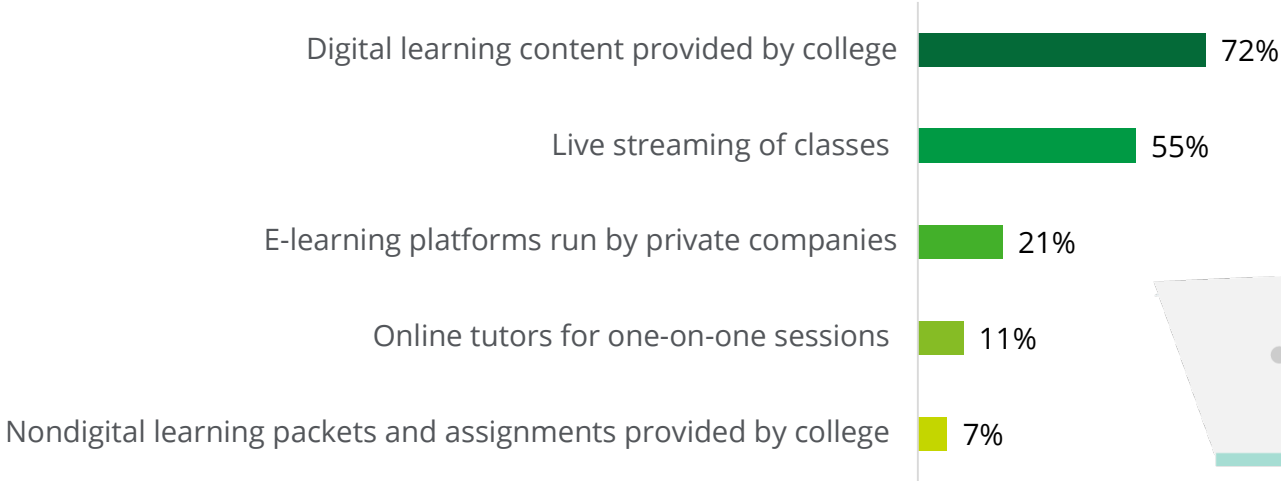
81%
Parents who had their children's colleges closed since March 2020



52%
Satisfied with education provided during shutdown



Learning resources during shutdown



Question: How did your children's college provide education while the school was closed because of COVID-19 outbreak? (multi-response question; hence, the total will not equal 100%).
Note: N=835.

Parents are anxious about sending their children back to college amidst the pandemic, and lower-income families have additional concerns around making upcoming payments



62%

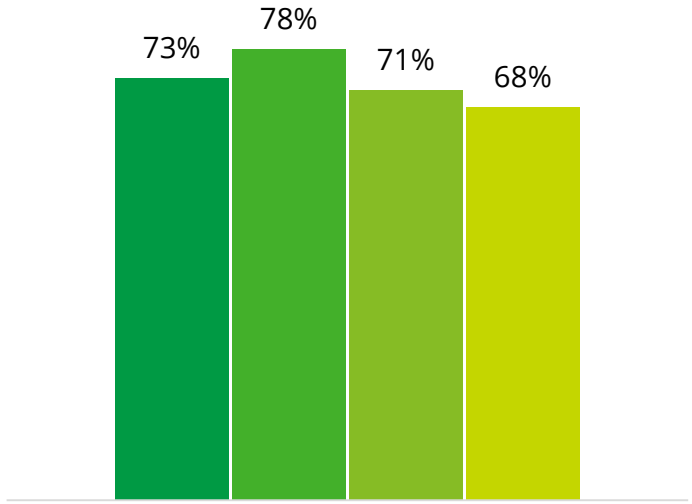
Are anxious about sending students to college due to COVID-19

34%

Households' financial situation worse than last year (vs 20% in 2019)

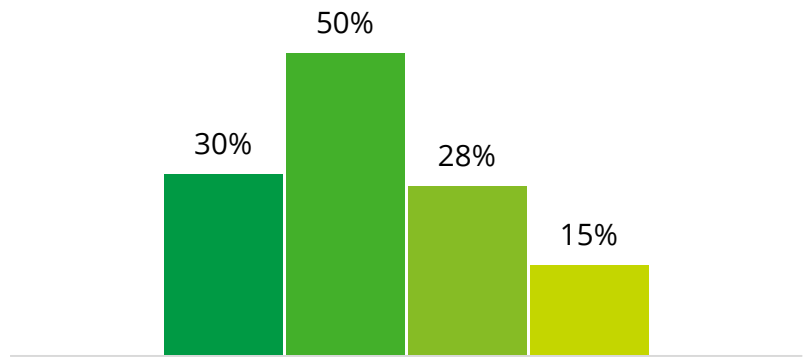


Health concerns (by household income)¹



Concerned about personal and family's health

Financial concerns (by household income)²



Concerned about not being able to make upcoming payments



■ Overall
 ■ Lower income (Less than \$50k)
 ■ Middle income (\$50k-\$99k)
 ■ Higher income (\$100k or more)

Question: To what extent do you agree or disagree with the following statements?
 (1) I'm concerned about my family's health, and my own. (2) I'm concerned I will not be able to make upcoming payments (e.g., rent, mortgage, auto, credit card).
 Note: N=1,025.

Despite colleges taking precautions seriously, many families are considering alternative plans because of COVID-19

29%

Living at home instead of paying for dorm or off-campus housing




28%

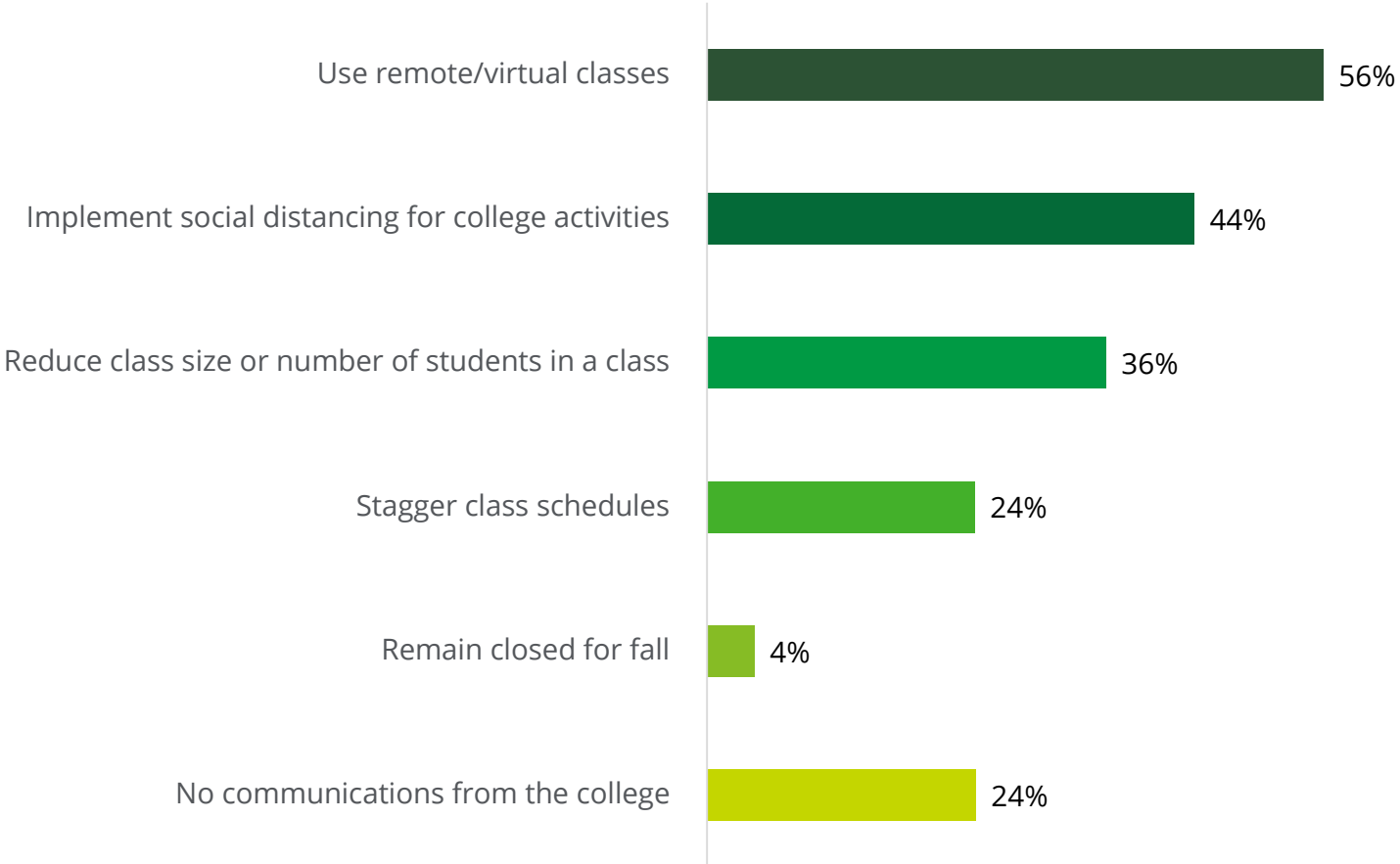
Plan to join online-only college due to COVID-19

11%

Moving to off-campus housing because it's safer/healthier than dorm

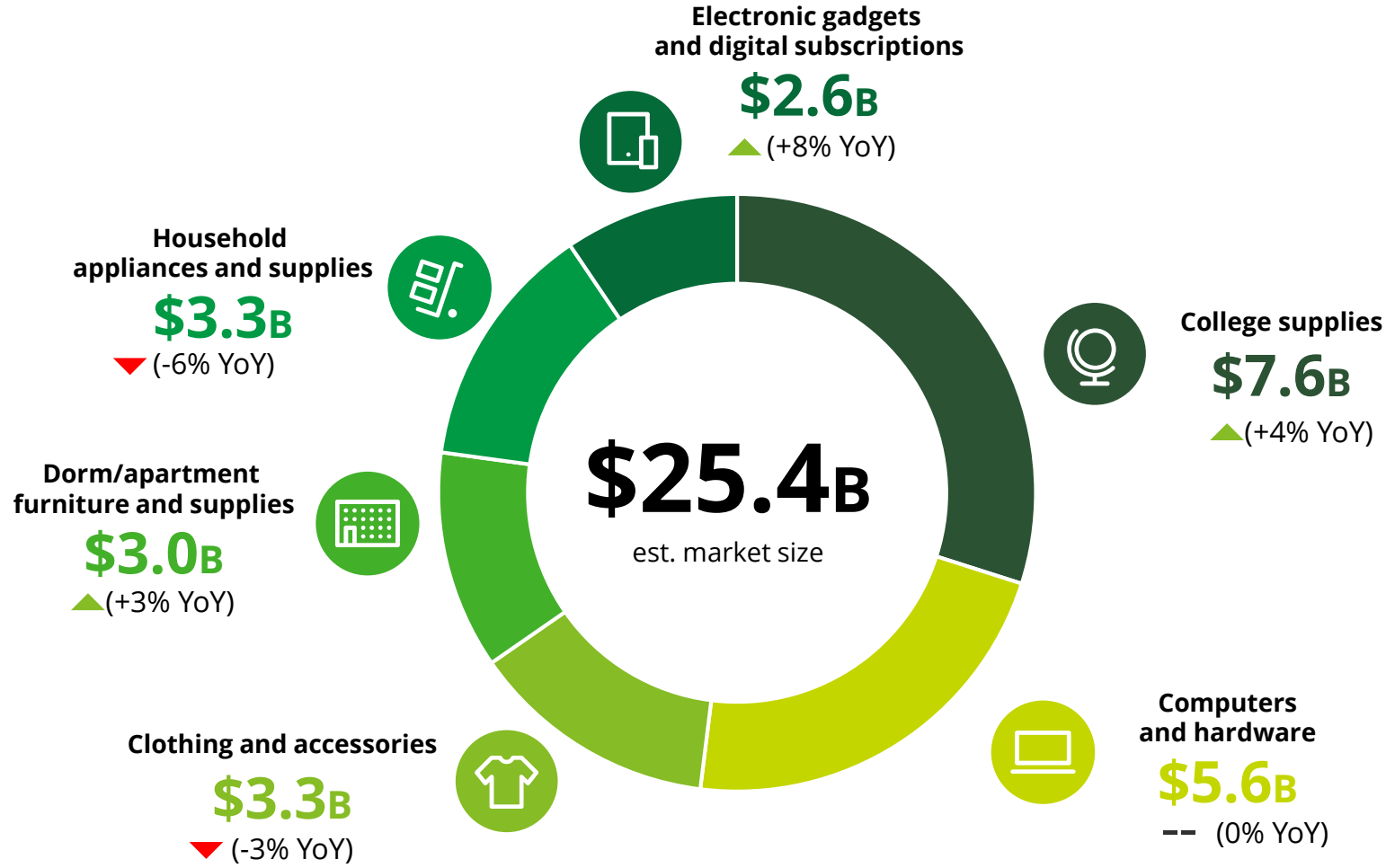


Precautions during re-opening



Question: What precautions are being implemented by your children's college because of COVID-19? (multi-response question; hence, the total may not equal 100%).
Note: N = 1,025.

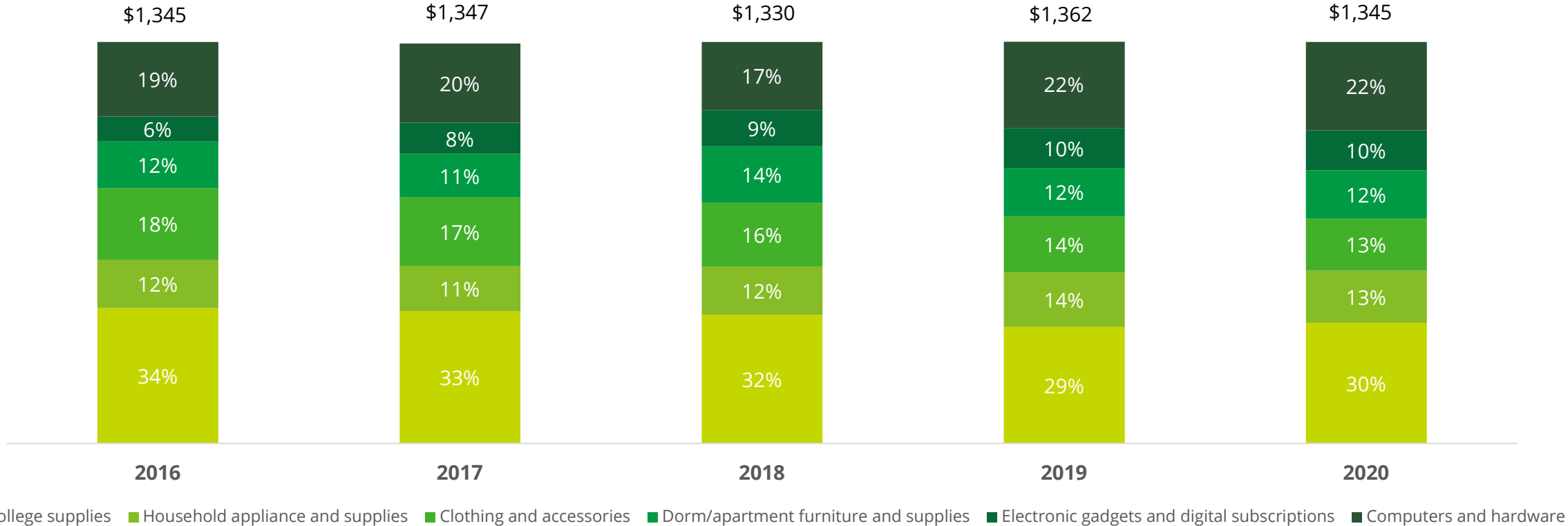
For now, parents are not expecting to make many changes in BTC category spend compared with last year



Notes: N=1,025. Electronic gadgets include cell phones/smartphones, tablet/e-reader, and wearable devices; digital subscriptions include voice and mobile data plans. All currency values are in US dollar.
Sources: Deloitte calculations on the BTC market spend (\$25.4 billion); Deloitte survey; US Current Population Survey 2019.

While BTC spending remained flat over the years, it is gradually shifting more toward technology products over conventional college related items

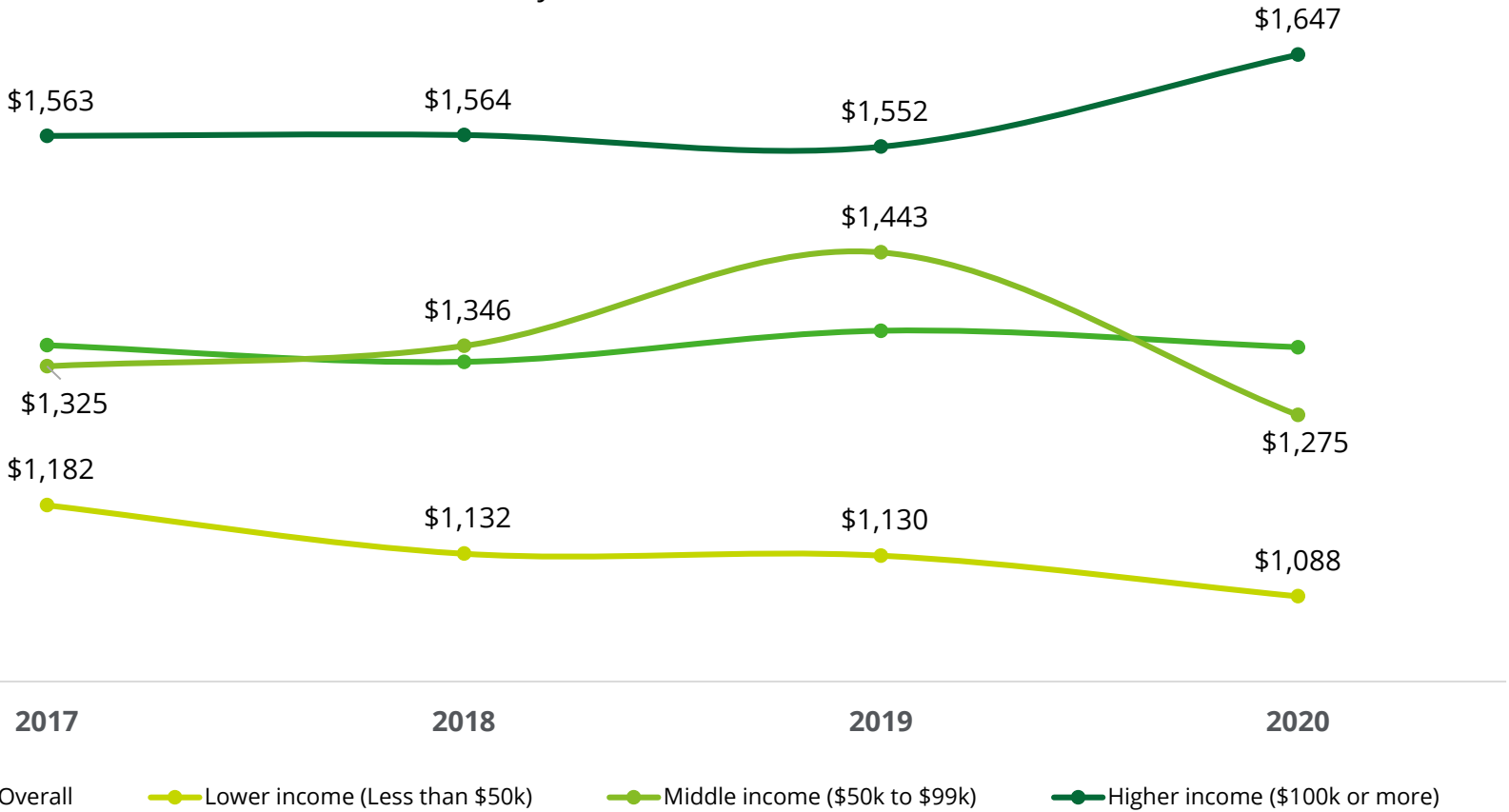
Average BTC spend by parents and split by category
2016 to 2020



Notes: N=1,025. All currency values are in US dollar. Percentages may not equal 100% due to rounding.
Source: Deloitte calculations on BTC market spend.

High-income families expected to spend more YoY, offsetting reductions by middle- and low-income shoppers

BTC: average spend (by household income)



Quick-take



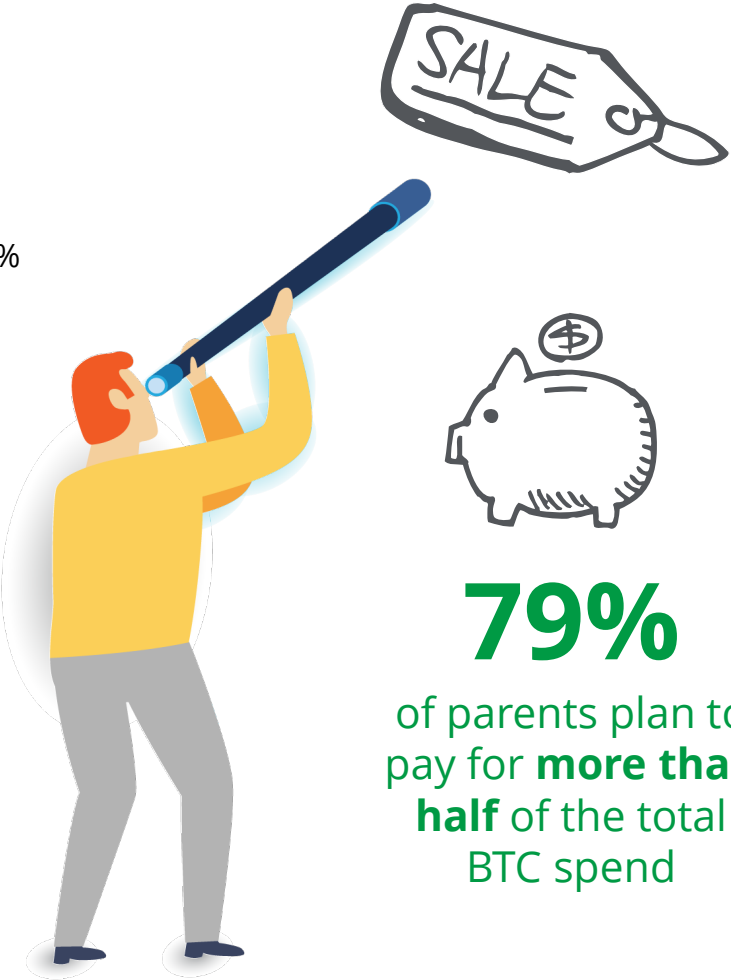
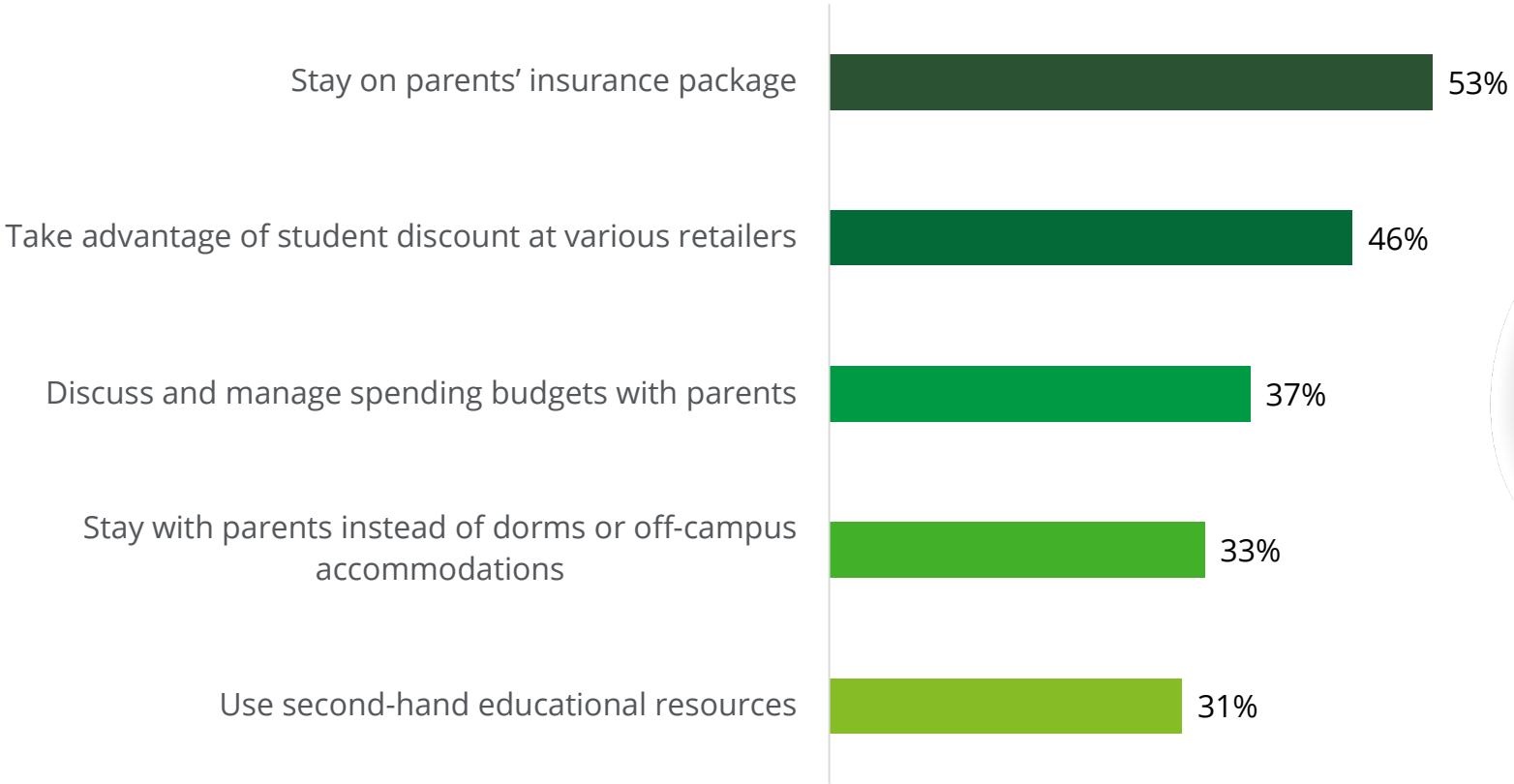
Increase in BTC spend by higher-income households is mostly driven by dorm/ apartment furniture and household supplies categories, along with digital products (computers and electronic gadgets).

Meanwhile, lower- and middle-income households are expected to tighten their spending budgets.

Notes: N=1,025. All currency values are in US dollar. Source: Deloitte calculations on BTC market spend.

While parents are likely to pay for bulk of BTC purchases, students are also exploring multiple options to curb expenses in the new school year

Top five ways families plan to curb expenses in the new college year



Question: How is your student(s) planning to curtail their college education expenses this year? (multi-response question; hence, the total will not equal 100%).
Note: N = 1,025.

As online and in-store formats converge, retailers have an opportunity to capture spend from the one-third of shoppers who are undecided

In-store



Avg. spend: **\$500**

Online



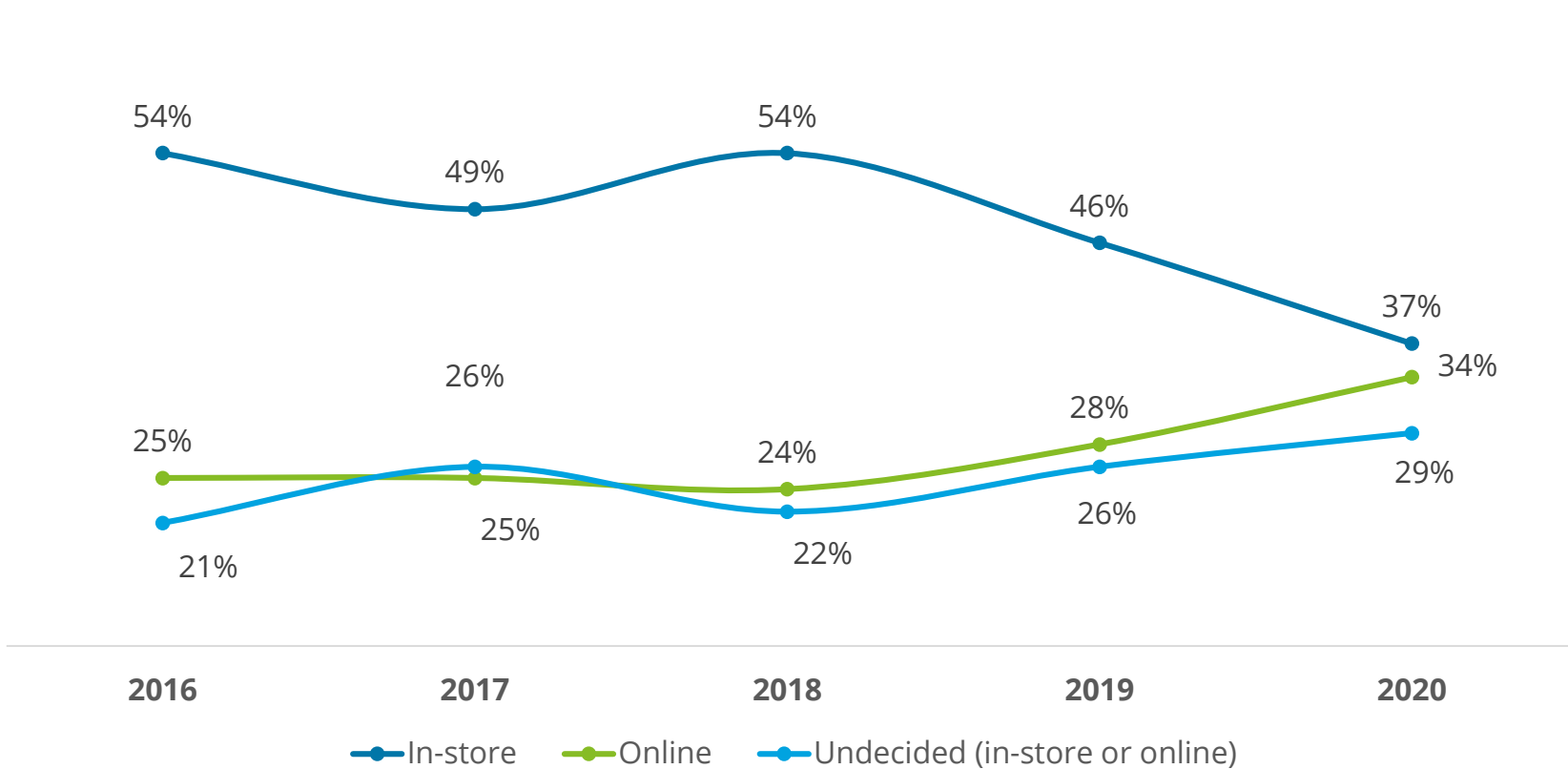
Avg. spend: **\$455**

Undecided



Avg. spend: **\$390**

BTC spend: Share by channel



Contribution to overall BTC spend

\$9.4
Billion

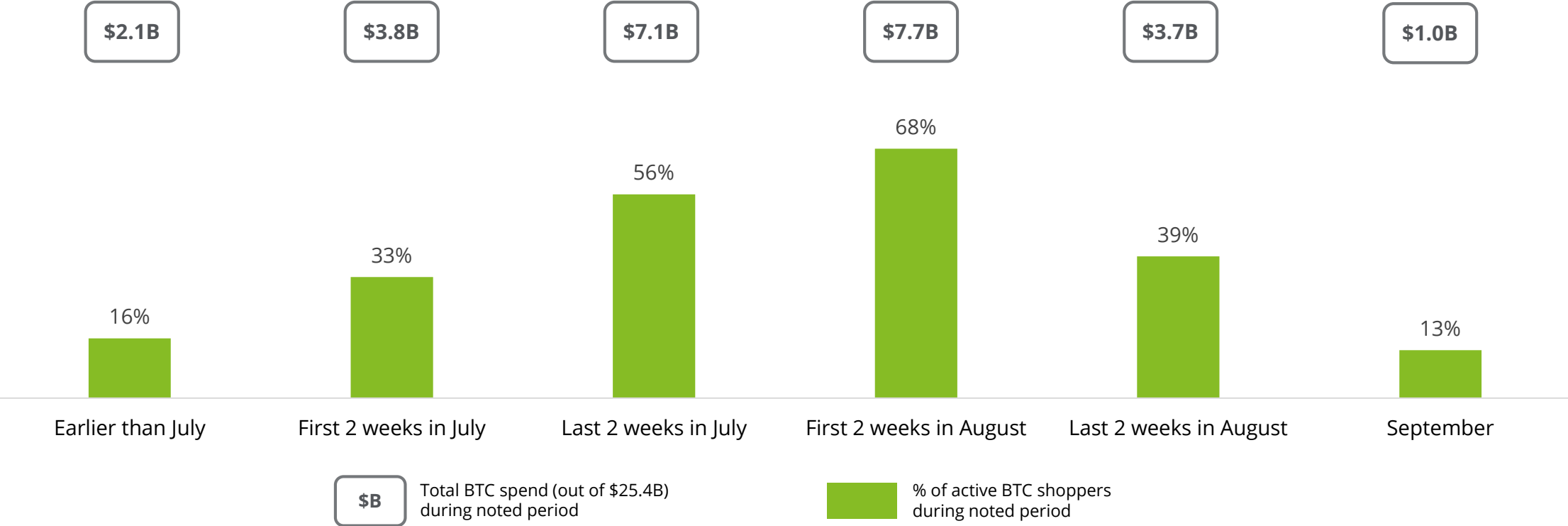
\$8.6
Billion

\$7.4
Billion

Question: Please indicate the % of the budgeted amount you expect to spend in-store or online or undecided.
Notes: N=1,025. All currency values are in US dollar.

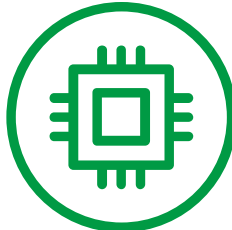
With ~75% of BTC shopping being planned for late July and onward, the spending plans might dramatically change later in the summer based on how college reopenings are planned

BTC shopping periods by traffic and total spend



Question: Out of \$__ you plan to spend on BTC shopping, how much do you plan to spend during the following periods?
 Notes: N=1,025. All currency values are in US dollar.

Safety concerns helping to accelerate digital engagement especially around contactless formats



Personal computers likely to be more frequented this year as consumers shopping from home

Emerging technology still not on many consumers' agendas for shopping journey

Contactless retailing routes to be key to near-term shopping plans for the season

80%

BTC shoppers plan to use personal computers for their retail journey—from accessing retailer's website to making purchases

- Personal computer usage at 80%, up from 68% in 2019
- Mobile usage remains flat YoY at 48%

3–10%

BTC shoppers plan to use one of the emerging technologies for their shopping journey

- Shopping using voice assistants—10%
- Cashier-less stores—9%
- Augmented/virtual reality—3%

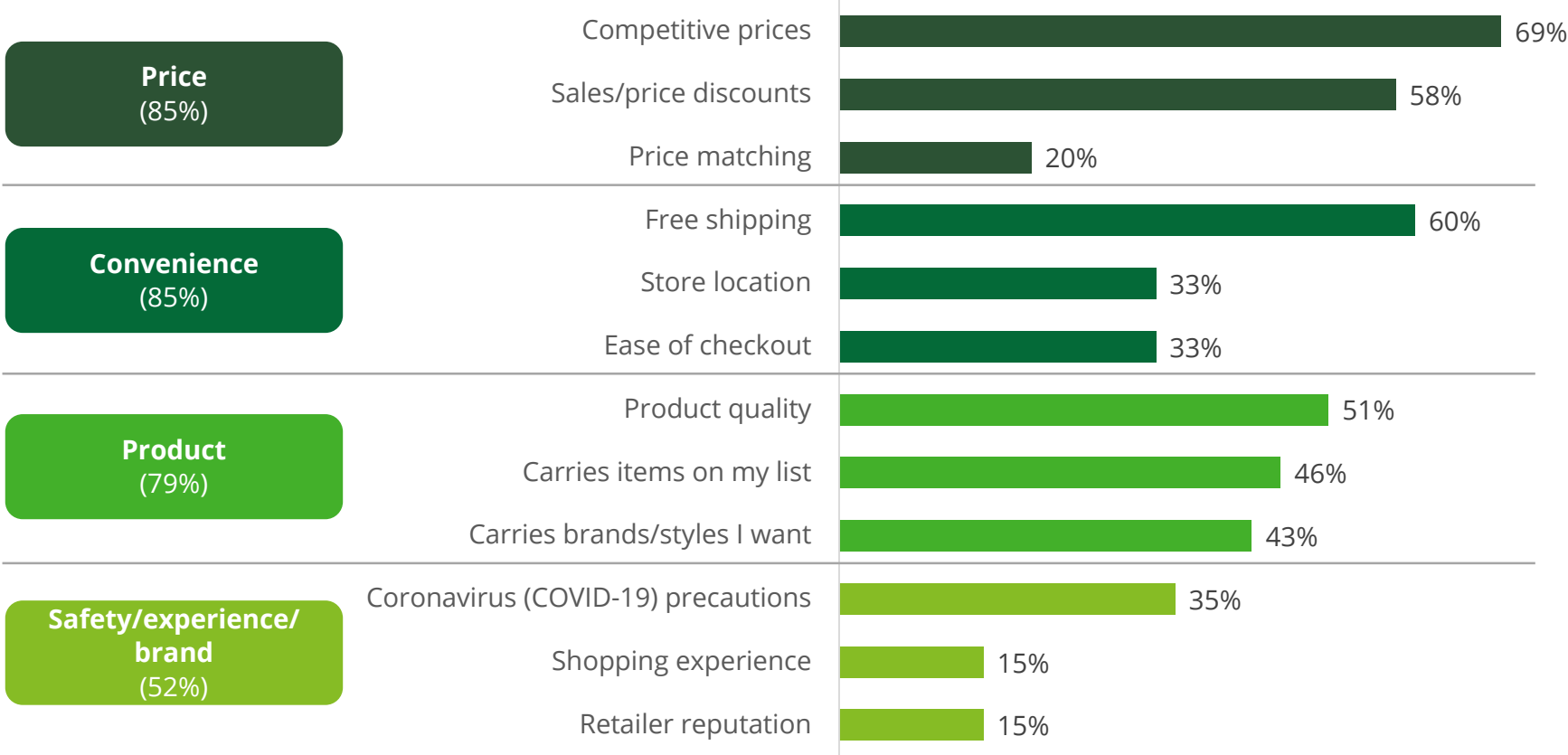
53%

BTC shoppers plan to use at least one format of contactless retailing route more frequently in the near term

- Use BOPIS more frequently—28%
- Shop less at brick and mortar stores—24%
- Use more home delivery services—24%

Price remains the number one priority for shoppers but convenience and safety are important factors this year because of health concerns

Most important considerations when selecting a retailer



Quick-take

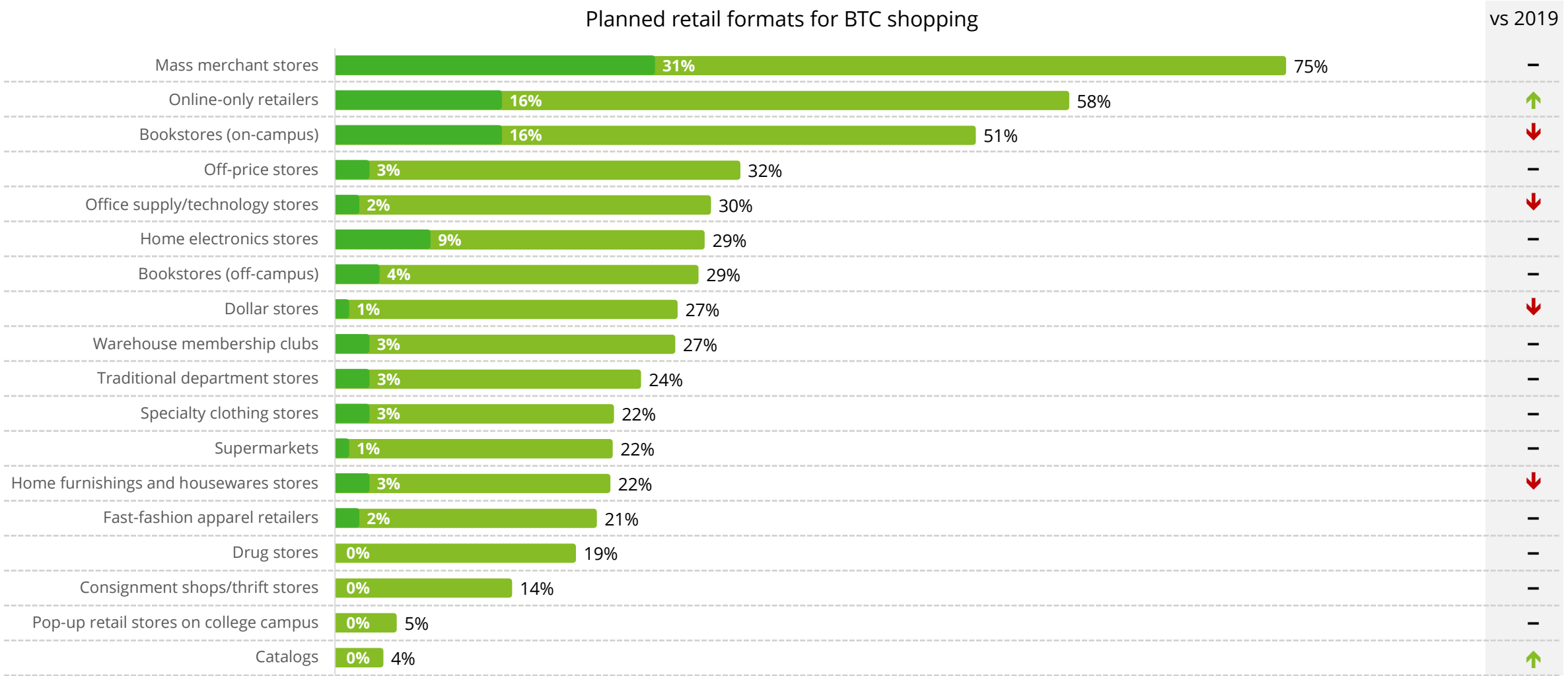
Price sensitivity is no longer the sole consideration for BTC shoppers while picking retail destinations.

Convenience and safety are emerging as key determinants of retail selection.

This lines up with growing focus on speed, accessibility, and COVID-19 precautions in the shopping process.

Question: What are the most important considerations when selecting a retailer for BTC shopping? (top three in each category; multi-response question, and hence, totals may not equal 100%).
 Notes: N=1,025. Percentages given under four theme names represent the percentage of shoppers who selected at least one option in each theme.

Mass merchants and bookstores still favorite BTC formats; online-only retailers gaining some ground at the expense of in-person retailers



Notes: N=1,025. This was a multi-response question; hence, totals may not equal 100%.
Source: Deloitte survey.

■ Plans to visit ■ Plans to spend the most



About the survey

This annual Deloitte survey was conducted online using an independent research panel between May 31 and June 17, 2020. The survey polled a sample of 1,025 parents of college-aged children and has a margin of error for the entire sample of plus or minus three percentage points.

All respondents had at least one child attending college this fall.

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.

This presentation contains general information only and Deloitte is not, by means of this presentation, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This presentation is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor.

Deloitte shall not be responsible for any loss sustained by any person who relies on this presentation.