2020 Deloitte back-to-college survey
Reimagining the return to class
July 2020
INTRODUCTION

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.

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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

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**

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

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

- Digital learning content provided by college: 72%
- Live streaming of classes: 55%
- E-learning platforms run by private companies: 21%
- Online tutors for one-on-one sessions: 11%
- Nondigital learning packets and assignments provided by college: 7%

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.

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.

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
  - Overall: 73%
  - Lower income (Less than $50k): 78%
  - Middle income ($50k-$99k): 71%
  - Higher income ($100k or more): 68%

Financial concerns (by household income)²

- Concerned about not being able to make upcoming payments
  - Overall: 30%
  - Lower income (Less than $50k): 50%
  - Middle income ($50k-$99k): 28%
  - Higher income ($100k or more): 15%
Despite colleges taking precautions seriously, many families are considering alternative plans because of COVID-19

<table>
<thead>
<tr>
<th>Precautions during re-opening</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use remote/virtual classes</td>
<td>56%</td>
</tr>
<tr>
<td>Implement social distancing for college activities</td>
<td>44%</td>
</tr>
<tr>
<td>Reduce class size or number of students in a class</td>
<td>36%</td>
</tr>
<tr>
<td>Stagger class schedules</td>
<td>24%</td>
</tr>
<tr>
<td>Remain closed for fall</td>
<td>4%</td>
</tr>
<tr>
<td>No communications from the college</td>
<td>24%</td>
</tr>
</tbody>
</table>

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.

- **Household appliances and supplies**: $3.3B (-6% YoY)
- **Dorm/apartment furniture and supplies**: $3.0B (+3% YoY)
- **Clothing and accessories**: $3.3B (-3% YoY)
- **Computers and hardware**: $5.6B (0% YoY)
- **College supplies**: $7.6B (+4% YoY)
- **Electronic gadgets and digital subscriptions**: $2.6B (+8% YoY)

**Est. market size**: $25.4B

**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

<table>
<thead>
<tr>
<th>Year</th>
<th>College supplies</th>
<th>Household appliance and supplies</th>
<th>Clothing and accessories</th>
<th>Dorm/apartment furniture and supplies</th>
<th>Electronic gadgets and digital subscriptions</th>
<th>Computers and hardware</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>19%</td>
<td>6%</td>
<td>12%</td>
<td>18%</td>
<td>12%</td>
<td>34%</td>
</tr>
<tr>
<td>2017</td>
<td>20%</td>
<td>8%</td>
<td>11%</td>
<td>17%</td>
<td>11%</td>
<td>33%</td>
</tr>
<tr>
<td>2018</td>
<td>17%</td>
<td>9%</td>
<td>14%</td>
<td>16%</td>
<td>12%</td>
<td>32%</td>
</tr>
<tr>
<td>2019</td>
<td>22%</td>
<td>10%</td>
<td>12%</td>
<td>14%</td>
<td>14%</td>
<td>29%</td>
</tr>
<tr>
<td>2020</td>
<td>22%</td>
<td>10%</td>
<td>12%</td>
<td>13%</td>
<td>13%</td>
<td>30%</td>
</tr>
</tbody>
</table>

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)

$1,563  $1,564  $1,552  $1,647
$1,346  $1,443  $1,275
$1,182  $1,132  $1,130  $1,088

2017  2018  2019  2020

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

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

- Stay on parents’ insurance package: 53%
- Take advantage of student discount at various retailers: 46%
- Discuss and manage spending budgets with parents: 37%
- Stay with parents instead of dorms or off-campus accommodations: 33%
- Use second-hand educational resources: 31%

79% of parents plan to pay for more than half of the total BTC spend.

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.

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

- Earlier than July: $2.1B, 16%
- First 2 weeks in July: $3.8B, 33%
- Last 2 weeks in July: $7.1B, 56%
- First 2 weeks in August: $7.7B, 68%
- Last 2 weeks in August: $3.7B, 39%
- September: $1.0B, 13%

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

- **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%

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

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.

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

<table>
<thead>
<tr>
<th>Planned retail formats for BTC shopping</th>
<th>vs 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mass merchant stores</td>
<td>31% 75%</td>
</tr>
<tr>
<td>Online-only retailers</td>
<td>16% 58%</td>
</tr>
<tr>
<td>Bookstores (on-campus)</td>
<td>16% 51%</td>
</tr>
<tr>
<td>Off-price stores</td>
<td>3% 32%</td>
</tr>
<tr>
<td>Office supply/technology stores</td>
<td>2% 30%</td>
</tr>
<tr>
<td>Home electronics stores</td>
<td>9% 29%</td>
</tr>
<tr>
<td>Bookstores (off-campus)</td>
<td>4% 29%</td>
</tr>
<tr>
<td>Dollar stores</td>
<td>1% 27%</td>
</tr>
<tr>
<td>Warehouse membership clubs</td>
<td>3% 27%</td>
</tr>
<tr>
<td>Traditional department stores</td>
<td>3% 24%</td>
</tr>
<tr>
<td>Specialty clothing stores</td>
<td>3% 22%</td>
</tr>
<tr>
<td>Supermarkets</td>
<td>1% 22%</td>
</tr>
<tr>
<td>Home furnishings and housewares stores</td>
<td>3% 22%</td>
</tr>
<tr>
<td>Fast-fashion apparel retailers</td>
<td>2% 21%</td>
</tr>
<tr>
<td>Drug stores</td>
<td>0% 19%</td>
</tr>
<tr>
<td>Consignment shops/thrift stores</td>
<td>0% 14%</td>
</tr>
<tr>
<td>Pop-up retail stores on college campus</td>
<td>0% 5%</td>
</tr>
<tr>
<td>Catalogs</td>
<td>0% 4%</td>
</tr>
</tbody>
</table>

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

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