

Back-to-School Season Favors Physical Stores

Shoppers Start Earlier on Purchases for K-12 and College Students

Key Takeaways

- Nearly three-quarters of BTS shoppers say they will spend more this year than in 2017.
- Overall, BTS shoppers will spend an average of \$812.20 on merchandise this year. On average, those making purchases for children in grades K-12 will spend on average \$423.40, while those buying for college will spend \$784.70.
- Slightly more than two-fifths of BTS shoppers either started or completed their shopping at the time the survey was conducted.
- As in previous years, August will be the busiest shopping month in terms of amount of people and total purchases.
- Nearly nine of 10 BTS shoppers will make purchases in physical stores, a percentage that rises to 95% when including those who will purchase online from retailers that also have stores.
- This year, more shoppers (39%) will use the click-and-collect method when making BTS purchases—significantly surpassing 2017 (30%).
- For all key products purchased during the BTS season, shoppers will make most of their purchases in physical stores.
- Discount stores, office supply stores and dollar/variety stores will see the most shoppers—similar to previous BTS seasons.
- More than four-fifths of BTS shoppers will visit a mall or other shopping center to make purchases. Once there, they will also engage in other activities.
- BTS shoppers confirm widespread use of technology with about two-thirds of them researching online before buying in stores and about three-fourths using their mobile devices once in store.

During the back-to-school (BTS) season—the second-busiest shopping period of the year—shoppers demonstrate a clear preference for retailers with a physical presence. This bodes well for those establishments and for shopping centers as the holiday season—the busiest time of year—approaches, reinforcing the role of the store as the cornerstone of consumer shopping journeys in an omni-channel environment.

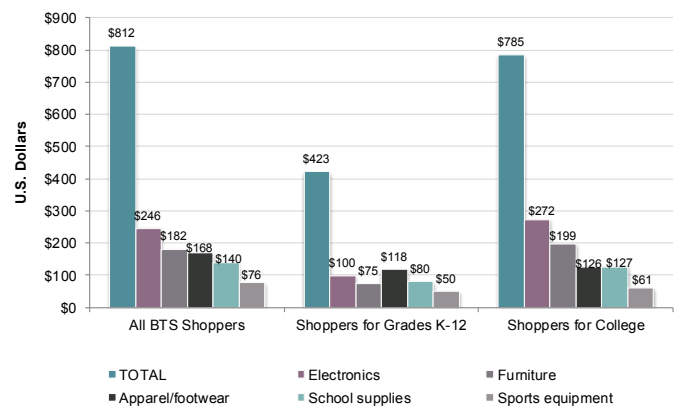
Shoppers Indicate Higher BTS Expenditures This Year

This year, more U.S. adults (50%) will be making BTS purchases than in 2017 (38%), according to an ICSC survey.¹ Of them, nearly three-quarters (73%) plan to increase their expenditures over last year, while 20% will spend about the same. The top reasons cited for spending more this year include the need to replace wardrobe and other supplies, different school requirements, and in general, more expensive items. The most popular goods for purchase, as in years past include apparel/footwear (85%), school supplies (85%), electronics (54%), home furnishings (42%) and sports equipment (39%).

Overall, on those items, BTS shoppers expect to spend \$812.20, on average. (See Chart 1.) Slightly less than one-third of that total will be for electronics and a bit more than one-fifth will go separately to furniture and apparel/footwear. Nearly one in five dollars will be spent on school supplies and one in 10 dollars will go to sports equipment.

Chart 1:

Back-to-School Expenditures by Shopper Type and Product



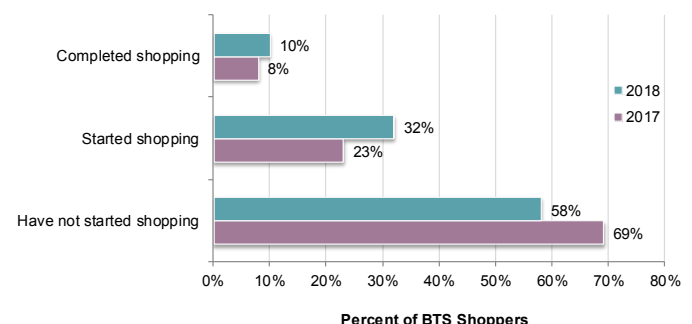
BTS shoppers buying college-related merchandise (\$784.70) expect to spend about 1.9 times as much as those making purchases for children in grades K-12 (\$423.40).² College shoppers will allocate the largest shares of total expenditures to electronics and home furnishings, while the largest expenses for K-12 shoppers will be apparel/footwear followed by electronics.

BTS Shoppers Ahead of Last Year

Approximately 32% of BTS shoppers already started making purchases, while 10% indicated they are finished. (See Chart 2.) **These figures compare favorably to last year** when the survey was conducted at the same time and showed that 23% had started shopping, while 8% were finished.

Chart 2:

Back-to-School Shopping Completion



This year, those buying for college are ahead of K-12 shoppers—38% of those buying for college have either started or completed shopping, compared with 35% of those buying for children in grades K-12.

The most significant factor influencing the start of BTS shopping—seeing advertisements or lower prices in stores—

¹ These results and others in this report are based on a representative poll of 1,000 adults in the U.S., conducted between July 12 and 15, 2018 by Engine on behalf of ICSC.

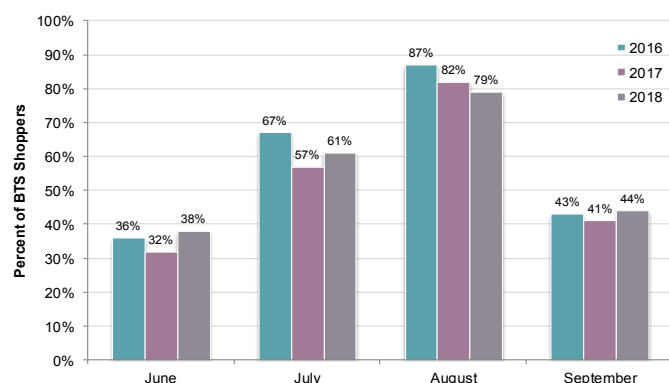
² These averages are based on separate samples and therefore neither the average between the two, nor the sum, is the average spending among all BTS shoppers.

was cited by 41% of respondents, followed by receiving a supply list from teachers and lack of time left to shop before the start of the school year (each with 35%), and seeing retailers' ads on TV or other media (26%).

As in prior years, **August remains the most popular month for BTS shopping** with nearly four-fifths (79%) making purchases then, as shown in Chart 3. Overall, about half (48.9%) of total BTS spending will take place then. Although it remained in the top spot, August lost some of its popularity to other months—notably June and July. The share of shoppers in June (38%) increased six percentage points (pp.) this year, while the overall amount of spending in that month grew by two pp. to reach 12.9%. The share of July shoppers went up four pp. and overall spending increased 0.7 pp to 24.6%.

Chart 3:

Shares of Back-to-School Shoppers by Month



BTS Shoppers Utilize Many Formats to Make Purchases

An overwhelming number of BTS shoppers (88%) have or plan to spend money at brick-and-mortar locations, as shown in Table 1. This percentage increases to 95% if online shopping

Table 1:

Back-to-School Shopper and Expenditure Shares by Retail Format

Retail format	Percent of BTS shoppers	Percent of total BTS expenditures
Physical stores	88%	45.0%
Online from retailers with stores	51%	22.1%
.....Ship to home/office	40%	10.0%
.....Pick up in store	39%	12.1%
Pure online retailers	52%	23.5%
.....Amazon	50%	18.2%
.....All other pure online retailers	20%	5.3%
Other sources	21%	9.4%

from retailers with a physical presence is also included. Among shoppers, nearly two-fifths (39%) purchased or will purchase online from a retailer with a physical presence and pick up the goods in-store. **This is a noticeable increase from last year** when 30% of shoppers said they would order online and pick up from the store.

Still related to click-and-collect, of those who already picked up BTS purchases made online, 96% made an additional purchase or purchases at least once at that store/tenant, an adjacent establishment, or another unit within the same shopping center.

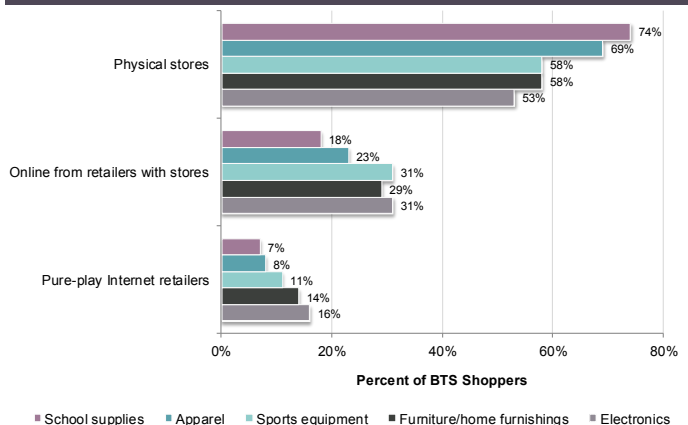
As pointed out in Table 1, just over two-thirds (67.1%) of BTS shopper expenditures will occur in physical stores/establishments or online from retailers that have a physical presence. Among non-store formats, one-third (32.9%) of overall BTS expenditure will occur through pure online retailers and other sources.

A Clear Preference for Retailers With Physical Stores

For each of the key products purchased during the BTS season, shoppers will make most of their purchases in physical stores. The second most popular format for each of the five product categories will be online from retailers with stores. (See Chart 4.)

Chart 4:

Retail Format for Making Most Back-to-School Purchases by Product



There is, however, a clear difference by product type. The largest shares of shoppers make most school supply and apparel purchases in stores, while fewer do the same for the other products. Though physical stores are still preferred, more shoppers will purchase sports equipment, home furnishings and electronics online.

The top reason among BTS shoppers for going to a physical store remains **"the ability to physically see, touch or try on the merchandise"** (52%). Other reasons for shopping at physical stores this year are "better prices/good deals" (34%), "convenience of one-stop shopping" (32%), "ability to get items immediately" (32%) and "not wanting to pay for shipping" (29%).

Interestingly, nearly four-fifths (78%) of BTS shoppers said that **shopping in physical stores provides a better experience than online shopping**, while two-thirds (66%) claim that when shopping in stores, they tended to also buy items in the same store that were unrelated to BTS.

Discount and Office Supply Stores to See Most Activity

Discounters will, by far, continue to be the most popular shopping venue for BTS shoppers. Nearly three-quarters (70%) of them will shop at those retailers, as shown in Chart 5. Many retailers commonly found in regional malls and open-air centers (e.g. office supply stores, dollar/variety stores, traditional department stores, and apparel/footwear/accessories stores) should also see strong activity during this BTS season, according to the same chart.

Shopping Centers: More Than Just a Place to Shop

Remarkably, over four-fifths (85%) of BTS shoppers will go to a mall or shopping center for purchases this season, as shown in Chart 6.

Chart 5:

Back-to-School Shoppers and Expenditure Shares by Retail Format

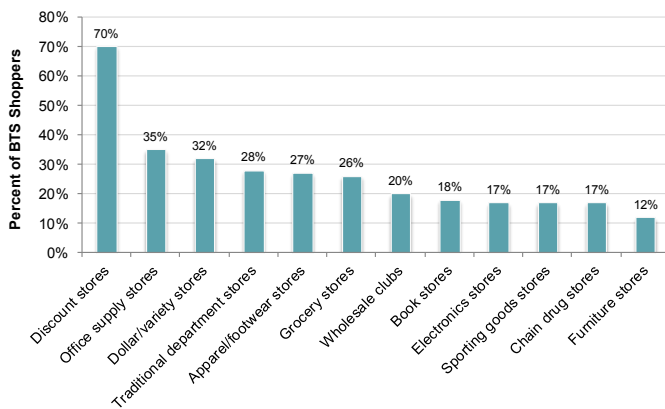
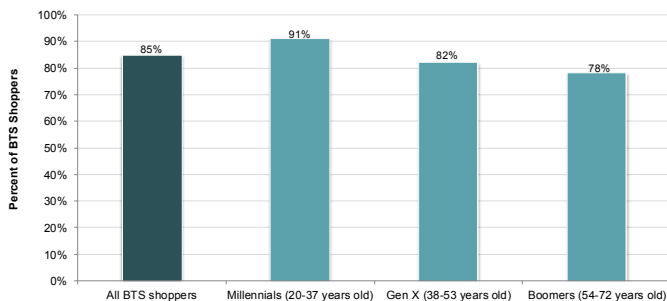


Chart 6:

Back-to-School Shoppers Visiting Shopping Centers by Generation



Beyond shopping for BTS merchandise, shoppers will also dine at food service establishments (56%), see movies (34%) and use personal services (21%).

Tech-Enabled Shoppers Make Informed Decisions

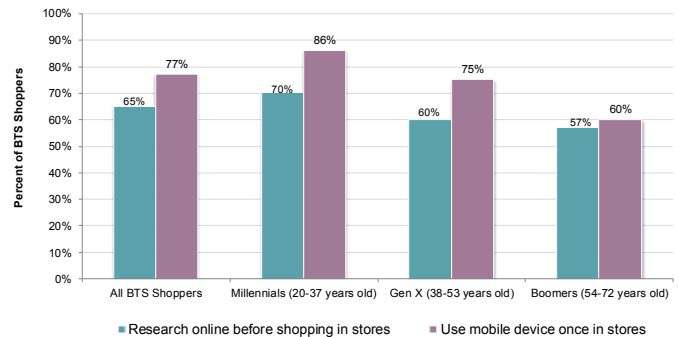
Nearly two-thirds (65%) of BTS shoppers reported that they do research online before shopping at a store location for items. (See Chart 7.) This is higher than in 2017 when 60% of BTS shoppers indicated researching online beforehand. While the largest share (67%) use retailer websites to gather information, online researchers also use buying guides/top items lists (36%), retailer apps (28%) and parenting blogs/social channels (17%).

Not only is technology integrated into BTS shopping before visiting a store, it is also used in-store. **Survey results show that 77% of BTS shoppers will use a mobile device while shopping for related merchandise in-store.** (See Chart 7.)

Similar to past survey findings, comparing prices represented the top use of mobile devices for in-store shoppers of BTS merchandise (53%). Other popular uses of mobile devices by BTS shoppers are to get digital discounts/coupons to use in-store, check availability/inventory, view ratings or reviews, and take pictures of items.

Chart 7:

Shares of Back-to-School Shoppers Researching Online and Using Mobile Devices In Store by Generation



Additional BTS Shopping Insights

- More than four-fifths (84%) of BTS shoppers indicate that promotions significantly influence when they shop, where they shop and the merchandise they buy.
- About three-quarters (76%) of BTS shoppers prefer to stock up on school supplies at the beginning of the school year because prices are generally lower.
- Two-thirds (66%) of BTS shoppers say that when shopping with their children, they tend to spend more than if they went alone.
- Three-fifths (61%) of shoppers make several trips throughout the summer to complete their shopping and do not do it all at once.
- Nearly three-fifths (57%) of shoppers said this year, they will spend more on general classroom supplies than in previous years.

Conclusion

Just as consumers are wielding a wider array of options on their shopping journeys, malls and open-air centers are experimenting with a greater diversity in tenants, technological aids, and services to draw them in and assure them of a smoother, more pleasurable experience. The results of the back-to-school survey illustrate those synergies.

FOLLOW-UP:

In a separate survey conducted after Amazon Prime Day (July 16-17, 2018), nearly two-fifths (38%) of shoppers who indicated doing a large portion of their BTS shopping during the 36-hour promotional event, made most of their purchases from traditional brick-and-mortar retailers, either in store (32%) or online from those retailers (6%). This compares with 31% who say they did most of their BTS shopping during that period on Amazon or other pure-play online retailers.