

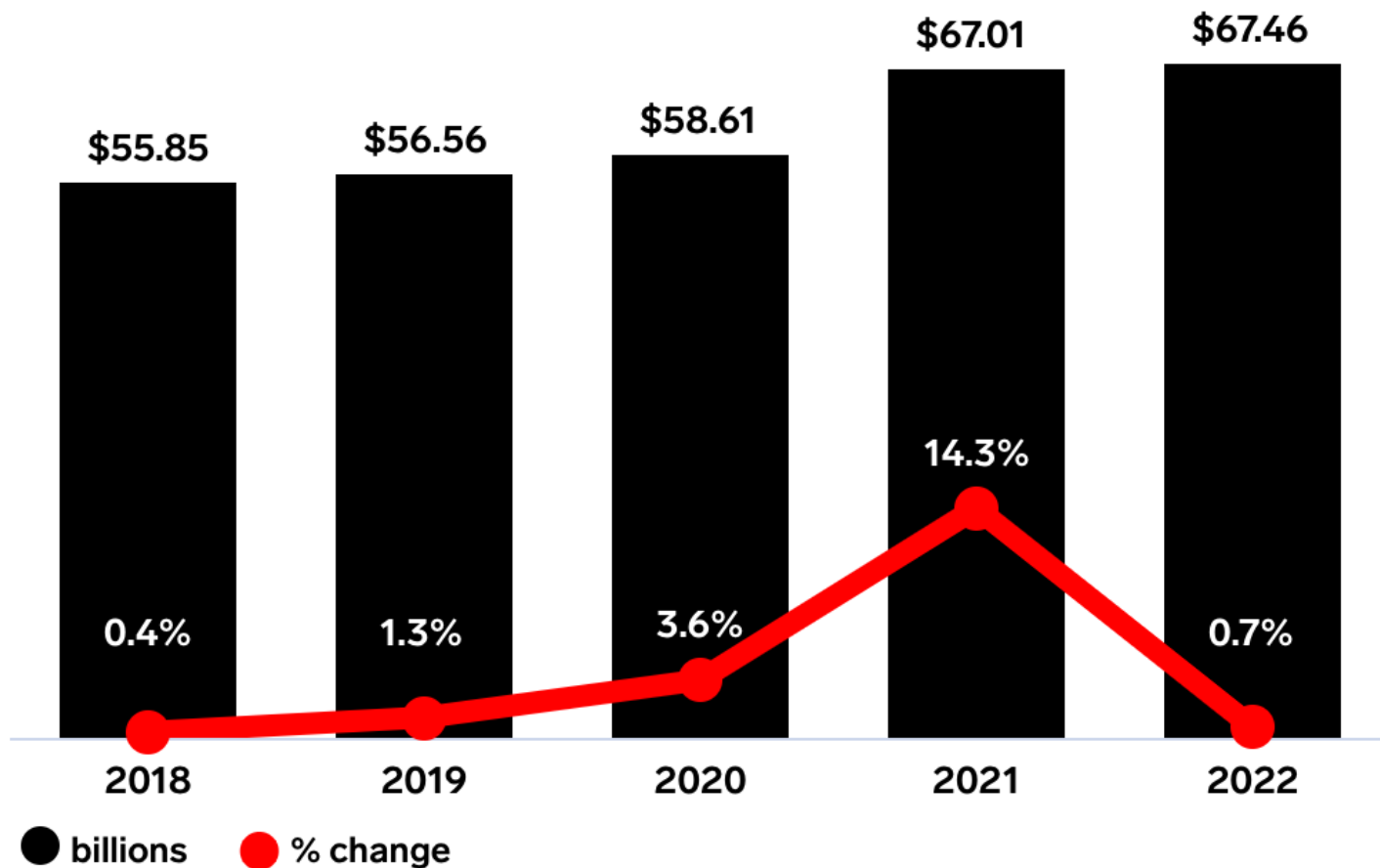
Inflation concerns may constrain back-to-school sales

Article

The news: We expect back-to-school season sales to rise just 0.7% this year as inflation weighs down retailers' sales during the critical season.

Retail Back-to-School Season Sales

US, 2018-2022



Source: eMarketer, June 2022

eMarketer | InsiderIntelligence.com

A tough environment: Soaring prices on gas and other goods are causing parents to stress about shopping for the upcoming school year.

- **Thirty-six percent of parents say they can afford their kids' back-to-school shopping without any issues**, a 16 percentage point dip from a year ago when they had the benefit of stimulus checks and child tax credit payments, [per](#) Morning Consult.
- The share of consumers feeling the impact of higher prices is rapidly growing. Between early May and late June, **the share of back-to-school shoppers planning to spend more than**

\$500 on back-to-school items increased from 11% to 25%. (For the sake of comparison, only 7% of parents doing back-to-school shopping for the previous school year planned to spend more than \$500.)

- This environment is making shoppers increasingly price-conscious, with **64% of consumers planning their back-to-school shopping around sales events**, a nine percentage point jump from pre-pandemic 2019, according to a National Retail Federation/Prosper Insights & Analytics survey.
- Some parents aren't even buying if it's on sale. Twenty-one percent don't plan to shop on Prime Day because of concerns about the economy and its impact on their financial situation, and another 20% are shifting spending to necessities, per Adobe.

Meeting shoppers where they're at: Stores are set to play a role in **93% of shoppers' school supplies purchases, 90% of clothes orders, 81% of electronics sales, and 80% of books purchases**, per Morning Consult.

- That's in line with broader trends that have seen brick-and-mortar growth rate outpace ecommerce for four straight quarters.
- With consumers venturing into stores, brick-and-mortar retailers have an opportunity to promote in-store offers and showcase their store products.
- Consumers are increasingly looking for incentives. **Forty-two percent are shopping for sales more often**, up from 36% last year and 30% in 2019, and **35% are buying more store-brand or generic products**, up from 27% last year and 24% in 2019.

Seizing the opportunity: Both **Target** and **Walmart** are eyeing the opportunity to appeal to value-oriented shoppers.

- Target extended its Teacher Prep Event—which offers a 15% discount on school supplies and other items—six weeks longer than last year. It is also offering college students exclusive discounts via its Target Circle loyalty program.
- Walmart is highlighting a curated assortment of items priced at \$1 or less and promoting its AR “View in your Space” tool to help college students understand how furniture will look or fit in their dorms.

The big takeaway: Higher prices are causing consumers to alter their back-to-school shopping behaviors this year. To avoid missing out on critical revenues, retailers need to find

ways to communicate and deliver value to shoppers.

Go further: For more on *The Era of Uncertainty*, read our report [here](#).