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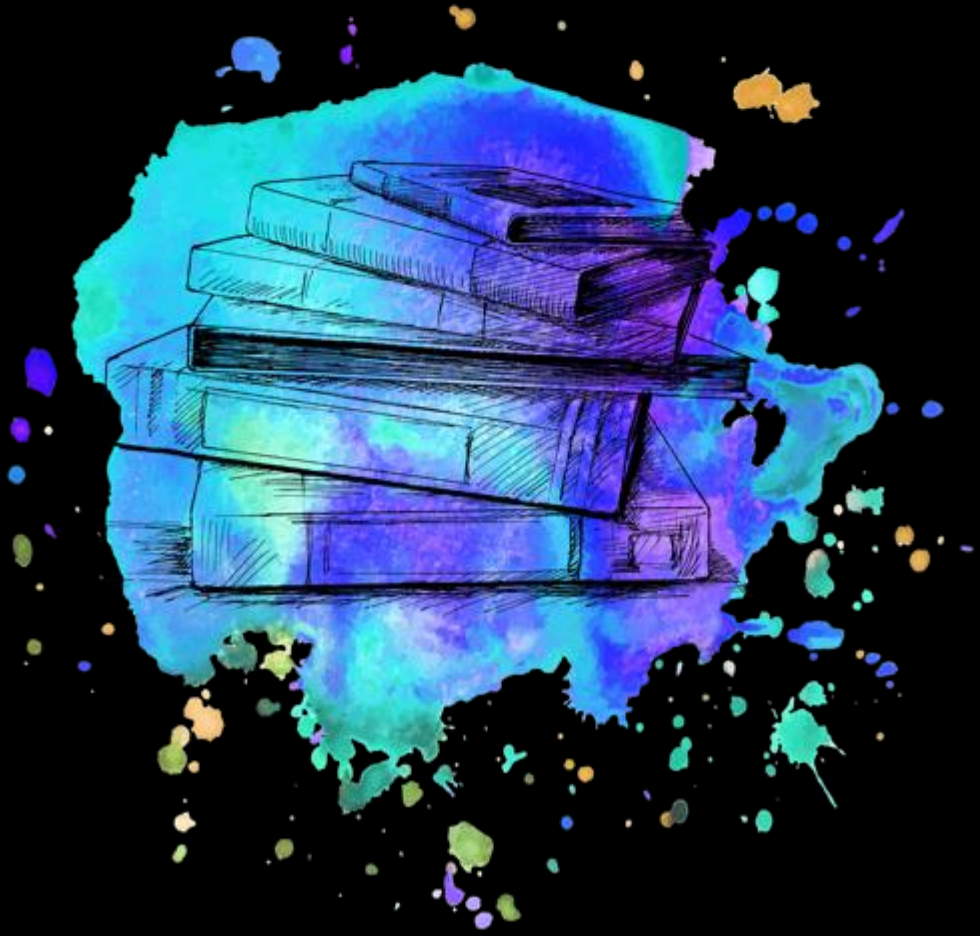


2019 Back-to-College Market Study

July 2019

Deloitte's 2019 back-to-college survey: Top 10 findings

Average back-to-college spend expected to increase slightly (2.4%) over 2018

Spend trends

1. Parents expect to spend **$1,362 per student**, equivalent to **$25.1B** on students heading back-to-college
2. **Academic spend** (supplies and computers/hardware) is expected to comprise 51% of back-to-college spend
3. The **computers and hardware category is expected to see the biggest increase in total spend** with more parents making purchases (+5 percentage points) and average spend up 12.6% compared to last year

What matters most

4. **Price is the most important consideration** when choosing where to shop for B2C season, followed closely by product and convenience—a trend consistent across seasons
5. There is separation at the top with **mass merchants (77%), on-campus book stores (57%), and online only retailers (50%)** as the most preferred shopping destinations
6. With **convenience** as a key driver for the back-to-college season, **52% of respondents said starter packs and bundles** would be beneficial in their shopping

Digital trends and timing the season

7. **In-store is expected to account for just below half of spend and is decreasing, while online share is growing**; more consumers are undecided this year with $6.6B up for grabs
8. **Social media usage (+7 percentage points)** and making a **payment while shopping on mobile (+10 percentage points)** are driving the largest increases in use of digital platforms
9. Over 60% of parents begin back-to-college shopping before August; these **earlier starters plan to spend ~$375 (>30%) more than those who start later**
10. Parents are opening their wallets, as **8 out of 10 parents expect their students to contribute less than half of the back-to-college budget**

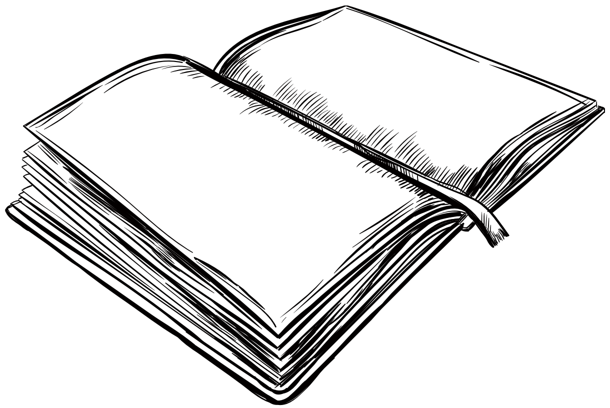
Survey findings

Spend by parents during back-to-college (B2C) shopping season expected to remain flat at a market size of $25.1B and an average spend of $1,362 per student

B2C shopping season touches . . .

19 Million
college students*

7k+
Educational
institutions**

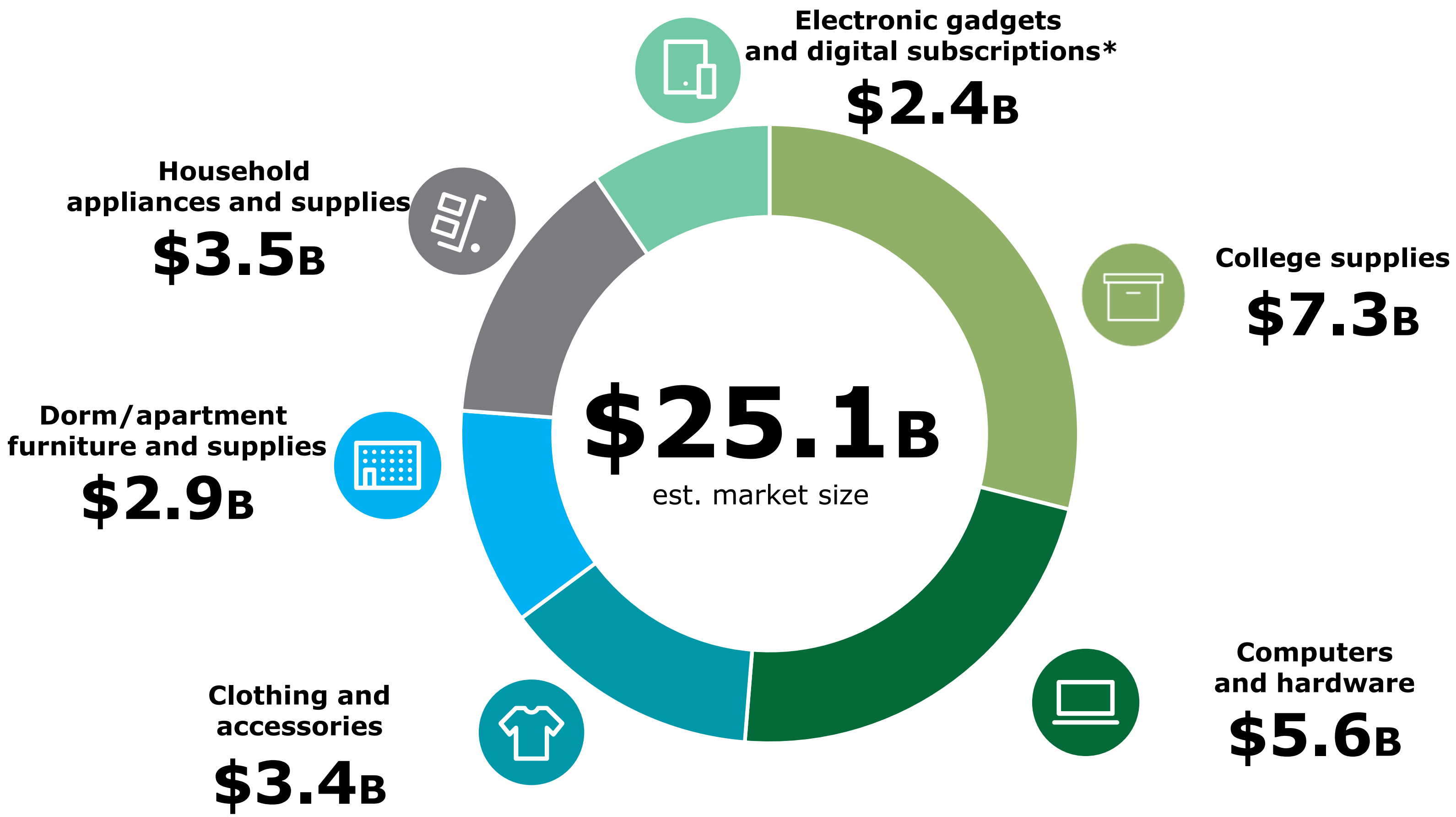


$1,362 Avg.
spend by parents#
(+ 2.4% vs. 2018)

$25.1 Billion in
parent spend^

* Number of students enrolled in undergraduate and graduate courses as of October 2017 [Source: US Current Population Survey 2018]
** Post-secondary Title IV educational institutions [Source: National Center for Education Statistics (NCES) 2016]
\# Planned average spend by parents on college-related items during back-to-college season [Source: Deloitte survey]
^ Deloitte calculations on back-to-college market spend ($25.1 billion) [Source: Deloitte survey and National Center for Education Statistics (NCES) 2018]
Note: Sample size (N) = 1,025

Back-to-college planned shopping is led by the college supplies category, which makes up ~1/3 of budgeted parent spend



Source: Deloitte calculations on back-to-college market spend ($25.1 billion) [Source: Deloitte survey and US Current Population Survey 2017]
Note: Sample size (N) = 1,025
*Electronic gadgets include cell phones/smart phones, tablet/e-reader, and wearable devices

The computers and hardware category is expected to have the largest annual growth, while college supplies is expected to remain the largest back-to-college category

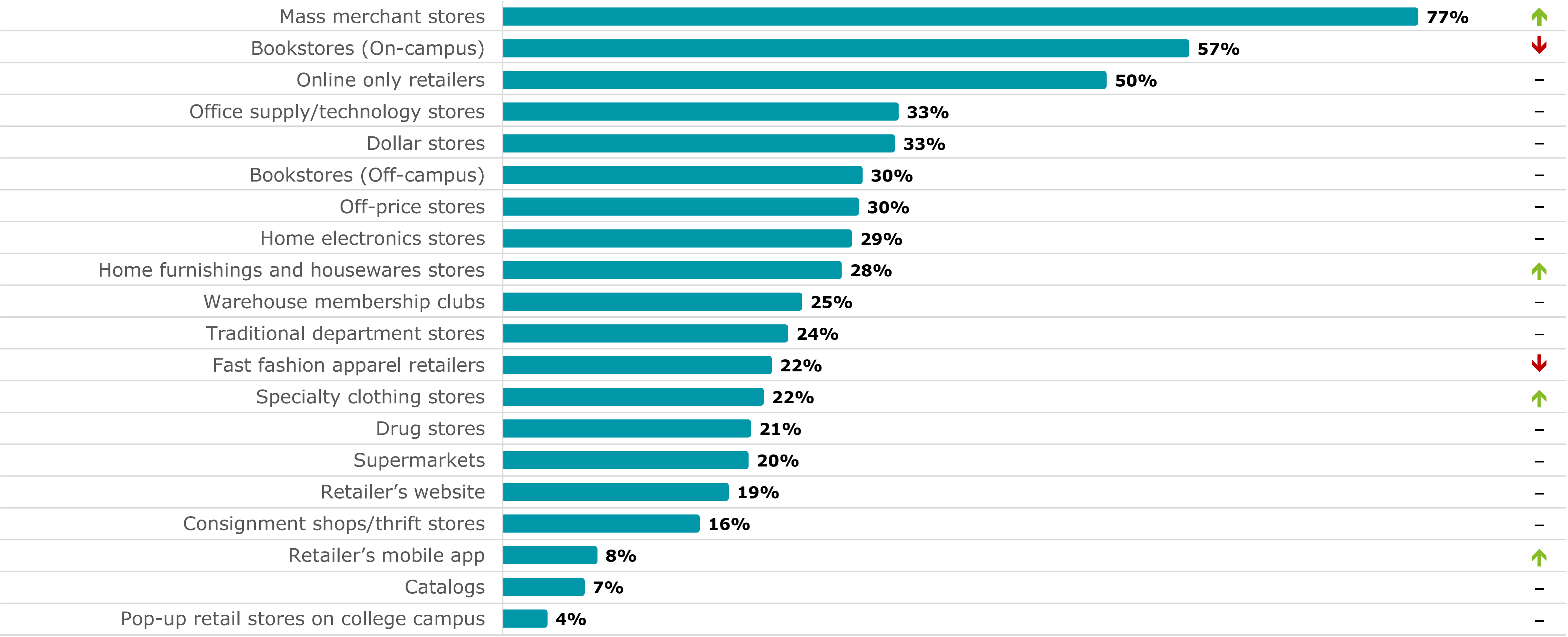
Back-to-college: Spend by category details

Category	Share of total B2C spend#	Average category spend*	% of shoppers purchasing	Key category findings
College supplies	**29%**	$453	87%	Represents the majority of back-to-college shopping with both **high demand and average spend**
Computers and hardware	22%	**$759**	40%	**Highest average spend** among categories, with increased expected year-over-year demand
Clothing and accessories	14%	**$266**	70%	Likely year-over-year **decline** in demand as well as planned category spend
Household appliances and supplies	14%	**$263**	73%	Planned **increase** in demand and average spend
Dorm/apartment furniture and supplies	11%	**$321**	49%	**Flat demand** expected; however, **average spend set to decline**
Electronic gadgets and digital subscriptions	9%	**$379**	34%	**Fewest percent of shoppers** planning to purchase in this category**;** however, increasing average **spend**

*Average spend includes only respondents who will purchase the above mentioned category or item
#Other items (which do not belong to any of the above categories) not shown in the table

There is separation at the top with mass merchants, on-campus book stores, and online only retailers as the most preferred shopping destinations

Planned retail formats for back-to-college shopping



Source: Deloitte survey
Sample size (N) = 1,025; # Multi-select question

For back-to-college, price is the most important consideration when choosing where to shop, with convenience and product following closely behind

Most important considerations when selecting a retailer#

Note* - % of shoppers who selected at least one option in each theme

Quotables

"Make prices cheaper. Have payment plans or bring back layaway."

"When I walk into a store I like to know exactly where I need to go."

"Have a prepackaged supply box with the majority of items needed."

"Create lists for certain categories and specific living environments."

Question: "What are the most important considerations when selecting a retailer for back-to-college shopping?"; #- Multi-response question; top 3 show in each category
Sample size (n) = 1,025
Note: Consumer quotes were edited for clarity and/or length

With convenience as a key driver for the back-to-college season, 52% of respondents said starter packs and bundles would be beneficial in their shopping

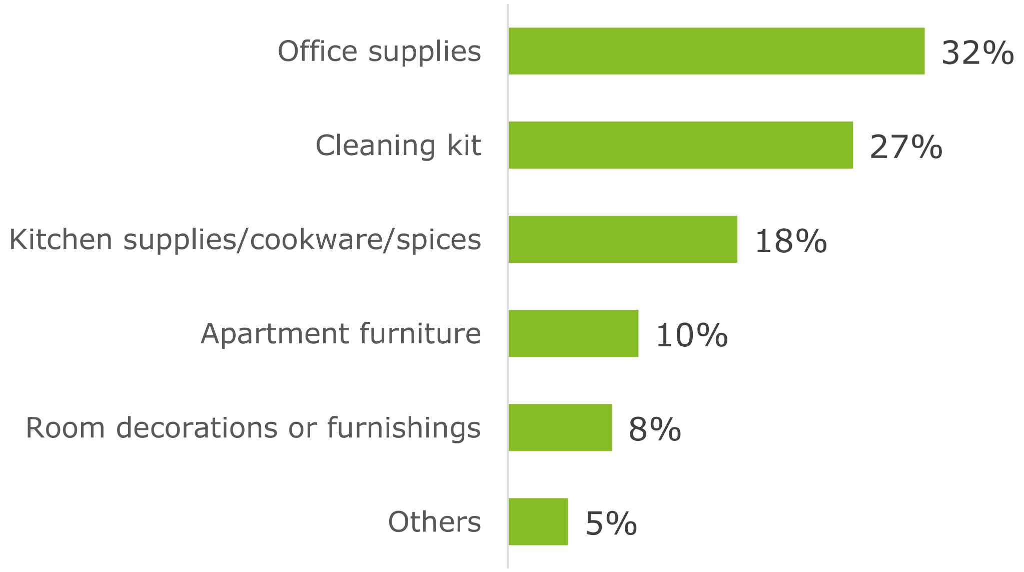
52%

of respondents said starter packs/bundles would be most beneficial during back-to-college shopping
(followed by care packages at 32%)

Only 4%

of respondents plan to visit pop-up stores during their back-to-college shopping, the lowest of all retail format types

Most beneficial bundles retailers can offer for back-to-college:



Consumers noted that major barriers for using pop-up stores include:

Price

- Perception of higher prices than other formats

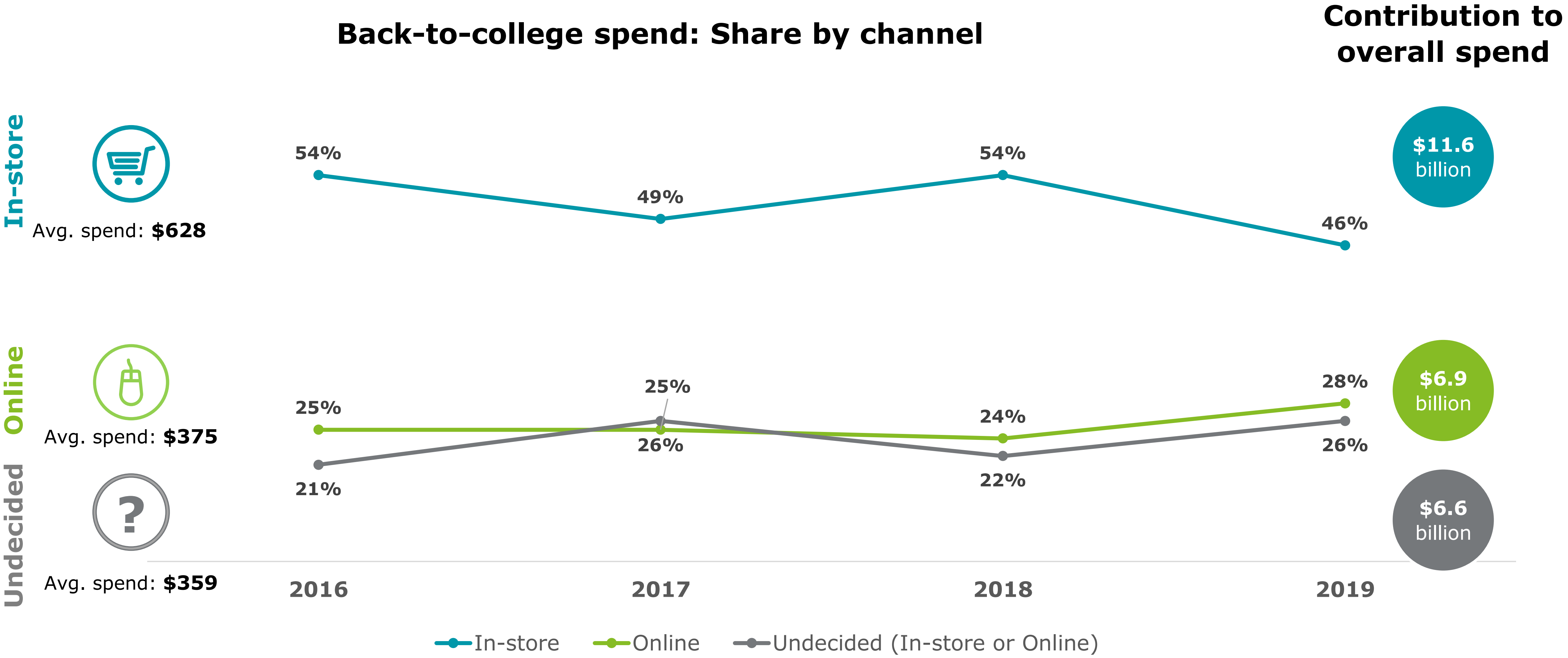
Convenience

- Lack of familiarity with format and offerings
- Inconvenient location or hours

Product

- Concerns about product quality and knock-off brands
- Lack of clarity about returns and services
- Limited variety or styles of products

In-store is expected to account for nearly half of spend with online growing; more consumers are undecided this year with $6.6B still to be decided



Question – "Please indicate the % of the budgeted amount you expect to spend online or in-store or undecided"
Note: Sample size (N) = 1,025

The largest increases in use of digital platforms in 2019 are coming from social media usage (+7 points) and making B2C purchases using mobile phone (+10 points)

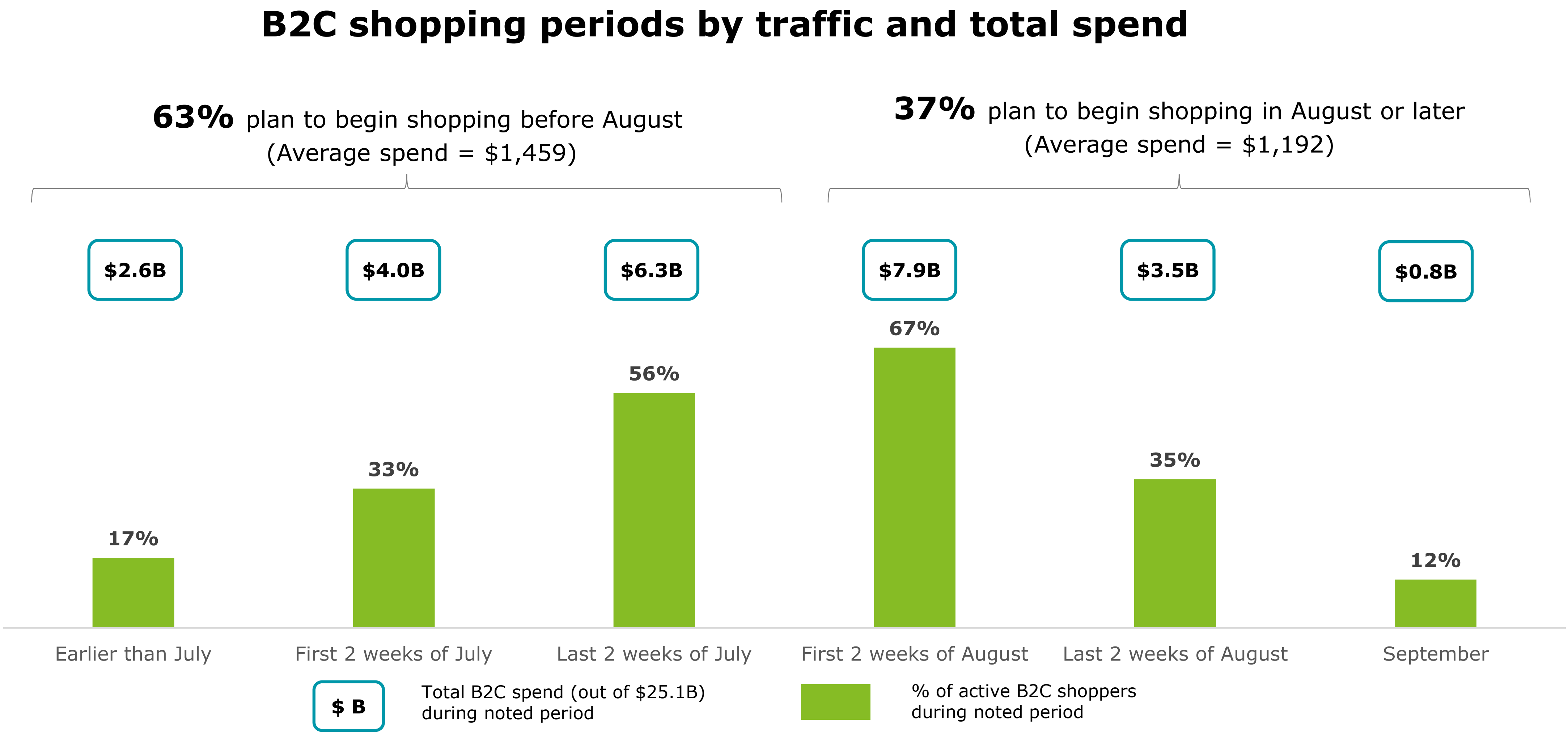
Technology usage for back-to-college shopping

Digital connection	% of total shoppers	Top uses#		
Desktop/ laptop	**68%** (69% in 2018)	Access a retailer's website	75%	*71%*
		Get price information	62%	*61%*
		Make a purchase	60%	*59%*
		Get product information	54%	*43%*
Mobile	**48%** (45% in 2018)	Access a retailer's website	61%	*62%*
		Get price information	59%	*53%*
		Collect discounts, coupons, sale information	53%	*53%*
		Make a purchase	52%	*42%*
Social	**20%*** (13% in 2018)	Browse products	56%	*55%*
		Read reviews/recommendations	51%	*52%*
		Receive a coupon	39%	*60%*
		Find information on promotions/view ads	38%	*58%*

Multi-select question; Question: "With your back-to-college shopping, are you likely to use a _________for the following actions?"
Notes: *Sample size (shoppers who use at least one digital device, n = 926)

Grey Text: Responses from 2018

Over 60% of parents begin back-to-college shopping before August; these early starters plan to spend ~$375 (>30%) more than those who start later

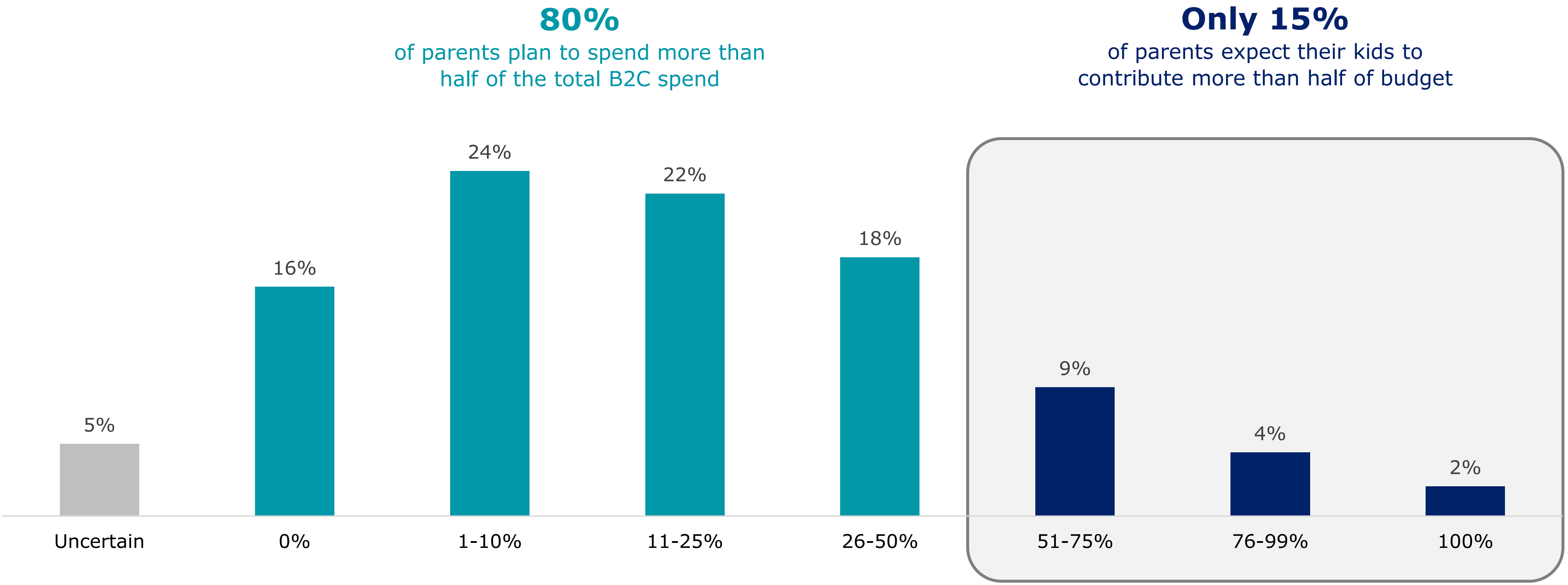


Question: "Out of $__ you plan to spend on back-to-college shopping, how much do you plan to spend during the following periods?"
Note: Sample size (N) = 1,025

8 out of 10 parents expect their students to contribute less than half of the back-to-college shopping budget

Student contribution to back-to-college shopping

"Considering your student's budget requirements for back-to-college shopping, what percentage will your student likely contribute?"



Source: Deloitte survey
Note: Sample size (N) = 1,025.

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About the survey
This annual Deloitte survey was conducted online using an independent research panel between May 31 and June 17, 2019. 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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