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Parents economize back-to-school spending as costs rise

Jennifer Youssef / The Detroit News



Melissa Cornett of Dearborn says she has been searching back-to-school sales for her sons, Ian, 7, and Joshua Paison, 4, pictured. (Brandy Baker / The Detroit News)

As a speech pathologist for the Lincoln Park school district and a mother of two school-age children, Melissa Cornett shells out about \$2,500 getting ready for the academic year. But she's trying to cut her back-to-school spending by \$1,000 this year since fuel for her family's summer travels took up too big a bite of her budget.

"We spent a lot more on gas this summer and we keep hearing how (the price of) food is going up," she said, explaining why she wants to rein in her back-to-school spending.

Shaky economic times nationwide -- and particularly in Michigan -- are forcing many parents like Cornett to cut back on back-to-school spending this year. Merchants, knowing that families are already feeling squeezed by higher fuel and food prices, a floundering housing market and high unemployment, are promoting sales earlier, with deeper discounts as they compete for consumers' dwindling dollars.

Retail experts agree that shoppers will be watching their money more closely and adjusting their back-to-school budgets, but, they say, kids still need new clothes, shoes and supplies. The difference is that parents will forgo malls and name-brand clothing stores in favor of discounters and warehouses like Wal-Mart, Meijer and Costco.

Some retailers began advertising back-to-school specials the first week of July, about a month earlier than previous years. And even with several weeks left of summer vacation, many items are already being offered at discounted prices.

"They're afraid," Ken Dalto, a Farmington Hills retail analyst, said of retailers. "They're expecting sales to be dismal because people's money is being sucked up."

In a national survey by Deloitte LLP, 71 percent of respondents said they will spend less on back-to-school items this year. Forty-eight percent expect to reduce their spending by more than \$100. A poll of 115 Michigan residents showed that 42 percent planned to spend at least \$200 less on back-to-school expenses.

Back-to-school is the second-biggest retail season of the year, after Christmas, Dalto said. But he predicted the upcoming sales bumps will be smaller than last year.

Research data shows that nationwide, back-to-school spending will go up per family, but because of the unique problems Michigan is been facing, he expects sales here will be down. Successive waves of unemployment, unstable jobs and a drop in housing value is going to scare many parents into holding onto their purse strings when it comes to back to school shopping, he said.

"People are going basic," Dalto said. "More kids will be using last year's school clothes if they still fit or they're going to scrimp."

According to a survey by the Michigan Retailers Association, 36 percent of retailers believe sales will increase, 37 percent think sales will be down and 27 percent are expecting sales to be flat from July through September, the months traditionally known as the back-to-school shopping season.

"Our hope is that with gas prices down a little bit, we're going to see a bump in sales," said Tom Scott, senior vice president of the MRA "But it's still too early to tell."

Back-to-school shopping will not be as big an event this year, but won't be a total disaster, said Phil Rist, executive vice president of strategy at market research firm BIGresearch, which provides the National Retail Federation with data. Children still need new things, but maybe they won't be getting as much or going to the same stores they used to.

Discounters will do well, but the higher end retailers might suffer. It's not just a Michigan thing, he noted, all states are dealing with higher food and gas prices and a slumping housing market.

Cornett is scoping out sales, scouring advertisements and bargain hunting to find the best deals available. She's already found some discounted items for her sons Ian Paison, 7, and Joshua Paison, 4.

"The little things really add up," she said.

Stores offer greater deals

To woo parents expecting big sales and deep discounts, retailers started their sales early and began marking down back-to-school items shortly thereafter.

Target, which started back-to-school sales July 6, this year is hoping to make the shopping experience easier and more convenient for customers by offering "Target lists," lists of supplies students in various school districts will need.

The lists will help parents plan a budget, spokesperson Sonja Pochen said.

"Given the economic environment, shoppers are sticking tighter to their budgets this year," she said.

Meijer is trying to lure customers with low prices on basics like backpacks and office supplies, said spokesman Frank Guglielmi. This year Meijer "amped up" the quality and variety of apparel so customers can get all their back-to-school necessities in one place.

It seems to be working.

"We've seen a brisk start for back-to-school," he said

OfficeMax is also relying on steep discounts to bring customers in the doors.

Customers will find more than 100 office supplies for 1 cent. Each week, the stores will feature a new item for a penny throughout the season, which peaks and ends in September.

"We've had deals in the past, but not through the entire season," said Bob Thacker, senior vice president of marketing and advertising at OfficeMax. "We are in very troubling times. People are really looking for value everywhere."

Jennifer Miracle of Dearborn has been very pleased with the low prices she's finding on back-to-school items everywhere she goes. She was comparing prices on notebooks and folders for her 11-year-old daughter Monday at the Allen Park Meijer, where there were signs announcing instant savings of \$5 if customers bought \$15 worth of supplies by Elmer's, Crayola, Papermate or Sharpie.

Even though her finances aren't tighter than they were last year, the stay-at-home mom likes that she can find so many deep discounts. She can get more items for the same \$100 she budgets each year for back-to-school.

"I can go really anywhere and get a good deal," she said.