

This Week: Fashion's Back-to-School Dilemma

Retailers will need to prepare for the \$11 billion summer shopping season without fully understanding what tariffs will be in place, or how much parents and students are willing to spend.

By Brian Baskin



Back to school shopping is starting earlier and earlier, but we're not going to make the case here that parents are stocking up for next fall even before classes have even let out in some districts.

Our focus today is instead on brands that are in the thick of preparing for this important season, when parents and students spend around \$11 billion annually on clothing, according to National Retail Federation estimates.

What's Happening: The unofficial kickoff for back-to-school shopping is Amazon's Prime Day sales event, which begins on July 8. That's the day president Donald Trump's pause on "reciprocal" tariffs on big apparel producers such as Vietnam and Bangladesh is set to expire.

Open Questions: Retailers will have had to order their school supplies well before July, and many moved up shipments to fall in the window between Liberation Day and July 9. There's also optimism about some last-minute bilateral trade deals to avoid the highest tariffs, or that Trump will simply extend the deadline again.

A bigger mystery is how much parents and students will spend. Consumer confidence readings have been all over the place: One closely watched index published by the Conference Board found spending intentions plunged in April, soared in May, then gave back much of those gains in June.

A PwC survey released last week found a majority of parents plan to spend at least \$250 on clothing for their children, on par with past years. But 40 percent of respondents said they plan to cut back on the category, a far higher percentage than for true school essentials like supplies and textbooks.

No Sale: Back-to-school sales will test apparel brands' ability to hold prices steady despite the pressures they're facing from tariffs and lingering inflation.

Clothing prices have been remarkably stable this year. School clothes and supplies may evolve into more of a loss leader for some retailers, more useful as a way to connect with consumers around memorable purchases like an outfit for the first day of school, rather than trying to maximise profits.





For example, Target, which is trying to reverse a slide in foot traffic this year, says it will hold prices steady on some “essential” school supplies, whatever the tariff situation. They’re mostly talking about crayons and notebooks, though the promotion does include children’s clothing starting at \$5.

Meet Customers Where They Are: Beyond tariffs, retailers will need to make other adjustments to their approach. The PwC survey found one in five back-to-school shoppers plan to use AI tools to find deals. And more than a quarter of Gen-Z consumers plan to exclusively shop in store, higher than any generation other than Boomers.

The Week Ahead wants to hear from you! Send tips, suggestions, complaints and compliments to brian.baskin@businessoffashion.com.

