Cautiously committed:

How consumers are navigating back-to-school spending in 2025

Faced with higher prices and tighter budgets, consumers are planning ahead, prioritizing essentials, and searching for value.

kpmg.com

A vigilant consumer prepares for fall

Consumers remain cautious as they look toward fall 2025, balancing concerns around economic uncertainty and their financial security. Inflation continues to weigh on everyday decisions, with 92 percent of respondents to the KPMG consumer pulse survey | Back-to-school 2025 saying their cost of living has increased over the past year. Tariff pressures persist as well, with half of respondents planning to reduce their spending in anticipation of higher prices. Even so, essentials like back-to-school supplies remain a priority, with households expecting to spend 10 percent more per pupil this fall.

While financial well-being shows signs of stabilizing—one in three consumers say their finances are about the same as last year—more report that things are trending worse (39 percent) than better (29 percent). Retailers are responding by offering early promotions to meet measured demand, and households are stretching their budgets, reassessing non-essential purchases, and rethinking how and when they spend—trends consistent with our spring survey.

About the survey:

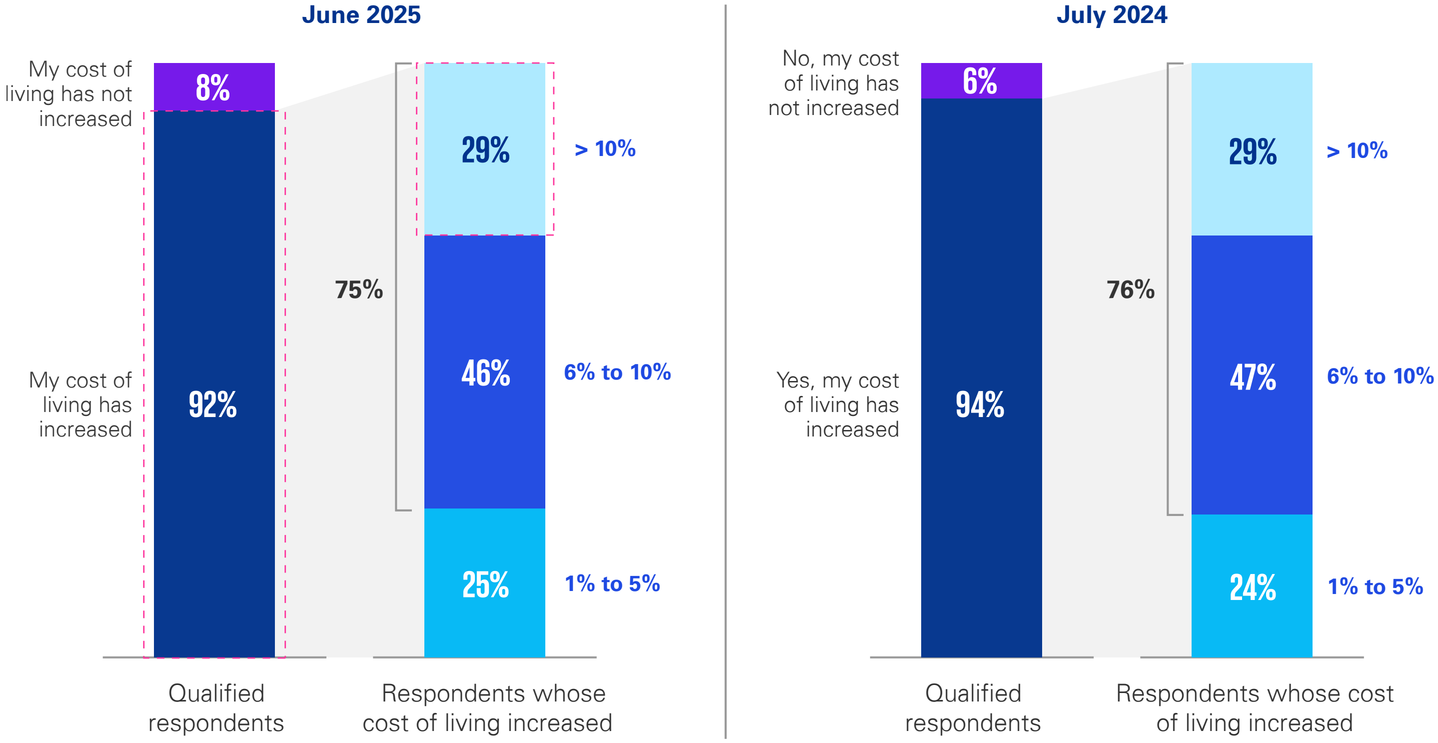
Our KPMG consumer pulse survey | Back-to-school 2025 seeks to accurately represent U.S. demographics with 2,000-plus respondents and a +/- 3 percent variance compared to the U.S. census for gender, age, and income.

1 Rising costs continue to reshape priorities

Even as sentiment holds steady, deeper cost concerns are driving behavioral shifts. Three in four consumers say their living expenses have increased by more than 5 percent, and just over half (51 percent) now worry about affording everyday essentials like food and household goods. In response, 72 percent plan to adjust their discretionary spending, most often cutting back on restaurants, travel, and entertainment. Tariffs are another concern: about 7 in 10 expect tariffs to increase prices on essentials (72 percent) and reduce their purchasing power (67 percent).

92 percent of consumers reported increased cost of living—out of which 75 percent reported an increase of more than 5 percent.

Consumer perceptions regarding cost of living (fall 2025 vs fall 2024)



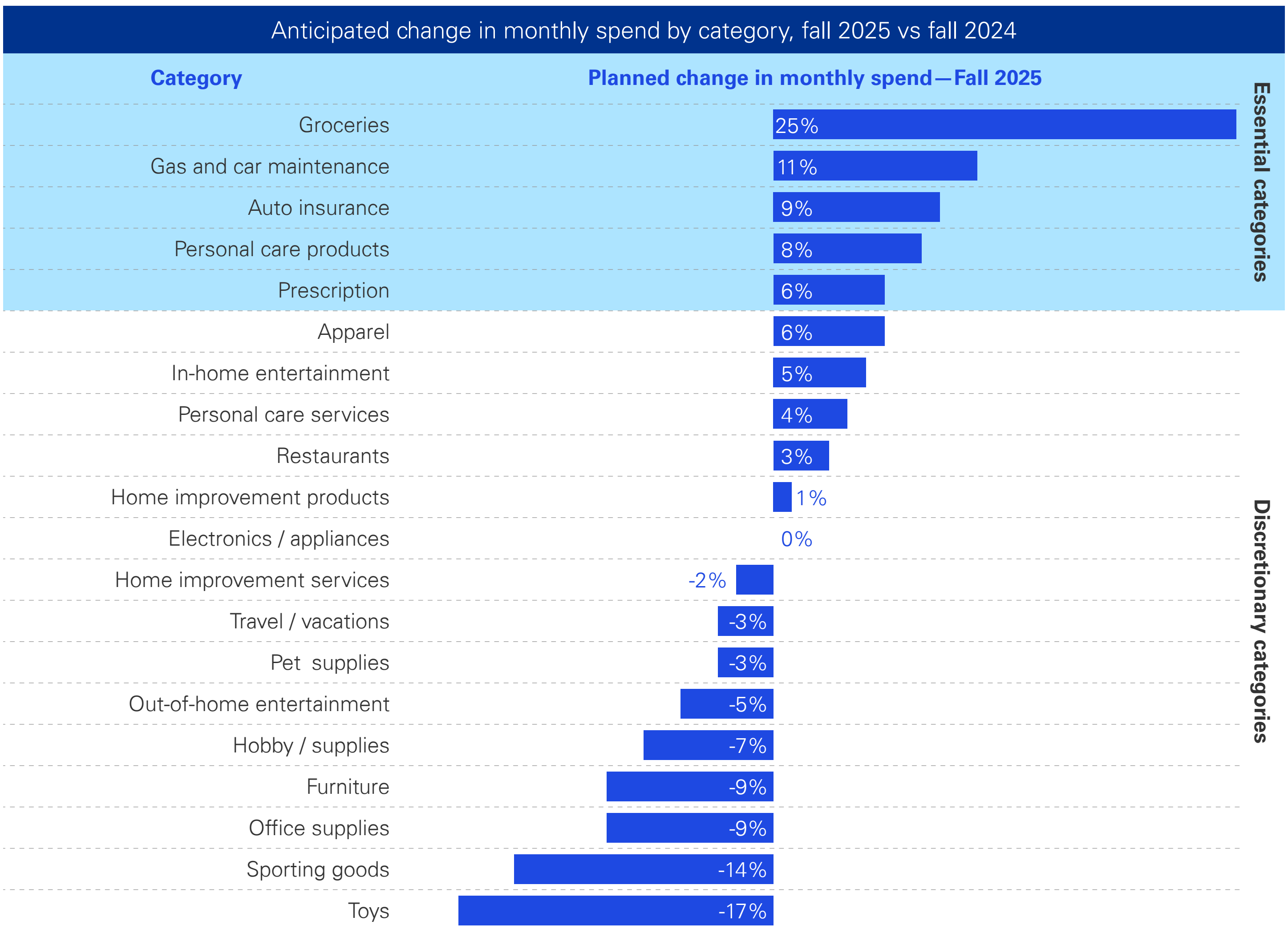
Note(s): KPMG conducted a survey of 2,003 consumers across the United States, and, in all instances, asked "Do you believe that your cost of living has gone up in the last year?"; "How much do you believe your cost of living has gone up in the last year?"

Source(s): KPMG Consumer Pulse Survey, fielded June 6, 2025–June 13, 2025; KPMG Consumer Pulse Survey, fielded July 15, 2024 – July 23, 2024

2 Essentials take a bigger share of budgets

Planned spending rose in 10 of the 20 categories we track, but must-haves like groceries (+25 percent), auto-related costs, personal care, and medications dominate the increases. Despite that budget crunch, consumers do expect moderate increases in some discretionary categories (including apparel and restaurants), even as they anticipate cuts in other areas, including toys (-17 percent), sporting goods (-14 percent), and furniture (-9 percent). While this marks a more balanced picture than the heavy pullback seen in our spring survey—when virtually every category was down—the underlying trend holds: Core needs are commanding a greater share of budgets, leaving many non-essentials subject to heightened scrutiny.

Consumers expect to spend more in some categories and less elsewhere.



Note(s): KPMG conducted a survey of 2,003 consumers across the United States and, in all instances, asked "How much do you think your monthly household spend on each of the following products / services will change in the fall of 2025 compared to fall of 2024?"

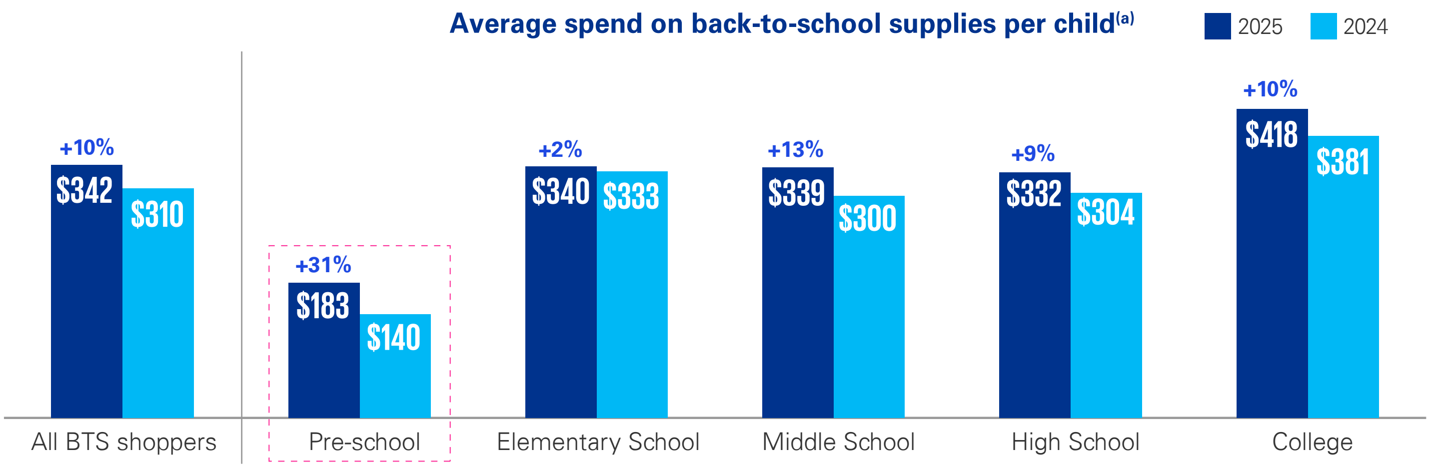
Source(s): KPMG Consumer Pulse Survey, fielded June June 6, 2025–June 13, 2025

3 Back-to-school shoppers anticipate spending more on the basics

Parents expect to spend about 10 percent more per student this season. But consistent with overall spending trends, that increase mainly reflects an expectation of higher prices, not expanded shopping lists. Core supplies, apparel, and footwear are the priorities, accounting for 47 percent of back-to-school budgets. Among families with school-age children, three in four cite rising costs as the reason they'll spend more. College households expect to spend even more on average, driven by both inflation and a broader set of needs. In general, many are also shopping earlier to spread out purchases and take advantage of promotions. While back-to-school remains a critical event for families across demographic groups, the focus is on planning ahead, sticking to necessities, and managing costs carefully. Retailers have a narrow window to meet that demand with value and timing.

Average spending per student is expected to rise by approximately 10 percent, with the largest increase occurring for pre-school children.

Back-to-school shopping spend per child by academic level (2024 vs 2025)



Note(s): KPMG conducted a survey of 2,003 consumers across the United States, and, if applicable, asked "On average, how much do you plan on spending on back-to-school supplies per child in each of the following academic age groups this year (2024)? Please include apparel/uniforms and footwear spend."; and "How much did you spend on back-to-school supplies per college student last year (2024)? How much do you plan on spending on back-to-school supplies per college student this year (2025)? Please include apparel, footwear/uniforms, and dorm furnishings"; (a) n count represents number of responses and is higher than the number of households that have students in each of the category since each respondent was asked to provide average spend for every child in each age group

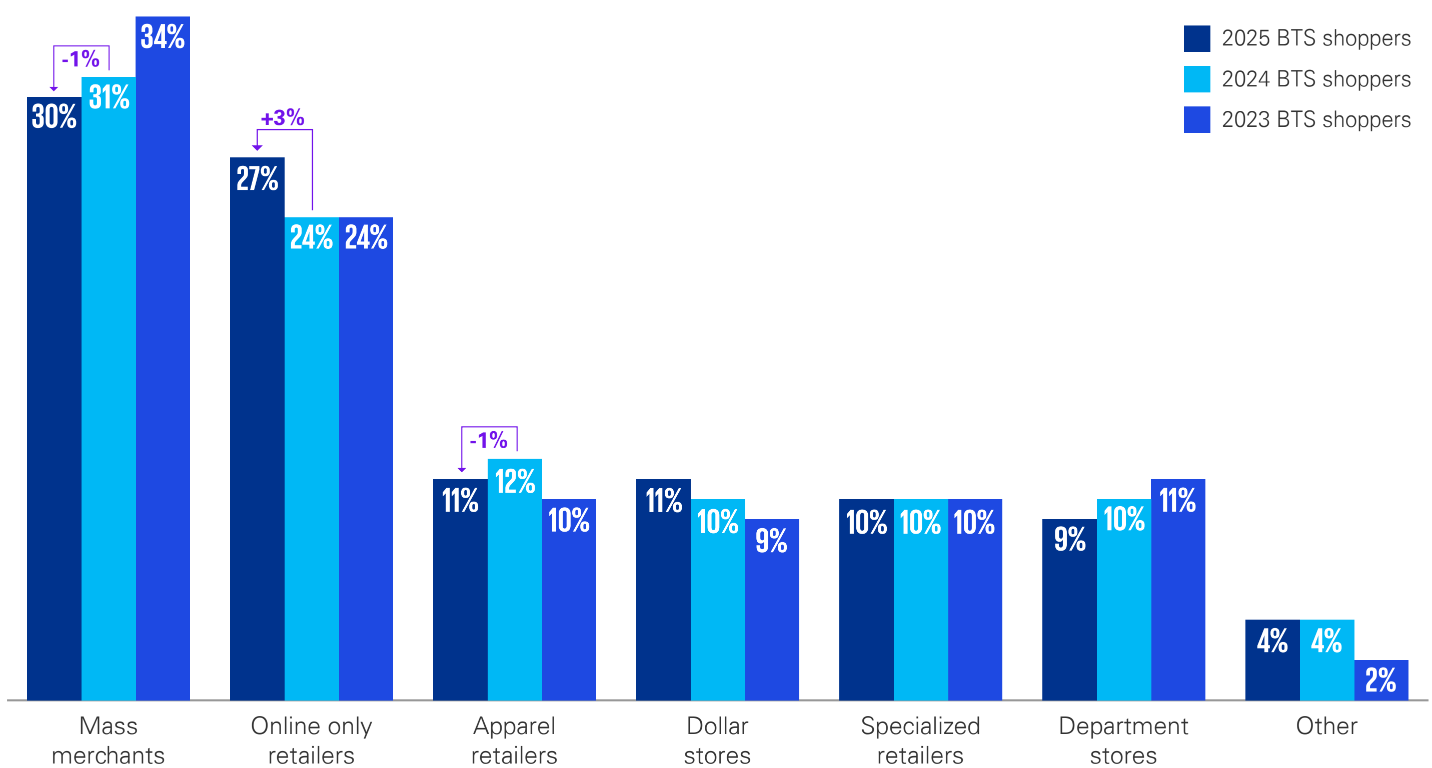
Source(s): KPMG Consumer Pulse Survey, fielded June 6, 2025–June 13, 2025; KPMG Consumer Pulse Survey, fielded July 15, 2024 – July 23, 2024

4 Channel choices reflect a disciplined consumer

Mass merchants remain the top destination for back-to-school shopping, with a 30 percent overall share, but other channels continue to gain ground. In particular, online-only retailers now track to 27 percent of market share, with growth here especially strong among college households and higher-income shoppers. And over the last two years, online purchases across all retailers have moved to 45 percent of the season's spending (from 39 percent in 2023), pushing closer to in-store's 55 percent share (vs. 61 percent in 2023). Discount and dollar stores are also gaining traction for essentials, while department stores are losing ground. Consumers are channel-hopping to stretch budgets and prioritize timing, deals, and value—reinforcing a pattern of deliberate, disciplined spending that makes full-price strategies harder to sustain. In response, retailers are promoting earlier and more aggressively to capture spend before sentiment softens.

Back-to-school share of wallet has declined for mass merchants and increased for online only retailers.

Estimated back-to-school share of wallet by retail channel (2023 to 2025)[(a)(b)]



Note(s): KPMG conducted a survey of 2,003 consumers across the United States and, if applicable, asked "Where did you shop last year/where do you plan to shop this year for back-to-school?"; (a) BTS shoppers include the 831 households with children and/or adult students; (b) Survey respondents were prompted with a table to enter percent of spend by channel"

Source(s): KPMG Consumer Pulse Survey, fielded June 6, 2025–June 13, 2025; KPMG Consumer Pulse Survey, fielded July 15, 2024 – July 23, 2024

5 Shaping the season: How students are influencing spend, style, and learning

While "value" is the back-to-school shopping mantra, a few emerging patterns point to how students are shaping the season in their own way. From AI in the classroom to peer-driven style and activities, kids and teens are influencing not just what gets bought—but how, where, and why.

01 Technology and learning

- 57 percent of students now use generative AI in their education, either moderately or extensively.
- 49 percent of families buy educational tech and learning tools online, reinforcing broader digital shopping behavior.

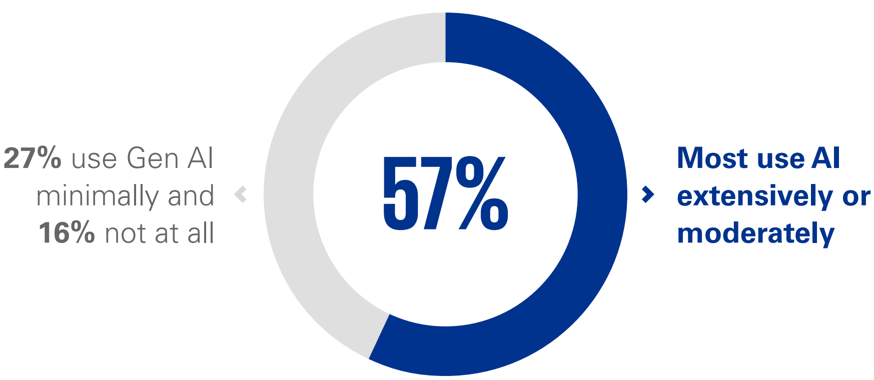
02 Teen beauty and influence

- 52 percent of parents say friends and peers drive teen product choices—only 18 percent cite advertising.
- Hair care (51 percent) and skincare (42 percent) are the most common beauty purchases.

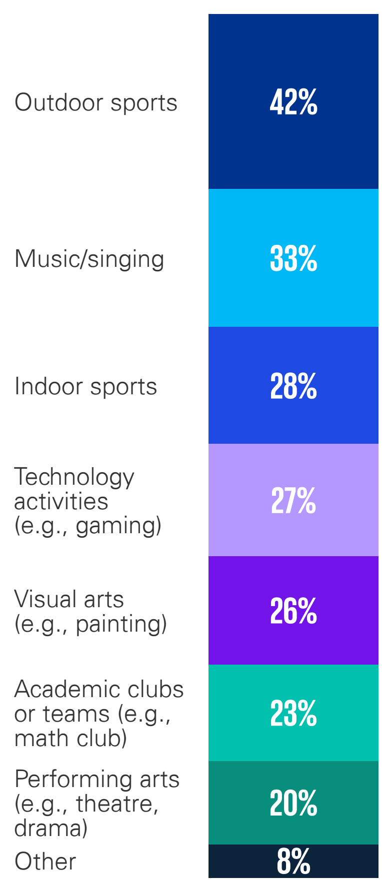
03 Activities and apparel

- Outdoor sports (42 percent) and music/singing (33 percent) are the top extracurriculars, with soccer being the most common outdoor sport.
- 66 percent of parents say apparel choices are more influenced by friends and family than marketing.

Child technology use shows widespread adoption of GenAI



Top activities for children: Outdoor sports and music.



Teen beauty purchases focus on hair and body care products.

Conclusion: Still spending, still selective

The message this fall is less about change and more about holding steady. Consumers are still feeling the pressure—and planning accordingly. Even those who feel financially stable are proceeding with caution, making deliberate trade-offs, and sticking to the essentials. They're not panicking, but they're not splurging either. For retailers and brands, the takeaway is clear: Plan for a consumer who knows what they want and spends with intention. Value still wins. Relevance still matters. And the season will favor those who engage consumers early and earn their place in the cart.

KPMG. Make the difference.

KPMG LLP helps consumer goods and retail companies respond to today's value-focused shopper with speed, clarity, and confidence. Our latest Consumer Pulse survey highlights the continued pressure on households—and the importance of aligning with a consumer who is measured, strategic, and still spending.

With deep cross-sector expertise, KPMG brings connected capabilities across strategy, operations, and technology to help clients:

- Drive relevance and top-line growth in a cautious consumer market
- Turn pricing, promotions, and product mix into deliberate levers—not defaults
- Protect margins through smarter sourcing and procurement strategies
- Strengthen supply chains with intelligent forecasting and demand planning
- Connect front-office priorities with back-office agility
- Navigate global tariff shifts with precision using our trade and customs solutions

Whether the need is short-term responsiveness or long-term transformation, KPMG helps deliver insights and outcomes that move with the market and make the difference.

Contacts

Duleep Rodrigo
U.S. Sector Leader, Consumer & Retail, KPMG US
drodrigo@kpmg.com

Julia Wilson
Principal, Advisory Strategy, KPMG US
juliawilson@kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Please visit us: **kpmg.com** **Subscribe**

DASD-2025-18373