Gadgets Claim More Space in America's Backpacks; Intent to Buy Electronics for Back-to-School Up 9%

- More parents say they'll choose prepaid and joint credit cards to help college students manage finances -

NEW YORK, NY, August 28 2012 – Eighty-three percent of Americans say they are hitting the stores for back-to-school shopping this year, spending an average of \$867, and more shoppers plan to put gadgets on their school checklist according to the latest *American Express Spending and Saving Tracker*. In addition to the tried and true back- to-school expenses, intent to buy <u>electronics</u>, including tablets, e-readers and cell phones, rose 9% from 2011. And with smart phones becoming the standard in 24/7 contact, consumers plan to spend \$358 on cell phones -- more than double the \$154 they said they'd spend in 2011.

"The data shows digital devices like tablets and e-readers are increasingly becoming back-to-school necessities, and not just nice-to-haves," said Claire Bennett, EVP Loyalty & Membership Benefits, American Express. "The lift in the electronics categories could bode well for many retailers."

Over one-third of parents (36%) expect to purchase some kind of electronics for their children for the school season—up from last year's 27%, filling backpacks and outfitting desks with laptops (15%), scientific calculators (15%), cell phones (12%) and tablets/e-readers (9%). While parents intent to spend on electronics has grown overall since last year, scientific calculators as well as tablets or e-readers grew the most, up 5% from their 2011 Back-to-School spend.

Shop-peer Pressure: Who Determines the Back-to-School Spend?

While many students will accessorize with the latest technology, most (86%) will still be spending on more traditional clothing and accessories. Almost half (46%) of parents report that their child is the single most influential party in determining what wardrobe items they will buy for back-to-school. And with age, comes independence...at least when it comes to choosing clothes. On average, children will be allowed to pick out their own clothes while shopping by the age of 12. Parents predicted their children's friends would have little influence over their wardrobe purchases for back-to-school—3%, down from last year's 7%.

Back-to-School Trade-Offs for Mom and Dad

The trend of parents making sacrifices in order to foot the back-to-school bill continues this year: 68% of the parents polled estimated that they would need to make trade-offs in their own lives to afford purchases for their children this season. Over half (52%) were prepared to sacrifice dining out, followed by purchasing clothing for themselves (39%), and spending on entertainment (39%), and travel (33%).

Back-to-College Money Management

School expenses don't end when the first day of class begins, especially for college students. With many leaving home for the first time, parents plan to help their newly independents manage money while away from the nest. About a third (34%) will dole out weekly allowances, consistent with 2011, however more parents are helping them establish good "plastic" practices. Twenty-eight percent will give their students prepaid cards (up 15% from 2011) or opt for a joint credit card linked to their account (17% vs. 13% in 2011). American Express Cardmembers can also opt to get their college student an Additional Card with Custom Limits that lets them set, change or remove spending limits on linked accounts.

<u>The American Express Spending & Saving Tracker</u> research was completed online among a random sample of 2002 adults, including the general U.S. population, as well as two sub-groups—Affluents and parents of school age children. Interviewing was conducted by Echo Research between July 17 and 20, 2012. Overall the results have a margin of error of \pm 2.2 percentage points at the 95% level of confidence (or \pm 4.0 among Affluents and \pm 3.0 among parents of school

age children). Affluents are defined as having a minimum annual household income of \$100,000. Parents of school age children are defined parents of children in grades kindergarten through college.

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