

# LET'S TALK BUSINESS

Ideas for Expanding Retail and Services in Your Community

Issue 26  
October 1998

## Retail in College Towns

Capturing Sales from the Student Population

by  
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Students are voracious consumers, many with free time and disposable income for shopping and leisure activities. Students living away from home are often still supported by their parents, yet work part-time and earn an average of \$5,000 per year. They are an attractive market for local retailers as they have few expenses and freedom to devote their resources to other areas. Some argue that the average college student has more discretionary spending power than the average family of three.

### How Students Have Changed

For middle aged retailers who remember their days as cash strapped young adults, today's college students are very different and rapidly changing. College campuses today are populated by more woman. Between 1984 and 1994, the number of woman enrolled in college increased 24%. Students are also older. "This generation spends more money than the ones before it," says Jeff Jones, associate publisher of *The Source*, a magazine of hip-hop music and culture. "They'll say 'I want the best shirt, not just a shirt.'"

More than half of students at 4-year schools have cars, two-thirds carry credit cards, and two-thirds have telephone calling cards. Half of four-year students own a computer and more than eight in ten access the Internet on their own or school computers. Seven in ten have cable TV. Three fourths say they ate at a fast-food restaurant in the past week and 47 percent shopped at a mall.

### What Students Buy

More than any other group, aside from the 60+ market, college students are likely to buy most anything. On their own for the first time, students need all sorts of goods and services.

They tend to be heavy travelers, purchasing 2.5 round trip tickets a year. They are likely to use wireless communication devices such as pagers and cell phones. Despite having a limited income, college

Typical College Student Budget	
Food	32%
Debt	18%
Auto	13%
Clothing	8%
Telephone	6%
Other	23%

Source: Eric Weil, publisher of *Collegiate Trends*

students spend a significant amount on TVs, stereos, and videos. But while they read a lot, they don't spend that much in non-school reading material.

As one analyst observed, "They may eat macaroni and cheese every night, but they'll own 300 CDs, or think nothing of spend-

ing \$1,000 for a mountain bike".

### Retail Opportunities

Colleges and college towns are recognizing student-spending potential and are offering new retail opportunities. Examples include expanded campus book stores, coffee shops, and photocopying centers. Already direct mail marketers fill student mail boxes with advertising for CDs, tapes, wireless communications, long distance services, and calling cards. Re-



tailers are also responding to student demand for discount airline tickets, automotive products, clothes, food, cosmetics and technology products including computers.

Banks in college towns have traditionally offered accounts tailored to students. Some are packaged accounts that include checking, credit cards, ATM debit cards and un-

### Quiet Hut Sports

*Quiet Hut Sports, a sporting goods equipment and apparel store in downtown Whitewater, WI, features bicycles and cross country ski equipment. Dave Saalsaa, owner of the store, attributes some niche product sales to college students. Dart sales, bike repair, and snow-boarding products are three profitable areas linked to the students at UW-Whitewater. The store demonstrates how a retailer can benefit by paying attention to the trends and lifestyles of college students.*

limited ATM use. According to one survey, 80 percent of college students own an ATM card and half of them use it three to six times in a month.

Forty percent of students go to a campus book store each week. They also have more unrestricted access to a computer than any other population segment. The Internet is a great way to market to them as well as to survey their needs. Students are more willing to fill out surveys and answer questionnaires in

return for small free gifts, coupons, products and food samples. They will use Email, pay bills on line, get movie listings and even order pizza through their computer.

### Retail Mix in College Towns

Given that students have changed and offer retailers new selling opportunities, what types of businesses are serving local retail demand near colleges and universities? Using a 1998 database of businesses obtained from American Businesses Information, Inc., the mix of retail in selected "college town" business districts was analyzed and compared to the total retail mix for the state of Wisconsin. The comparison presented in the following table shows the most common retail store categories in college towns as a percent of total retail stores.

This analysis indicates that the sampled "college towns" tend to have a higher concentration of restaurants, food-carry-outs, coffee shops, and book, shoe, sportswear and record/tape/CD stores. It is interesting to note that these college towns have a significantly smaller percentage of bars and taverns than the state average.

### Retail Mix

SIC	DESCRIPTION	College-Ttl. WI Town Mix	WI Mix
581208	Restaurants	20.2%	12.2%
581301	Bars	4.9%	8.6%
581206	Foods-carryout	2.6%	1.7%
562101	Woman's Apparel	2.5%	1.1%
541103	Convenience Store	1.9%	3.3%
594201	Book Stores	1.9%	0.6%
581228	Coffee Shops	1.9%	0.2%
594712	Gift Shops	1.9%	2.0%
541105	Grocers	1.8%	2.5%
569913	Sportswear	1.8%	0.2%
566101	Shoe Stores	1.6%	0.8%
573501	Records/Tapes/CDs	1.6%	0.3%
592102	Liquor Stores	1.6%	0.9%
591205	Pharmacies	1.4%	1.3%
599201	Florists	1.4%	0.9%
599503	Contact Lenses	1.4%	0.6%

*\*Based on half-mile ring around Menomonie, River Falls, Whitewater, Platteville and Madison (State St.) business districts using data from American Business Information, Inc. Data presented as percentages of total retail businesses.*

### Conclusion

College students are often an overlooked market segment for retailers in a community. But because students have changed and now have significant discretionary spending power, they provide an important opportunity for a wide range of retailers. To successfully reach this market, retailers need to understand student's preferences for quality, their active lifestyles, and sophisticated preferences for communication and entertainment technology.

Drawn from: College Come-Ons, *American Demographics*, March 1998, Tibett L. Speer, What Can Minimum Wage Buy? *American Demographics*, January 1996, Paula Mergenhagen, Marketing 101: Direct Response Goes to College, *Targeting Marketing*, September 1998, Kent Miller College Students: A Market Worth Pursuing, *Band Marketing*, July 1998, Ann Kessler Most Heavily Wired Readers: Students, *Editor & Publisher*.

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