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## BRANDS AND UNIVERSITIES: AN OPEN MARKET



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Brands and Universities: An Open Market  
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This article details the results of a survey jointly developed and implemented by AirProjects, Inc. and FoodStrategy, Inc. The purpose of the survey was to discover the presence, impact and role of branded food and retail concepts at college and university campuses. Using the survey as a launching pad, the article examines difficulties faced in developing branded concepts at universities and the potential of this relatively untapped segment of the market. Finally, the piece looks at the companies who are paving the way in campus dining with innovative and relevant concepts, as well as what the future holds for branded concepts in the university arena, as a particular college looks to integrate their food service and retail facilities into the local community.

Higher education in the United States has grown exponentially in the past several decades, with the volume of students increasing in record numbers every few years. The swelling of university populations over time has attracted more nationally recognized food and retail industry players to make a move into this relatively untapped source of business. Branded food and retail concepts have long been a staple of American consumerism and are considered the norm of a cosmopolitan shopping experience. Present day college students strongly identify with these trends as they possess more brand allegiance and expendable income than college students of generations past. A recent study conducted by AirProjects, Inc. and Food Strategy, Inc. explores this issue as it looks at the demand, rise, and profitability of nationally and regionally branded food service and retail concepts on college campuses throughout the United States.

Nearly 70 percent of the 58 colleges surveyed were four-year universities, with more than 40 percent being public institutions. Eighty percent of the schools surveyed were from urban or suburban areas and more than 60 percent had enrollment that exceeded 5,000. Most of the schools were non-commuter schools with a large full-time undergraduate resident student population. The survey showed that close to 75 percent of the colleges polled had branded food service options. Forty-three percent of all respondents report having branded non-foodservice retail merchandise or services and approximately one-quarter of respondents report having no branded options on campus at all. Fifty percent of respondents stated that adding branded concepts on to the campus increased student satisfaction and increased revenue to the school. This all points towards an existing untapped market on campuses for national and regional brands—a direct link into the youth and young adult market.

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### **Campus Concepts and Trends**

The statistics concerning branded retail concepts at universities is rather remarkable, as the majority of branded concepts on the campuses are vending machines, book concepts, bank/credit unions, office supplies, and printing products—hardly anything that would come to mind when thinking of branded options on campus. Less than 15 percent of the schools had any branded travel, personal care/pharmacy, grocery/convenience, or music and video concepts. These statistics are concerning considering the consumption rate and retail-savvy nature of university students. More branded concepts are in student unions than in resident dining halls, since student unions tend to have food courts and the design of resident dining halls lends itself to offering traditional institutional comfort foods.

Branded food service concepts are generally the more popular food options on college campuses today. The survey showed 15 percent of schools reporting that branded concepts accounted for more than 40 percent of food sales, and 45 percent of the schools reported that branded sales comprised more than 20 percent of total food sales. This is notable considering that most schools reported minimal branded concepts. The two most popular foodservice branded concepts, exclusive of vending, are coffee and sandwich/deli/salad concepts. The most common retail brands of this nature on campuses are Starbucks, Seattle's Best, and Subway. Pizza and Burger/Chicken concepts are also marginally popular, with Pizza Hut, Bene Pizza, and Chick fil-A brands all prevalent. Campus specialty retail is usually handled on an exclusive basis with a retail company that has vendor partners. One such company, Campus Retail Canada, has more than 30 campus computer stores across Canada and features products from popular vendors, such as Canon, LG and Epson.

Most schools with 5,000 to 10,000 students generally contract with a single retail and food service operator who has the exclusive rights to contract for all food and retail on-campus operations. One of these schools, The Catholic University of America (CUA), has an exclusive rights food service contract with the Aramark Corporation. A few years ago CUA decided it needed to heighten the presence of branded concepts on campus. Ralph Scherini, the Vice President of CUA's Business Services, says recommendations of branded coffee and sandwich concepts were made to the contracted company after a student survey was conducted on campus. CUA already had the generic Aramark coffee and sandwich stations, but Scherini saw the potential for additional business with more nationally-recognized labels. Aramark conducted research and decided to implement a full-size Starbucks. Within a year, the Starbucks broke regional sales records and became the University's center of activity for both students and faculty. In October 2008, Aramark opened a Quiznos at the University, which Scherini believes will mirror the success of the Starbucks.

Aramark, Inc. is one of the leaders in bringing nationally branded concepts onto college campuses, as it currently services more than 600 colleges and universities throughout North America. Aramark serves its university programs with a Higher Education division that controls two propriety brands, the Fresh Food Company and Real Food on Campus. These brands function as single-source providers for residential dining halls, retail dining venues, catering and convenience stores. They also develop the design and serve as the operators for the facilities. The Fresh Food Company is Aramark's healthy choices arm, and the Real Food brand transforms dining halls into themed restaurants. Aramark's integration of various national brands includes Chili's, Wendy's, Starbucks, Blimpie, Burger King, Chick-fil-A, KFC Express, Pizza Hut, Quiznos Sub, Sbarro, Subway, and Taco Bell Express. Aramark also leverages national brands such as Freshens, Einstein Bros. Bagels, Ben & Jerry's, Jamba Juice, and Manchu Wok.

Aramark's university arm develops long-term models that are aimed to meet student and faculty needs. Three- to 5-year plans are standard through its MarketMatch master planning process, which includes research, campus neighborhood



segmentation, local studies and campus mapping to reach optimal planning results. Renovation to existing buildings is controlled by their Innovative Dining Solutions team, which employs architects, equipment specialists, facility planners, interior designers, chefs, graphic designers, merchandisers and operations consultants. The company also aims to fuse technology into its designs by implementing electronic ordering kiosks, with costs being deducted from a meal plan account, as well as Aramark's online portal, Campus Dish, which allows users to view balances, plans, employment opportunities and send feedback about the campus programs. The company sees the continued use of the latest technology and trends as paramount in meeting the needs of college students today.

Another food service provider setting benchmarks on campuses is Chartwells, a subsidiary of the foodservice conglomerate Compass Group. Recognizing the retail power of regional food brands, Chartwells integrates popular regional concepts into state school programs, the patrons of which are mostly comprised of students from the region who are familiar with the concepts. At Florida Atlantic University they implemented Chick-N-Grill, a popular regional Cuban chain that has met student demand for a true ethnic concept in this very Latin-influenced region of the state. In Tennessee state schools, Chartwells discovered a high demand for the regional concept Backyard Burger, which tracked higher than national chain Wendy's.

Jerry Bradley, a regional director of sales for Compass Group, sees the future of college food brands success in the availability of offering a "higher-quality, authentic product." He says that knowledgeable college students demand authenticity at a higher level and respond to certain brands, such as products associated with celebrity chefs, and because of higher value perception, they are willing to spend money for quality. Compass Group shares a strategic partnership with the Wolfgang Puck Catering Company and is paring with celebrity chefs and authors, notably Martin Yan, who developed the Chef Yan Can Cook concept, which presents authentic Asian cuisine, and Mark Miller, chef/owner and winner of the James Beard award, and writer of several cookbooks. By partnering with recognizable experts they hope to develop authentic concepts and products that will once again raise the quality level of branded food items on campuses.

#### **Development and Integration Difficulties**

School size can be a major deterrent to whether national brands are willing to take the risk of going onto a smaller campus. Cost is another common concern for colleges considering branded concepts. Many schools believe their campus is too small to support a large dining program and that branded concepts are too expensive. Exclusive contracting models are sometimes necessary for smaller schools, as price breaks are usually obtained in exchange for exclusivity. Sometimes these deals are worked out even further by the contracting companies for specific products, such as beverages. For example, the Catholic University of America also has an exclusive deal with Pepsi Co., which allows only Pepsi brand fountain drinks and vending machines in dining halls in exchange for lower rates and other sponsorship benefits. Other challenges arise when trying to incorporate branded concepts on campus. For example, sometimes it is difficult to implement a concept model according to its corporate brand's standards and specifications. With space already constructed for previous concepts in older dining halls, it can be very challenging to fit a new concept into this space without doing costly renovations to accommodate the brand's standard space and equipment specifications.

Another concern for Universities is the change of offering viable healthy options from national concepts and also avoiding a "shopping mall food court and salesmen atmosphere," as described by Catholic University's Scherini. He says the food and retail services should be there to administer to the students and not to sell fashionable brands and unhealthy food based on popular perception. He believes this is the reason why specialty retail has still yet to truly take off on campuses nationwide. Some schools eschew the inclusion of corporate brands and names due to

differences with their ideology and mission. Schools such as Smith College maintain philosophies that are decidedly against outside corporate influence and choose to keep their programs internal. Cornell is another university that keeps everything in-house and self-operates all of their food and retail programs.

### **The Future**

For universities, determining which brands may work on campus lies in tracking and maintaining familiarity with evolving trends and demand. Clearly, some longstanding brands are more viable than others, yet, as illustrated above, there are many impediments that can prevent their inclusion on campuses. Because of this, universities must be more vigilant —measuring demand through sporadic student and faculty surveys will not suffice. While this may provide an adequate indication of what the current study body desires, it still may fail in the long-term. Time is always lost in the development and implementation of a brand that may be in demand by one cycle of college students, but passé for the following group of students. For this reason, an open dialogue between students and school administration is paramount and can be maintained through regular quarterly surveys, as well as other interactive means, such as websites that allow for immediate feedback and constant portals of communication.

One option in developing future branded concepts on more urban campuses is to develop a retail and food service area that borders the local community, creating a town-center environment. This model builds economic and social ties with the local community for the betterment of all parties involved. Some Universities have already taken proactive measures to create a community destination area. For example, Catholic University recognized their South Campus was in vital need of a facelift and has partnered with a local development firm to develop the area into an array of apartments, condominiums, restaurants and shops. The area will also feature a student residence hall, art studio, town square and a fountain. The University plans on bringing services that the local community lacks, but has ruled out nightclubs and big box stores in an effort to strengthen the local business corridor and establish goodwill with the local residents. For some universities this model for retail could be the future as campuses seek to integrate more with their surroundings and establish a more modern environment.

The AirProjects and Food Strategy survey shows that 59 percent of respondents planned to increase their branded foodservice in the future, with the most common plan being the addition of a coffee concept. Twenty-nine percent of respondents also plan to increase their branded non-foodservice retail in the near future. Clearly, there is a demand for operators and brands that are willing to take risks into this relatively untapped market.

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