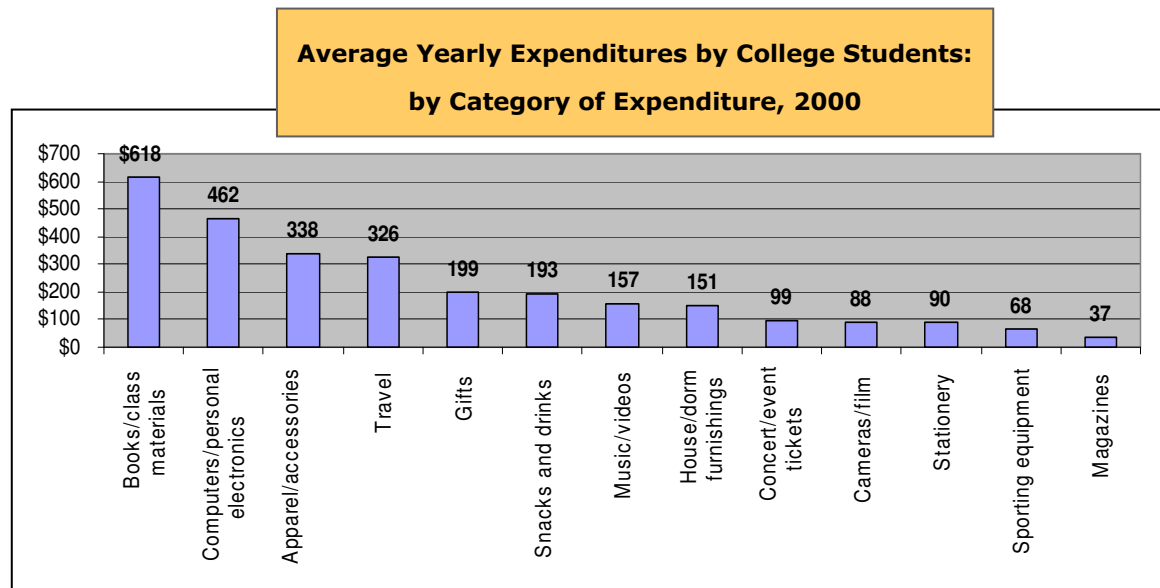


# The College Market and the Apparel Industry

HFG Consulting

*The apparel industry especially seeks to build relationships with students who will carry over their shopping patterns and habits after graduation. This is especially appealing considering that this group represents some of the country's best and brightest, who tend to have a higher average discretionary income. Moreover, college represents a time where this group is concentrated in clusters of easily-identifiable subgroups, making marketing to this group more direct, intimate and cost-effective. With today's highly diversified retail industry, however, with each company vying to woo this market, what will ultimately lead to a business' success will be its ability to establish and maintain its relationships with this market early on, and continue to have a mindshare as members of this group begin to establish careers and families.*

## Background



*Source:* The College Stores Research & Educational Foundation, 2000.

Especially as more and more households in the United States have two parents in the workforce, today's college students have grown up in an economy where many consumer household purchases have actually been made by them, or at the very least, based heavily on their opinions. In addition, members of today's college market have spent an unprecedented amount of time in front of the television set, exposing them to hours of advertising, making them more sophisticated consumers than older generations. Experience has taught them to be cynical towards products that tend to over-hype the

benefits, and in short, created value-oriented individuals who want to know they are getting what they paid for.

**Basic spending patterns :: Why do college students shop?**

<i>Household Expenditures on Apparel and Services</i>			
<b>Age</b>	<b>Money Spent</b>	<b>After-tax income</b>	<b>%of income</b>
Under 25	\$1,198	\$15,643	8.3%
25-34	1,752	30,267	5.8
35-44	2,071	40,858	5.1
45-54	2,200	43,970	5.0
55-64	1,695	34,756	4.9
65 and over	1,676	31,890	5.3

*Source:* Bureau of Labor Statistics; Packaged Facts.

As demonstrated in the above table, consumers under the age of 25 spend the highest proportion of their income on apparel goods and services. This trend continues as they progress in life, even though they spend a smaller percentage of their income on such items (accounted for by an increase in income as well).

Unlike previous generations, today’s college students see shopping as more of a form of entertainment, and many of them grew up hanging out in malls with friends with no actual intention of purchasing something. With college marking the beginning of their independence and access to a disposable income, this group makes up a highly sought after market who not only has the desire to exercise their purchasing power, but also provides businesses with the opportunity to build invaluable long-term relationships.

When analyzing the online behavior of college students, research indicates that college students generally purchase items concentrated in a relatively small number of categories, especially music, books, clothing, software, and travel. As The Roper Organization found in a national survey of twenty-somethings conducted for Mademoiselle magazine, “By delaying marriage and parenthood and all the associated financial responsibilities, [this market] spend big on little extravagances for themselves.” The study found that members of this group shop for themselves far more than any other group, and much of their shopping is on small, personal indulgences, such as cosmetics, fashion accessories, or gourmet snacks.

Moreover, this market represents a group of trend-conscious individuals, and shopping is one of the main ways that this target group seeks to impress their peers. Aside from the entertainment value that shopping provides, a trip to the mall is often seen by this group as a way of finding out what’s “in” and fashionable.

As society becomes increasingly fast-paced, however, college students are finding less and less time to actually shop, and such time constraints are forcing these individuals to carry out goal-oriented shopping as well. More and more, students find themselves in the position where they will choose convenience and value over sheer entertainment.

**Establishing brand loyalties**

Although companies recognize the need to establish relationships with this market early on, the execution and implementation of such a plan is not as easily done. As this is the first time most students are given the choice to make major decisions on their own, marketers have the opportunity to make that first positive and lasting impression. For the most part, this is a group that is particularly cynical to any attempts that try to “sell” them products, and are at a point in their lives where they want to stress their “individualism” and “uniqueness.”

Nonetheless, college students value convenience and variety, and appreciate businesses that offer them assistance and communicate to them on a more personal level. Having a wide array of choices also allow students the opportunity to express their own personalities, especially in the clothing retail market, where dress is viewed as a personal statement of the self. Oftentimes, this group will go for a higher-priced specialty item that allows them to express their identity.

As innovative consumers, college students are very willing to try new products, with 51.4% saying that they “make it a point to buy or try new consumer products (such as Crystal Pepsi or Sony MiniDisc).” In addition, 40.3% say that they will try a new product within 30 days of learning about it, and an additional 32.6% who say they will try it within 60 days.

It is also important to remember that this group brings over many of the brand loyalties that already exist within their families, especially those of their parents. They are, however, a particularly fickle market, and will not hesitate to switch brands if another manufacturer offers a higher quality, more style or better value.

### **Shopping preferences**

Although this market values the personalization and intimacy of boutique and specialty shops (82% frequent specialty clothing stores), they are also drawn to the selection and convenience large retail stores (88.6%) provide. Large retail stores are also trying to cater to the more personal side of consumers by offering “boutique”-style departments within their stores. A couple of this group’s favorite shopping destinations include Abercrombie and Fitch and Gap. As today’s students become more and more value conscious, many are also turning towards factory outlet centers.

Specialty stores, however, can still maintain a loyal following by offering the value-conscious consumer a “sale” on their items that may be higher priced than generic products, but give consumers the satisfaction of a more personalized product.

The location of these stores also play a key role in the shopping preferences of this group, as they seek the convenience of stores located near campus. Even though 40% of all college students have cars, they still prefer the ease nearby businesses provide, giving these companies a definite edge in the market.

In addition to the traditional physical storefront, more and more students are turning towards the convenience of catalog shopping. On average, 44% of college students order from a catalogue annually. Some of the most popular catalogues include J. Crew, JC Penney, Victoria’s Secret, and L.L. Bean.

### **Most popular styles**

Type	Number Who Bought (In Millions)	Quantity Bought (In Million Pairs)
Blue jeans	5.2	18.0
Casual clothing	4.9	-
Non-athletic shoes and boots	4.0	-
Athletic shoes	3.9	8.1
Athletic shoes (planning to buy within 6 months)	3.8	6.1
Athletic/workout wear	3.0	-
(Bicycle clothing)	0.5	-
Jackets/outerwear	2.9	-
Non-denim pants	2.8	-
Watches	2.0	-

*Source:* MRI Custom Research Reader Study, 1993.

Despite the wide array of lifestyles that are reflected in this market, the informality that most often defines the college lifestyle is reflected in the popularity of casual clothing. As the table above indicates, more than 20 million individuals in this market buy clothing and accessories that reflect an active, casual lifestyle, with more than 10 million purchasing blue jeans and casual clothing.

### Summary

College students spend a significant amount of their discretionary incomes on apparel, particularly casual-wear. Although they are value-oriented, they are still willing to spend the extra money for a brand they trust and that allows them to express their individualism and own style.

Due to the time constraints that face today's college students, convenience is a key factor in their shopping habits, and many prefer the proximity of nearby retailers, even if they have their own cars. This market spends the highest proportion of their income on personal indulgences and apparel, and sees clothing as a way to make a personal statement about the self.

Variety is extremely important, and they are always willing to try new things. As a particularly cynical market, they do not like the feeling of being "sold" something to, and marketers can gain a competitive edge by forming more personal relationships and provide higher levels of assistance.