

Outsourcing the Campus Store:

Enhances Students' Potential for Success and Maximizes Campus Resources

College and university officials today find themselves squeezed between two conflicting pressures. On one hand, they must continue to invest in the resources necessary to deliver the kind of high-quality education services that can attract, retain and graduate students, year after year. However, at the same time, they have to develop strategies for managing the rising costs of delivering an education in a tough global economy.

One element of the education system that illustrates these conflicting pressures is the campus store, which traditionally had been students' primary source for procuring course material content. Of course, the academic retailing landscape has changed in recent years with the proliferation of online competitors, such as Amazon, Chegg, Barnes & Noble and Half Price Books. Consequently, textbook-related revenues are declining at the same time that campus bookstore managers must invest in a growing assortment of printed and digital course material solutions to address an ever-changing market and increased focus on affordability. To tackle these difficult market conditions, many college and university officials want to expand the campus store's business model beyond

the narrow role of selling new textbooks to include book rental programs and digital content, the sale of used books and access to open educational resource (OER) materials.

To achieve this objective while keeping their focus on the business of education, college and university officials may look to partner with an educational services organization that has the resources and expertise in campus store retailing. When opting for such partnerships, institutions look for experienced organizations with a breadth of resources to help the campus store and the institution fulfill their shared mission, which is to achieve maximum profitability while driving student success.



WHAT'S INSIDE:

The market challenges facing campus bookstores

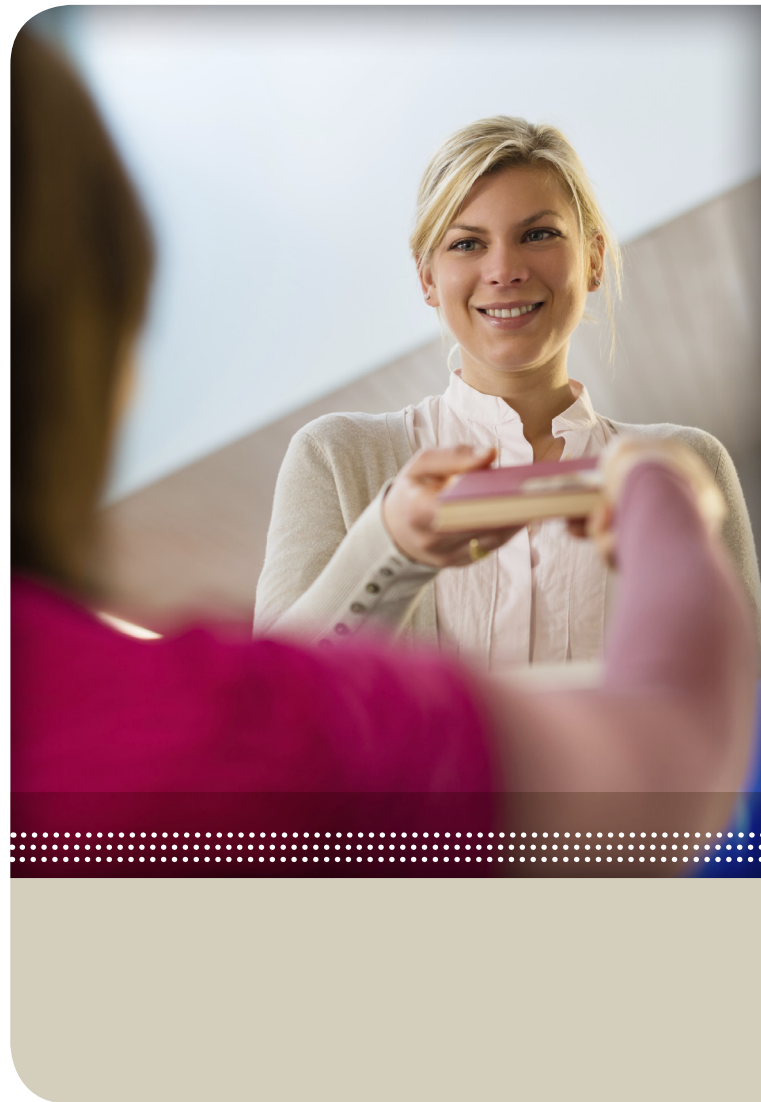
How an educational services partner can improve your operation

How to evaluate educational services providers

The Campus Bookstore Grapples with Multiple Challenges

Across the United States on campuses of all sizes, institutionally operated campus bookstores struggle with several challenges that not only threaten the long-term success of the bookstores themselves but also affect students' day-to-day performance in the classroom. Among these challenges are:

- 1:** course materials priced at levels that students cannot afford, which reduces students' chances of success, drives down campus store revenues and produces inadequate financial returns on the institution's investment in the campus store
- 2:** the significant amount of time, resources and effort required to operate the campus store
- 3:** the need to source, aggregate and deliver traditional printed materials as well as an increasing amount of digital content, including OER materials and custom products
- 4:** the need to adopt and integrate technology that connects student purchases to registration, financial aid and the learning management system to deliver an e-commerce shopping experience 24 hours a day





A Closer Look

1

Course material affordability

as well as the hefty price tag of textbooks and materials, combined with the burden of huge educational loans prompts many students to look somewhere other than the campus store for the books that they need. More and more students today comparison shop online to find the best possible textbook prices, while many others decide that they cannot afford to buy any course materials at all. According to a student survey conducted by OnCampus Research during the fall 2013 semester, 30 percent of survey respondents “decided against purchasing or renting at least one of their required materials.” Some independently operated stores lack the expertise and funding to offer large-scale solutions, including textbook rental, used and other custom textbook solutions. As a result, many institutionally operated campus store revenues are in decline, and the stores are unable to offer students affordable options.

2

Time, resources and effort

Another big challenge for today’s independently operated campus stores is the sheer complexity of providing relevant, affordable course materials. A bookstore’s main function is the purchase and sale of textbooks, but that function entails multiple dynamic and fast-paced tasks, all of which add up to significant costs in terms of capital and employee time and labor.

3

Transformation to digital content

Faculty and students increasingly rely on technology, including digital course material platforms and learning management systems. Today’s students expect the tools that they use on a daily basis—tablets, laptops, e-readers and smartphones—to deliver their course content as well. As publishers continue to make more digital content available, the campus store staff must invest money, time and effort in digital technology to keep pace with publishing trends and faculty and student expectations.

4

Integration of technology

The campus store is under growing pressure not only from faculty and students but also from the campus community to offer a wide range of e-commerce capabilities. For example, today’s technology-savvy students want the campus store’s point-of-sale system to link with their schools’ financial aid and online registration systems to deliver a seamless transaction. Furthermore, they want to be able to shop, day or night, for the items that they want, from textbooks to clothing to computer supplies. The staff of an independently operated campus store must often rely on the campus IT department or third party vendor for the required expertise with technology integration and the provision of e-commerce services. Such an undertaking requires numerous steps, including approvals, funding and scheduling as well as the actual development work itself.

How the Right Partner Can Help the Campus Bookstore Help Students Succeed

Many higher education institutions across the United States have overcome these challenges and receive additional benefits by contracting the operation of their campus stores to an educational services organization. On the financial front, an institution that entrusts its campus store operation to an expert partner organization typically receives a commission formulated as a percentage of the campus store's revenue.

In addition, the institution no longer bears the costs and risks of managing a retail store operation, including the cost of inventory, in-store systems, labor and other administrative support (accounting, human resources, IT, etc.). In fact, the best educational services partners hire current full-time employees, thereby guaranteeing each of them continuing employment.

To put it simply, by shifting the burden of managing their campus store operations to a partner organization, colleges can free up valuable institutional funds, energy and time, which they then can apply to their core mission of educating students.

Ensuring Affordable Course Materials

Equipped to deliver a broad array of solutions designed to serve faculty and students, an educational services partner can help keep the campus store business on campus. Thanks to well-established relationships with publishers, the right educational services partner can offer students new, used, digital and rental textbooks at prices that students can afford. Such solutions not only help students succeed but also position the campus store as a strong competitor in the academic retail market, leading to a reverse in its revenue decline and a strong financial return.

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Keeping Up with Technology and Student's Expectations

Keeping Pace with the Digital Evolution

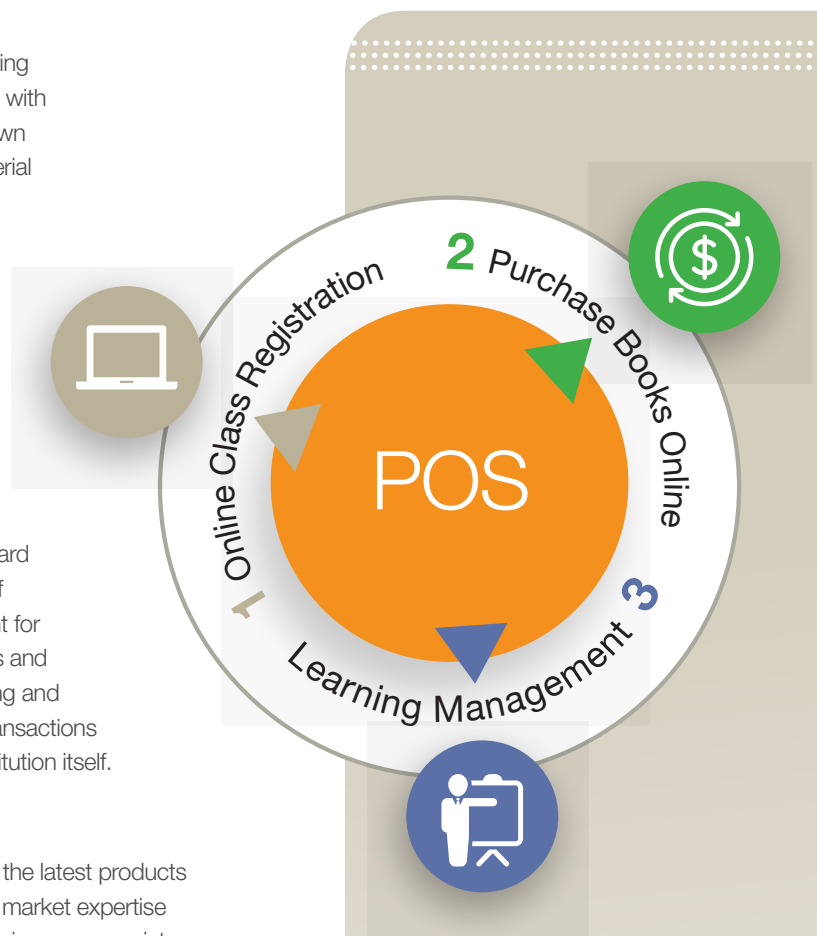
A top-notch educational services organization also can bring digital capabilities to the table. These include partnerships with digital-content publishers and wholesalers as well as its own investments in digital technologies that make course material content, including open educational resources, available across multiple devices and software platforms.

Integrating Technology for Simplicity and Efficiency

An educational services partner has the technological expertise to integrate the campus store's POS with a variety of systems, including online class registration, financial aid and the learning management system. By linking these systems, the partner makes it possible for students to register online for classes, click directly afterward to the campus store to purchase their books online and, if necessary, connect with financial aid to arrange payment for the books. This level of integration simplifies, streamlines and accelerates processes that typically are complex, confusing and time-consuming for students. Fast, efficient, integrated transactions benefit the student, the bookstore and, ultimately, the institution itself.

Enhancing the Student Shopping Experience

Because students expect the campus bookstore to carry the latest products and services, the educational services partner can use its market expertise and leverage publisher relationships to develop and maintain an appropriate assortment of merchandise that meets the needs and wants of the campus community. In addition, to allow students to shop whenever they want, the partner will provide a corresponding website that supports a 24-hour online shopping experience. E-commerce is an essential strategy, not only because students expect its availability but also because online sales are the top achievers in the overall growth of store services and thus contribute significantly to the campus store's top line.



The integration of campus POS with a variety of systems benefits the student, the bookstore and the institution as transactions become faster and more efficient.

Choosing the Right Partner Is Critical

To achieve their objectives for outsourcing the campus store, higher education officials use several criteria to evaluate potential educational services partners. These criteria include:



FINANCIAL STABILITY

In today's tough marketplace, most independent campus stores, both academic and nonacademic, may be struggling financially. Consequently, institutions want to partner with an educational services organization that is financially secure itself and focuses 100 percent of its efforts on academic retailing.



PROVEN TRACK RECORD

The best educational services partner is an organization with deep experience in the campus store market, one that can demonstrate existing relationships with hundreds of colleges and universities around the country and can document delivery of the financial and service results that institutions have come to expect. This type of educational services partner can implement best practices which have proven successful in hundreds of other campus stores.



BROAD PROGRAM PORTFOLIO

The ideal partner should offer a portfolio of programs that includes but is not limited to:

- a textbook rental program that includes a national assortment of titles, which the partner can customize to a specific campus
- an order management system that connects all the partner's campus stores to maximize inventory availability, reduce or eliminate out-of-stock situations and allow vendors to ship new products directly to a customer
- a suite of one-stop shopping tools for faculty and student technology needs: for faculty, a single-source program to simplify the identification and selection of all course materials and supplies and, for students, tools that enable them to buy these materials seamlessly, including a portal through which they can obtain access to all their digital content in a single location.



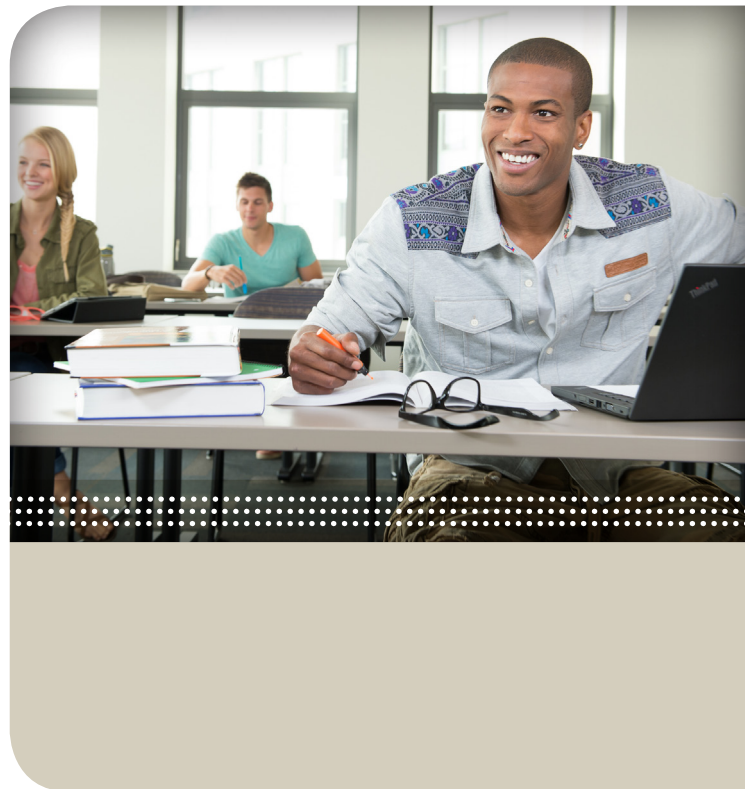
ABILITY TO RETAIN THE INSTITUTION'S BRAND

One aspect of outsourcing the campus store that is especially critical to college officials is a potential partner's ability to maintain the institution's brand and identity. Although the campus store may be losing revenues, many officials hesitate to outsource the operation because they worry that the store would lose its all-important brand. Consequently, they look for an educational services partner that can strengthen and enhance the school's brand, for example, by selecting school-branded clothing and gift products, and renovating the campus store facility in ways that emphasize and promote the institution's brand.

Benefits for the Bookstore, the Students and the Academic Community

When a higher education institution entrusts its campus store operations to the right educational services partner, everyone on campus wins. By providing consistent innovation in the people, products, services and infrastructure necessary to serve student and faculty customers, the partner organization helps the institution attract, engage, retain and graduate its students. By listening attentively to its campus customers and capitalizing on its own extensive experience, the partner organization can:

- 1 offer students a broad range of affordable textbooks and course materials in printed and digital format on a new, used and/or rental basis and make them available for purchase online and in the campus store
- 2 transform the campus store into a strong marketplace competitor and, in the process, reverse the trend of declining revenues
- 3 upgrade the retail environment by renovating the campus store and applying best practices for campus retail experiences
- 4 enable the institution to allocate more of its financial and personnel resources to its core mission of educating students
- 5 help the campus store become a student destination for campus activities or, in some cases, create a collaborative environment for student socializing and studying
- 6 provide additional programs in the form of innovation and technology to support faculty and students, thereby enhancing their ability to work and study in a streamlined and efficient manner
- 7 become part of the campus fabric as the partner builds strong business relationships with the administration and, where possible, assists in the achievement of institutional goals



Summary

Daunting market challenges, including increasing course materials costs, declining revenues and growing competition from non-academic retailers, confront today's campus store. However, by outsourcing the campus store operation, college officials can help this vital campus resource overcome those challenges and evolve into a major source of support for student success and income for the institution.

By engaging with the right educational services partner, college and university officials can ensure that the campus store evolves from its traditional business model to a new, more flexible, responsive and profitable mode of operation. The right educational services partner is a financially sound organization that can bring a broad array of proven programs and capabilities to the campus store and can demonstrate a lengthy and successful track record in the academic retail market. Through its expert understanding of the mission, vision and strategy of both the institution and the campus store, the right educational services partner can help the campus store achieve new levels of service and profitability and thereby benefit the entire academic community.



About Follett Higher Education Group

Since 1873, Follett has served as the trusted partner in education for students and educators at all levels of learning. Today, Follett is a privately held company headquartered in Westchester, Illinois that serves more than 47 million students. We deliver physical and digital learning materials, retail services, school content and management systems to more than 80,000 early childhood, primary and secondary schools, and on more than 1,000 college campuses.



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