

BACK *in the* DRIVER'S SEAT



A number of institutions are choosing to take control of their campus stores again, transitioning from lease **back to self-operation** to respond to student needs and strengthen their school's brand identity

As administrators continually seek solutions to encourage retention and respond to student needs, many are recognizing the influential role played by the campus store in reflecting the mission and culture of their institution. The desire to regain control of such an integral element of their brand has prompted a number of administrators to make the decision to end their lease contracts and transition back to institutional operation of their campus store.

To be sure, outsourcing the operation of a campus store to a lease contractor is a viable and appropriate solution for some stores. Leasing the store is an option that is sometimes used to generate short-term cash flow to offset negative financial situations for an institution, and some institutions turn to lease management to avoid making needed investments, such as upgraded retail and inventory management systems.

In other instances, though, administrators at institutions with leased store models are swinging back in the other direction, opting to once again take institutional control of the retail environment on their campus. In many cases, this decision is motivated by their desire to control how the campus store represents the institution's brand. Additionally,

administrators are looking to take advantage of newly-available technologies that support textbook affordability for students, to capitalize on the value of the independent store in creating and reflecting the culture of the campus, and, most importantly, to quickly and efficiently meet the evolving needs of students.

"The biggest reason we decided to operate our own store was to have full control over what's marketed and branded at the institution," said Andy Dunn, Director of Campus Retail and Licensing for Lope Shops, Grand Canyon University in Phoenix, AZ, who was brought in by the institution's leadership to manage the transition from its contract with Follett to independent operation. "We're a private Christian university. Now we can be faster at seeing what our population wants and likes, react quickly and get it in the store."

"Freedom!" added Steve Carrier, bookstore manager at Yotee's, Kansas Wesleyan University, which returned to self-operation three years ago. "I have a business officer who's easy to work with; as long as the store performs well I have the flexibility to run it based on the needs of our campus."



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Director of Campus Retail and Licensing
Lope Shops, Grand Canyon University



Vassar College made headlines last year when it announced it would return to self-operation after 13 years of leasing. “Being independent is very important for a school like ours, or any school with a culture and an individual identity,” said Bryan Swarthout, Director of Budgets and Enterprise Services. “Your own store gives you the flexibility to create your own unique identity and your own image through the store, which we believe is essential to our culture.”

MEETING STUDENT AND CAMPUS NEEDS

Bryn Mawr College in Pennsylvania ended a four-year relationship with Follett to bring its campus store back under institutional operation because of considerable pushback from students, staff, and faculty. “Our students and faculty weren’t happy with the store; they felt it wasn’t part of the community, and really wasn’t in tune with campus events or what was happening on campus,” said Jerry Berenson, Chief Administrative Officer, who was instrumental in making the decision to return to self-operation. “They told me very loudly that they wanted a change.”

“They understand our role in promoting the campus and the flexibility lost with outsourcing,” said Gina Blanchard, Store Manager, Cougar Corner Campus Store, Mount Vernon Nazarene University. “We have contact with prospective students and parents, faculty, staff, donors, and alumni. Our student workers are constantly asked by visitors if they like being a student on our campus.”

For West Virginia Wesleyan, Buckhannon, WV, the College Bookstore is all about the presenting and expanding the school’s brand. “As a private institution, it’s really important for our marketing efforts to get our brand out there as much as possible, especially outside our local area,” said Rob Kimble, Director of Administrative Services. “It’s a lot easier to do that independently than through a contracted store.”

The bookstore, which ended its contract with Barnes & Noble in 2014, specializes in logo apparel, athletic team apparel, and dozens of logo items from desk clocks to beach chairs. “We’re realizing you can’t please everyone, but we’re responding to requests and bringing in things people ask for, and finding a lot that keeps them coming back,” Kimble said.

IMPROVED TEXTBOOK AFFORDABILITY

Ultimately, financial contribution is not the primary objective of transitioning back to self-operation for many stores, instead it’s meeting the needs of students, staff, alumni, and faculty.

“We’ve been able to reduce our used book costs to students pretty dramatically while retaining our margins,” said Carrier of Yotee’s. “I have a lot of books here for between \$15 and \$30 which Nebraska would never have allowed. The faculty is good about using the same textbook for several years, we reduce our buy back prices and we’re able to cut our retail prices too.”

For Vassar, improving textbook affordability was one of the primary objectives behind the decision.

Swarthout is particularly pleased with the store’s newfound flexibility in stocking used books. While the lease contractor utilized only one provider, the new Vassar store accesses more competitive prices from multiple vendors, significantly reducing prices for students. “Between that and buybacks, it’s almost a wash with rentals,” he noted.

Bryn Mawr realized that, in order to remain competitive in textbooks, they’d have to reduce the margins they had been used to receiving. “No one is making huge money on



“We now have the flexibility to take on responsibilities that will benefit the campus community. We are able to offer better pricing and work with any vendor we wish. We offer outstanding pricing to our campus community.”

Gina Blanchard

Store Manager
Cougar Corner Campus Store, Mount Vernon
Nazarene University

After six years of being leased to two different contractors, the Cougar Corner Campus Store at Mount Vernon Nazarene University, Mount Vernon, OH, returned to self-operation in 2014. Administrative changes resulted in a new president and CFO, and the new leadership believed the campus community had suffered the loss of valuable services and good prices.

textbooks these days; that's just the reality," Berenson said. "You have to try to build your business with merchandise."

THE TRANSITION TAKES TIME

Reports vary about the length and intensity of transitioning back to a self-operated store. Some take the transition slowly, methodically adding components like online sales to the store's operation over a period of months. For others, the change is swift. Lope Shop tore down the existing retail structure in June and opened the new store in September after a whirlwind four months.

"The biggest challenge was physically setting the store and selecting and implementing the POS system," Dunn said. Follett helped through the transition by keeping its website intact, taking textbook orders through spring rush, and fulfilling them through its warehouse.

The cost of investing in new store fixtures, retail systems, and inventory can be daunting for some institutions, many of which had turned to outsourcing their stores to avoid those issues in the first place. Some feel that the challenge of returning to independent operation is best suited for larger, well-funded universities.

"For us, being small was an advantage in the transition," said Wayne Hogue, Auxiliary Director at Centenary College, whose school maintains an enrollment of 500 students. "We wanted to get started right away and knew we wouldn't be ready for spring rush; our POS wasn't integrated to handle financial aid yet. But we were small enough to issue paper vouchers for course materials bought via financial aid, and then we just walked them over to the business office."



VASSAR COLLEGE



LOPE SHOP

Additionally, Hogue was very pleasantly surprised by the partnerships available through industry vendors dedicated to campus bookstores that offered assistance to him during the transition. "Sidewalk actually flew in one of their kiosks and set it up in the store so we could do rentals," he said. "We rented over half our books this semester." The store has also contracted with digital platform provider RedShelf to be able to offer a full array of digital titles to its student population.

"It really didn't cost us much; we bought the inventory from Nebraska and took over operation of the bookstore," Carrier explained about the Yotee's transition.

Berenson agrees. "Follett just returned the textbooks, and they worked with us on selling off the merchandise prior to the transition, so there wasn't much inventory to buy back."

The technology available today was instrumental in allowing the Bryn Mawr College Bookstore to transition back to self-operation, he noted. "We may not have been able to even do this a few years ago, but now the technology that's available for online book ordering and adoptions allows even a smaller store to run effectively and cost-efficiently."

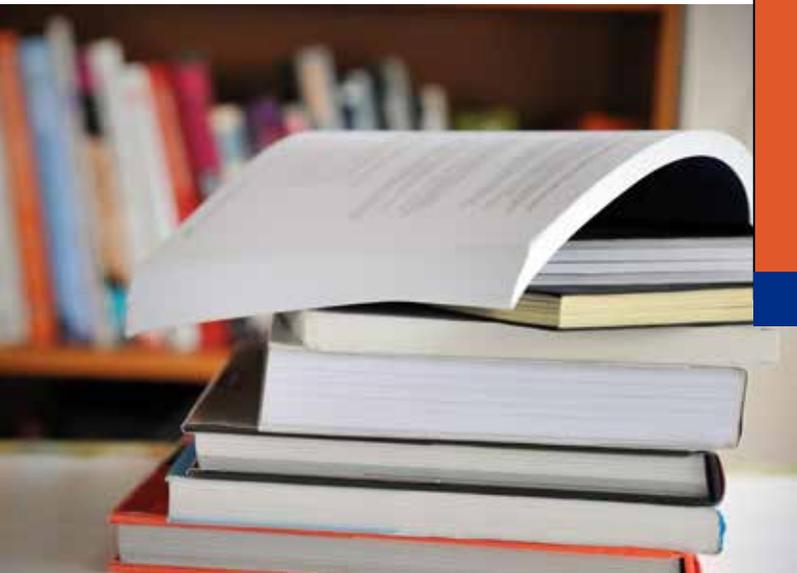
MERCHANDISE-ONLY OPTION

Some stores returning to independent operation have decided to maintain alternative solutions for textbook distribution to students. Even under lease contract, Grand Canyon University had already implemented an innovative

university-operated inclusive access model, whereby students pay an \$85 course fee to access digital course materials, an advantageous move to accommodate the school's enrollment of 15,000 students on campus and 65,000 online.

The university has been working with faculty and publishers on the project for several years, and currently maintains close to 85% of its course materials in digital format. For the textbooks not available digitally, they publish the ISBN on their website and students purchase wherever they like.

Mount Vernon, too, opted for outsourced course materials, and selected MBS Direct because its system keeps the store involved in course materials processes. "This arrangement allowed the institution to no longer carry the financial burden, inventory, and labor costs of textbooks," Blanchard explained. It's worked well for students, she said; the store offers a free shipping service to students who order before the start of classes. The books are pallet shipped to the campus and picked up at the campus store.



"This brings students into the campus store for pickup," she noted. Store personnel still work directly with faculty to manage and gather textbook adoptions.

West Virginia Wesleyan also opted to work with MBS Direct for course materials sales and focus its efforts on logo merchandise that helps to market and grow its brand. "We've been profitable and we continue to be, but our real goals are to bridge the gap between what the campus and our alumni need," Kimble noted.

MEETING CAMPUS AND INSTITUTIONAL GOALS

After just three months of independent operation, Hogue's goal is for the store to break even. "We're increasing every month," he said. The biggest benefit is the total control over the store. "We can bring in a small set of shirts and see if they'll sell. We're able to test and then, of course, we keep all the profit."

Some are experiencing dramatic sales improvements under the new model. "In 2014 we did \$615,000 in business with Follett for the year; in our first four months of self-operation we made \$815,000," said Dunn. With a goal of \$1.2 million, the store is on track to do \$1.5 million in its first year.

"Every dollar made comes back to the institution," Dunn said. "Our leadership believes that if it benefits the student it's something we should do. They realized that having a store owned and operated by the university is the best benefit to the student."

For Bryn Mawr, students and faculty were clear in expressing their desire for an independently-operated store that participated in

campus events. For example, when the school plays host to author talks and book signings, the store is always there with copies of the books. The campus store is now more responsive to faculty, as well, by carrying the books they publish in the store too.

"The biggest benefit to students is the merchandise," Berenson said. "They really weren't happy with the previous assortment; our managers really listen to what students want and bring that into the store, which is very important on our campus."

Ultimately, returning the campus store to institutional operation is more than a financial decision, Swarthout said. "With independent operation we have the opportunity to make money, better meet the needs of our students, and enhance the image of the school, all of which is very important to us."



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