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Weak economy puts strain on college students' wallets

By Donna Kato
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A Mac laptop, extra-long sheets to fit a dorm bed and a small coffee maker are among the items Jillian Cosgrove plans to take with her when she heads to Cal Poly-San Luis Obispo to start her freshman year. Although she's noticed that back-to-school ads are pitching everything from clothes to fancy shower caddies, she's focused on staying within a budget.

"We're trying to spend as little as possible and looking for good deals on everything," said the Milpitas resident. "I see a lot of stuff that would be nice to have but I don't really need."

Cosgrove is not alone. College students are some of the biggest back-to-school spenders, accounting for more than half of total spending for the annual return to schools and campuses around the country.

But, coming off a weak summer jobs market and an overall grim economy, they're expected to spend 7 percent less this year than last, or \$599.38 per student, focusing on essentials like school supplies and scaling back on electronics, clothing and furniture.

"It's different times now, and everyone is buying only what is needed," said C. Britt Beemer, founder of America's Research Group, a consumer behavior research and marketing firm. For college students, that means computers before fancy cell phones, warm coats before designer denim.

"This was the worst season for summer jobs," he

said, adding that about 19 percent of college students routinely spend money they've earned on back-to-school apparel but this summer's employment situation was bleak for that age group. "The result is that it's going to take kids out of their favorite stores and move them into the stores their parents want them to shop in."

Those stores include discounters, big-box stores and off-price retailers that may or may not carry the brands coveted by teens and young adults.

"You're going to see students buying in stores that aren't their first choice," Beemer added, "and with freshmen especially, you'll get parents saying, 'I'll let you pick out the computer you want but not the clothes.'"

College-bound students like Cosgrove are expected to spend \$31.26 billion on back-to-school purchases this year, according to a survey by the National Retail Federation. They will continue to allocate the biggest chunk of their budget to electronics, spending \$211.89 per person - down from \$258.43 last year, according to the NRF survey.

With clothing predicted to be a tough sell this fall, retailers need to mark prices down earlier than usual and take advantage of customer lists by making offers such as "spend \$100 and get the next \$30 in purchases for free," Beemer said.

Spending on dorm accouterments, too, will fall to \$90.90 from \$109.85 last year, said the NRF.

Hoping to capture some of those dollars are stores like CB2, a relatively new home furnishing store described as a younger, hipper sibling of Crate & Barrel, its parent company.

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college customer, and the affordability of the products is very appealing, too," said Marta Calle, director for CB2, which opened its fourth U.S. store in San Francisco's Union Square last week. The retailer also has two stores in Chicago and one in New York. Although CB2 displays wares in "vignettes" that mimic dorm spaces and starter apartments, the retailer makes it a point not to specifically target the campus crowd.

"They want to feel like they're making their own choices based on their personal sense of style," Calle said of college students. "We understand that it's an important part of our business, but we think that one of the things that appeals to a young customer is when you don't market to them."

The dorm-and-wallet-friendly offerings include such pieces as a sleek desk on wheels for \$149 and aesthetically slim book shelves perfect for a tiny room for \$99.95. Pricier items include a \$799 sofa that converts into a double bed.

One bright spot for some retailers might be the retro interest in clothing emblazoned with college logos. Spending on collegiate gear, a new category in NRF's annual survey, will average \$35.26 a person.

Victoria's Secret, a brand known more for lingerie than sweatshirts, launched its Pink label, a hit with college-age women, four years ago and now with \$1 billion in sales, it accounts for 17 percent of the retailer's total sales.

This fall, Victoria's Secret launches the Pink Collegiate Collection, a selection of licensed tees, sweats and totes featuring a logo of one of 33 universities, including UC-Berkeley. Prices range from \$24.50 for a tote to \$52.50 for a hooded sweatshirt.

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