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COLLEGE BOUND

Marketers welcome, but credit card companies get a warning signal

At 55 college campuses this fall, free notebooks will be handed out that include the school's logo, maps so students can find their way around and a \$10-off coupon at Office Depot.

The office-supply company is just one of many, including credit card companies, that are finding their marketing tactics highly scrutinized as they seek to build loyalty among a fresh-faced group with plenty of spending power, albeit somewhat less than last year.

A student's average annual overall budget will drop 7% this college year, to \$599.38. The total spending will reach \$31.26 billion, due to a weakened economy and the need to spend only on essentials, according to the National Retail Federation. Last year the average spend was \$641.56.

"Marketers have the ability to plant a seed and plant brand loyalty for the first time," says Matt Britton, chief of brand development and co-founder of Mr. Youth, a youth marketing firm. "If you reach a college student, you have a good chance of having that loyalty spread."

For Office Depot, the promotion marks a change. It has traditionally focused on the K-12 market, but this year is expanding its back-to-school push to include the college crowd.

"Primarily, it's the size and the spend of the market," explains Ivan Reed, the firm's senior manager of campaigns and sales promotions. "They really are a great target."

In a deal with Starbucks, Pepsi-Cola Co. will be out in force sampling its Starbucks Doubleshot Energy + Coffee drink. Brand ambassadors will hit 10 college campuses starting Sept. 15 and hand out 15-ounce cans of the drink at special events and at on-campus activities through Dec. 7. Mr. Youth is handling the program.

Others are co-packing to deliver numerous samples to students at one time.

About 22,000 "Campus Sampler" kits from Sample America Corp. will be distributed to college students in the Boston market in September. Goodies include Coca-Cola's Fuse beverage, a 15% discount from Mattress Discounters and a free pillow offer, an Au Bon Pain coffee mug and full-size products from Tom's of Maine.

"It's all about trial," says David Hartman, president of Sample America.

Hartman says the kits are recognized as a "high value gift" and have a nearly 100% open rate. What's more, 70% of students surveyed said they would buy a product they tried and liked in the kit.

FOSTERING BRAND LOYALTY

Pentel, the writing instrument company, is working with Alloy Media + Marketing at 37 college campuses this month to promote its Hyper G pens. Street teams will distribute samples and branded T-shirts while rallying people to register for the "What's Your Smoothest Line?" contest.

"The brand you start with is the brand you stay with," says De Verges Jones, the company's director of marketing. "If we can nurture the relationship with students at an early age, then hopefully over time they will continue to use our products and recommend them."

Students can record their best pick-up lines on video during on-campus visits or enter them at www.yoursmoothestline.com through November. The top winner will receive a spring break vacation.

"College students now almost require a deeper level of integration just to get their attention," says Pete D'Andrea, senior vice president of AMP agency, a division of Alloy. "It's driven by their independence. They say, 'Don't tell me the obvious. Come and make it special for me.'"

Interest in college-specific promotions has grown because traditional methods of reaching the Gen Y market are losing their effectiveness, Britton says.

Sears, for instance, launched its largest back-to-campus effort this year. Facebook ads direct people to a Sears "Dorm Rules" brand page at www.facebook.com/searsdormrules, which features dorm room designs from Michael Moloney of "Extreme Makeover: Home Edition" and clickable product details. It also includes Top-10 lists and a link to an online sweepstakes offering the chance to win a dorm makeover or a \$4,500 Sears gift card through Aug. 31.

Beyond sales, the retailer hopes to position the company as a "personally relevant, contemporary shopping destination for students," says Richard Gerstein, senior vice president and chief marketing officer for Sears. "Sears is a natural fit for back-to-campus, but we haven't been high in consideration in the past," he says.

CREDIT TRAP

Not every brand promotion is a welcomed addition to campus life. Credit card companies have come under fire from interest groups and politicians for marketing practices targeting college students, who can quickly find themselves in massive amounts of unwanted credit card debt, and who are often baited with free gifts.

The U.S. Public Interest Research Group is continuing an 18-month counter-marketing campaign it launched last year to change the way those firms market to students.

The group solicits student representatives, who in late August will set up tables that resemble a typical credit card marketing effort at 39 campuses. Using the fictitious company name FEESA (created as a play on the name of the real company "Visa," the group says) reps will hand out brochures and educational booklets with credit card fee pitfalls and tips to avoid debt. Visitors will receive takeaways, such as lollipops that say, "Don't be a sucker."

Free gifts as come-ons for submitting credit card applications are something PIRG hopes to persuade colleges to ban altogether, says Christine Lindstrom, the higher education program director for U.S. PIRG. A recent PIRG survey found that three-fourths of students stopped at tables offering free gifts in exchange for filling out a credit card application.

"There is just this kind of crazy marketing atmosphere on campuses," Lindstrom says. "It's pretty easy when facing [a gift of] free pizza for a student to say, 'Oh, I'll just go ahead and get the card.' That is a big problem."

Through its "Truth about Credit" campaign, at www.truthaboutcredit.org, PIRG is asking universities to draft policies related to credit card marketing. About 80% of students surveyed said they want schools to toughen rules on such marketing. College freshmen responsible for their own credit cards had an average debt of \$1,301, compared to seniors at \$2,623, according to the survey. The average student graduates with close to \$4,000 in credit card debt.

It's a problem individual states are already tackling.

In Maryland, a new law is set to take effect Oct. 1 that requires higher education institutions to develop practices regarding credit card marketing and the use of free gifts on campus. Maryland Delegate Susan Krebs, R-Carroll County, an original supporter of enacting a law to block the use of gifts in credit card marketing on campuses and the sale of student information to companies, says the effort is a good compromise.

"We ended up turning it back over to the colleges and universities," Krebs says. "If they allow it, they will have to have some educational brochures there so people are not just signing up to get the free T-shirt or coupon. We need to be smart about this."

A Tennessee law that took effect last month prohibits credit card issuers from recruiting students on campus through university facilities or student organizations. The one exception: days when there are athletic events. Credit card marketers are also banned from offering gifts or incentives to students on campus to entice card applications.

The Ohio Attorney General's office went a step further. It filed two lawsuits last fall — one against Citibank, marketing firm Elite Marketing and Potbelly Sandwich Works, and the other against eatery La Bamba and Campus Dimensions Inc. — for "unfair and deceptive" marketing practices. In both instances, students visited local restaurants for free food, only to find out they had to apply for a credit card to receive it.

The AG's office settled with Potbelly in April. Under the agreement, the chain distributed free sandwich coupons as an incentive to get students to watch "Maxed Out," a documentary that shows how the financial industry really works. The remaining cases are pending.

Ohio's lawsuits are making other states take notice, says Nadine Ballard, section chief of consumer protection for the Ohio Attorney General's office.

"Soliciting college kids for credit cards is huge," she says. "It is definitely an issue that is of importance to other states. They are watching our case [closely]."

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