

A White Paper from UQ Marketing

PEER



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MARKETING ON CAMPUS

*Why an
old-school
approach
works for the
new school
of consumers.*

WHY COLLEGE?

Think about your college years. Tom Petty described the glory days perfectly when he said:

“You have four years to be irresponsible here. You’ll never remember class time, but you will remember time you wasted hanging out with friends. The work never ends, but college does.”

So why are college students some of the most coveted to marketers?

The college environment presents one of the most unique, and critical, times to reach a consumer due to:

Spending power



Loyalty potential



Impressionability



Dense population



With a population that has grown to 19.7 million students, college consumers are projected to spend over \$306 billion this year¹.

By 2017, Millennials will have more spending power than any other generation that has come before them².

With the support of mom and dad, college students are not burdened with spending money on bills or necessities, giving them the privilege to buy what speaks to them.



“We are trying to break free from the influence of our parents, and are smart enough to formulate opinions for ourselves.

I don't really pay attention to conventional advertising. I think I trust my peers because we often share beliefs. It is easy to trust a peer because they are coming from a genuine place.”

- Peter Wallace, University of Washington

CUSTOMER LIFETIME VALUE

By 2014, university enrollment is projected to have increased by 17% from 2002 - significantly increasing the consumer audience present on campus³. Spending power combined with **acceptance of new products and potential brand loyalty** makes college consumers a powerful market.



This year's college students are projected to spend a total of **\$69 billion** on discretionary items¹.

.....that is 10 times as many dollars as people on the earth.

If you can hook a student on your brand in college their customer lifetime value significantly increases.

Not only are they worth more to brands in future buying power, they are also some of the most vocal brand advocates.

Students who are passionate and dedicated to a brand are likely to share it with their peers.



"Once I find a brand that I like, I am more likely to stick with that brand and buy it in the future"

-Elijah Kenan, UCLA

DEVELOPING BRAND PREFERENCES

College is the time when students form brand preferences and develop spending habits.

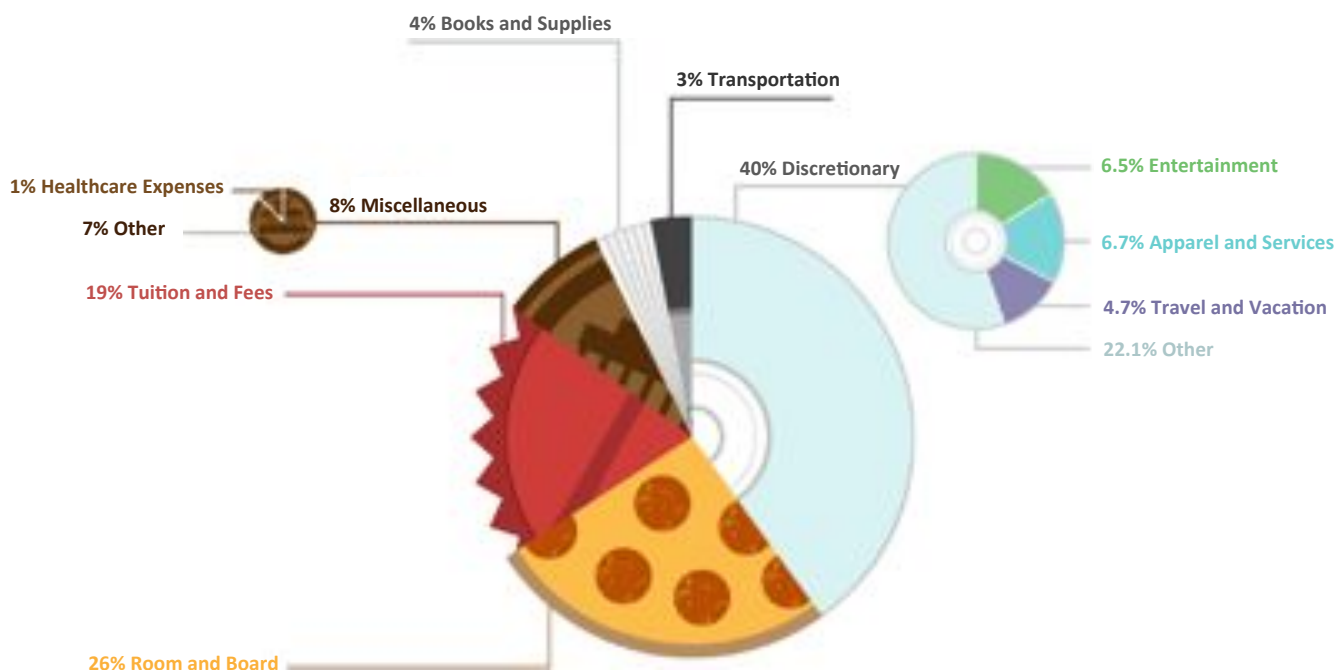
Think about the first time you bought laundry detergent.

College is often times the first occasion personal brand decisions are made without the help from mom and dad.



College is a time full of new experiences, and the same holds true for the shopping experience. Shopping is different once students are in college, presenting new buying opportunities and requiring more personal decisions. It is a time of freedom, and sometimes indecision.

Students' discretionary spending consumes 40% of their total budget; the largest portion is spent on electronics, clothing, food and beverage⁴.



TRADITIONAL ADVERTISING: MILLENNIALS AREN'T LISTENING.

College students are overexposed to traditional advertisements:

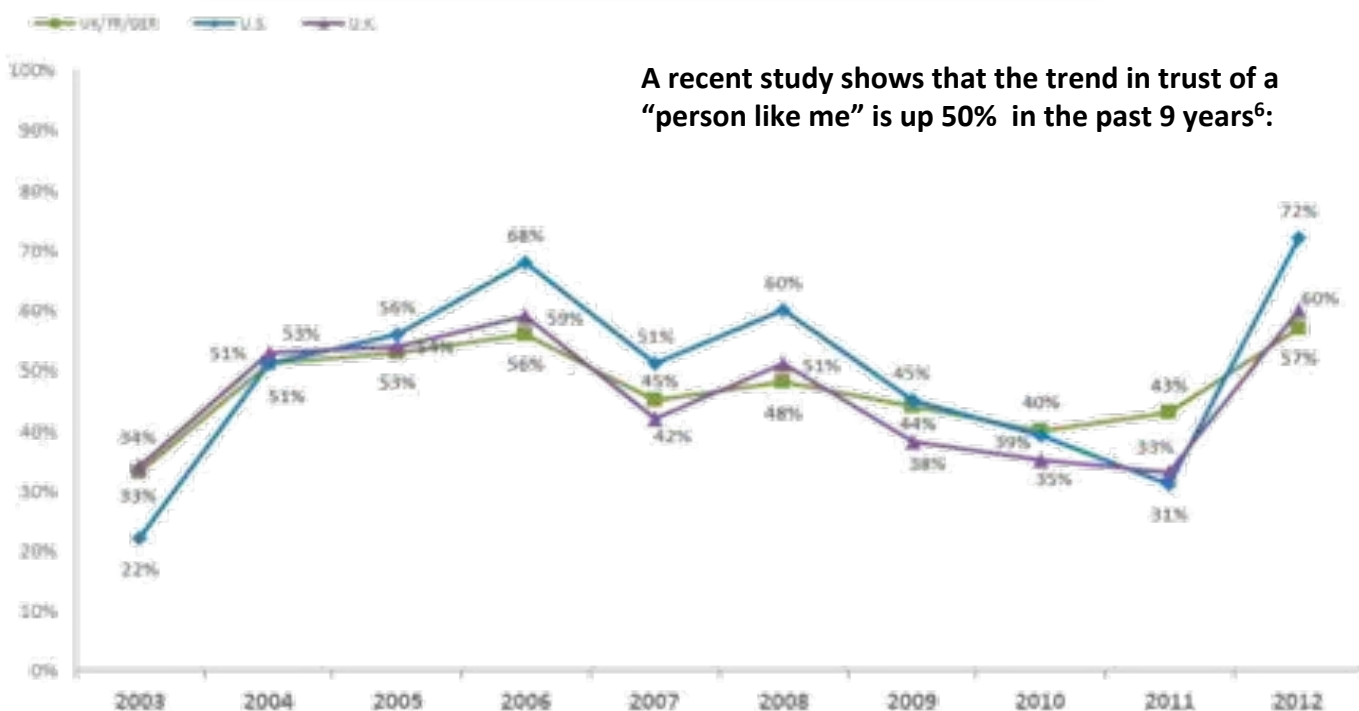
Daily ad exposure has grown from **500 to 5,000** in the past forty years⁵.

Millennials don't trust traditional advertising and have learned to tune it out. Students fast-forward through commercials, ignore web banners, and stream music instead of listening to the radio. Cutting through the clutter requires more exposure and consequently an increased spend. Word-of-mouth marketing and trust in peer recommendations, however, is on the rise⁶.



"College is an environment that pushes us to challenge our way of thinking. I don't pay attention to traditional advertising because I don't trust it. I see my friends and peers so much more than I see commercials on TV or magazines. Everything in my life is word of mouth."

-Chandler Nunez, University of Texas - Austin



PEER EXCHANGES ARE THE #1 TRUSTED⁶ SOURCE OF INFORMATION ABOUT PRODUCTS & SERVICES.

College campuses foster constant peer-to-peer interaction. When it comes time to make purchasing decisions, students rely on the opinion of the people they trust around them.

Input from friends continues to grow as a strong influence of students' decision making with respect to brands, products and services.

6 out of 10  purchases made by Millennials are a direct result of a peer recommendation¹.



"I trust my peers more than advertisements because they are going to tell me the truth."

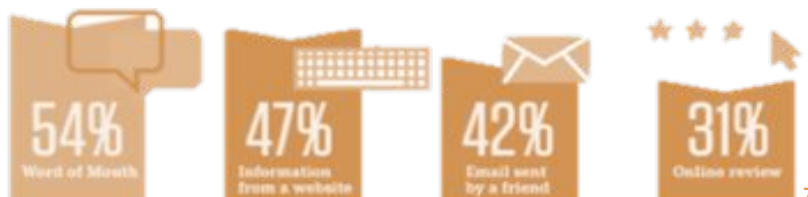
-Rachel Hayes, Miami University



"I would rather listen to a friend than a traditional ad, because unlike advertising companies, my friends know me."

-Trevor Hecht, Ohio State University

The primary driving forces of purchasing decisions among college students are:



WORD OF MOUTH ON CAMPUS

College campuses present a unique living environment; students live, eat, party, and study together. Classic college towns can double in population during the school year.

The average college dorm houses **1,200 students⁸**. Most likely, the next time a person will live in such close quarters with their peers is when they are in a nursing home...



"In college, all you have around you is your peers. For a lot of people, it is the first time you are making pretty much all of your own decisions, including purchasing decisions. It's liberating, but I tend to be very indecisive. I'm very hesitant to buy new products because there's always that risk that I won't like it. Almost every time I buy anything, I ask a friend first, no matter how small the purchase may be."

-Devin Cavanor, University of Wisconsin - Madison

Students are constantly seeking each other's approval through their actions and purchases. Whether it's playing on the quad or studying in groups at the library, the interaction between students is constant.

MILLENNIALS SPEND **3.7 HOURS PER DAY** ON LEISURE ACTIVITIES, 1.5 OF WHICH ARE SPENT SOCIALIZING AND COMMUNICATING; **MORE THAN ANY OTHER AGE GROUP⁹**.



IN CONCLUSION

“College is such a unique time because you`re learning a little bit how to be an adult; you`re learning how to take care of yourself without parental influence¹⁰.”

College students are continually influenced by their peers around them. They are not listening to traditional advertising, but putting their trust in the recommendations of their peers.

College students value the opinions of people like them and a majority of their brand decisions are due to peer recommendations.

Brands that build relationships with students in college enjoy the value of a lengthened customer lifetime and young, vocal brand advocates.



“For most college students these four years of our life are a right of passage; a journey that we will never forget and never be able to have back. We have a special connection with our peers because they are going through this experience with us.”

-Julia Drabick, UNC Chapel Hill

*Students quoted are UQ Marketing Virtual Interns, the views and opinions expressed above are theirs alone.

- ¹ "Students Consumer Clout Widens as College Class Prepares for Return to Campus." *Harris Interactive*. Alloy. Web. 01 Mar. 2012. <<http://www.harrisinteractive.com/vault/Alloy-Media+Marketing-College-Explorer-Study-Jul72010.pdf>>.
- ² "When It Comes to Millennials Are You Talking to Strangers?" *The Space Between*. Bazaarvoice, 2 Feb. 2012. Web. <<http://briansolis.posterous.com/infographic-when-it-comes-to-millennials-are>>.
- ³ "Projections of Education Statistics to 2014." *National Center for Education Statistics (NCES) Home Page, a Part of the U.S. Department of Education*. Web. 1 Mar. 2012. <<http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2005074>>.
- ⁴ "How Do College Students Spend Money? - Wealth For Teens." *Wealth For Teens*. 1 June 2011. Web. 01 Mar. 2012. <<http://www.wealthforteens.com/infographics/infographic-how-do-college-students-spend-money/>>.
- ⁵ Walker-Smith, Jay. "How to Cut through Marketing Clutter." *Marketing Made Simple*. Yankelovich Consumer Research. Web. 01 Mar. 2012. <<http://www.marketing-made-simple.com/articles/promotional-clutter.htm>>.
- ⁶ "Edelman 2012 Trust Barometer." *Edelman 2012 Trust Barometer*. Web. 01 Mar. 2012. <<http://www.edelman.com/trust/2011/uploads/edelman%20trust%20barometer%20global%20deck.pdf>>.
- ⁷ "Infographic - The Word and the World of Customers." WOMMA. Web. 01 Mar. 2012. <<http://womma.org/word/2011/10/16/infographic-the-word-and-the-world-of-customers/>>.
- ⁸ "Association of College and University Housing - International." Web. 01 Mar. 2012. <<http://www.acuho-i.org>>.
- ⁹ "College Student Time Consumption [infographic]." *Daily Infographic*. Web. 01 Mar. 2012. <<http://dailyinfographic.com/college-student-time-consumption-infographic>>.
- ¹⁰ *IMDb*. Anne Hathaway. Web. 01 Mar. 2012. <<http://www.imdb.com/name/nm0004266/bio>>.