

## AKADEMOS CASE STUDY: Berea College



### **Transitioning Bookstore Services from Brick and Mortar to Digital**

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**B**erea College is a unique institution. One of just seven federally recognized Work Colleges in the U.S., Berea provides a no-cost tuition scholarship for all 1,600 students who are required to work at least 10 hours per week. With an emphasis on service to the people of Appalachia and beyond, only academically promising students with very limited economic means are eligible to enroll. Because it is an endowment-driven institution, the college's commitment to serve its student population through the no-tuition promise drives a sense of urgency to be excellent financial stewards and caring service providers— our decision to embrace technology and move to a new hybrid model for our college bookstore enhances our ability to be both.

#### **Financial Considerations**

The financial performance of our college bookstore had been steadily declining since 2008, but had accelerated downward 22 percent in gross sales just since 2012. As we performed a deeper analysis around store operations as part of a Lean Continuous Improvement project, we recognized our “sell-through” ratio (total books sold compared to the total that could have been sold if each student enrolled in each class bought each adopted textbook) had also dropped precipitously over the same time period.

In discussions with student focus groups, it was clear the reason was market forces—our bookstore was simply not competitive in comparison to the online options available to students. In addition, the store did not attract significant foot traffic from outside the college community for ancillary sales, requiring it to rely predominantly on the student population. However, the financial demographic of the students we serve provides a headwind that prevents sufficient margins on sales of spirit wear, personal expression merchandise, etc., without significant price increases that would run counter to our mission of providing the most affordable education possible for our students.

## The Plan of Action

As a result of our research and discussions, we have embraced technology as a key component of a two-phased move from a traditional bookstore model. Our new approach is a hybrid model: part digital, part brick and mortar. In phase one, we partnered with Akademos, an online provider of textbooks, and migrated all textbooks sales online to a digital store. In phase two, we merged our existing store with the college’s visitor center and SCOTS, an outlet of the college’s famed student-made crafts.

The goal of the new combined brick-and-mortar model is to create a “one-stop shop” for visitors to experience Berea College and all it has to offer—something possible in the past, but requiring visits to three different locations on campus. The new model allows obvious synergies for better cost effectiveness, as staff for sales and back-of-house functions can be shared; that wasn’t possible before with three separate functions operating in three distinct locations.



*The new space on the Berea College square adjacent to campus will be brighter and more attractive.*

Our new merged model has been well-received and has already resulted in an increase of community and visitor traffic to the current store space. We expect to see that increase considerably as we re-launch this summer in a newly renovated space on the college square adjacent to campus. The new space will be brighter, more attractive, and well-positioned near other retail establishments and restaurants.

However, the exciting opportunity arising with this new approach is that it allows us to better introduce

visitors to the opportunity to share in the college’s transformative mission. This will be done through interpretive historical displays and audio/visual kiosks that tell the unique history of the college, the freedom to directly interact with student artisans who can share firsthand the transformative impact of the mission of the college, and shopping for Berea College themed merchandise, regional trade books, and hand-made crafts.

## Reversing the Trends

We experienced minor bumps in the road as might be expected—such as a sense of loss with some faculty of an intellectual space where one is surrounded by books, as well as limited availability issues for some unique Humanities readings, and with students buying after classes began or from less accountable providers. However, we have been pleased with our decision to move textbook sales online with our partner, and we believe the positives outweigh the bumps. In the two semesters since we made the move to migrate all textbook sales online, our textbook sell-through ratio improved from just 46 percent in the 2013-14 year to 66 percent in the 2014-15 year. More importantly to our mission of serving students of great promise and limited economic resources, our average overall (new and used) cost of textbooks to students was 43 percent lower than the last available NACS reported average (used textbooks only). The new digital bookstore model also offers better support and consumer protection for our students in comparison to buying online on their own with unknown and varied quality. With more textbooks now being sold by capitalizing on technology in our digital bookstore—and most importantly for us, with those books being sold at a lower price for our students—we are confident the decision to embrace the emerging trends offered through technology was the correct one.



### **Derrick Singleton**

Derrick Singleton is vice president of operations & sustainability at Berea College. Among other areas, his responsibilities include oversight of campus auxiliary businesses and services. He is a chemical engineer with an MBA and earned degrees from Eastern Kentucky University, Sullivan University, and the University of Kentucky.

Source: The National Association of College and Auxiliary Services (NACAS). Published June 4, 2015.  
<http://collegeservices.nacas.org/from-brick-and-mortar-to-digital>