Desire for a more intentional approach to meeting the dining needs of non-resident members of the Stanford community.

Specifically:
• Understand the impact of adding new retail locations as desired by various academic constituencies.
• Improve resource utilization (space & capital).
• Provide a “level playing field” & platform for service provider success.
Methodology

Collaborative, Research-Based Approach:

• Steering committee
  - Vice Provost, University Budget Office
  - Vice Provost, Student Affairs
  - Vice Provost for Academic Affairs
  - Associate Vice Provost – R&DE
  - Director of Business Development
  - Director of Capital Planning

• Consultant
  - Envision Strategies
Methodology

Collaborative, Research-Based Approach:

• Observation of current operations
• Data gathering and analysis
• Research on service provider contracts
• Stakeholder interviews
• Comprehensive market research
  - On & Off-Campus Competitive Assessment
  - Focus Groups with Students, Faculty, Staff
  - Quantitative Survey of the Community
    (statistically valid sample)
Research Results

Off Campus Restaurants

166 Establishments

- Broad variety of products/service styles/price points
- Little utilization by campus community at lunch
  - Time constraints
  - Most not pedestrian accessible from campus
  - Vehicular use impeded by on-campus parking constraints
Research Results

Campus Restaurant, Cafes & Retail Food Services

• 33 eateries on-campus plus a varying number of food trucks

• Number of locations significantly greater than peers:
  - Harvard +/- 24
  - Cornell +/- 20
  - Penn +/- 8
  - Yale +/- 6

• $12.5 Million total annual retail revenue (estimated)
Research Results

Campus Restaurant, Cafes & Retail Food Services

• Annual per capita retail spend of $495.00/person is high compared to other schools for whom we have conducted research (+/- $250/person more typical)

• Factors impacting higher than typical spend likely include (in estimated order of magnitude):
  - Strong convenience orientation of population (time sensitive)
  - Lack of conveniently accessible off-campus options
  - Proliferation of accessible on-campus choices
  - Higher prevailing restaurant prices in California
Research Results

Campus Restaurants, Cafes & Retail Food Services

- Most academic zones of campus offer multiple convenient options.
- Greatest venue density is in Medical zone & White Plaza areas
Research Results

Population Density
(% of Survey Respondents in Each Zone at Meal Times)

<table>
<thead>
<tr>
<th>Campus Zone</th>
<th>Breakfast</th>
<th>Lunch</th>
<th>Dinner</th>
<th>After 9:00 p.m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Zone</td>
<td>9.3%</td>
<td>17.2%</td>
<td>10.3%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Academic Zone 1</td>
<td>5.2%</td>
<td>15.9%</td>
<td>9.0%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Academic Zone 2</td>
<td>4.3%</td>
<td>15.7%</td>
<td>9.2%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Academic Zone 3</td>
<td>8.5%</td>
<td>36.9%</td>
<td>16.9%</td>
<td>4.4%</td>
</tr>
<tr>
<td>W. Residence Zone</td>
<td>10.3%</td>
<td>2.8%</td>
<td>6.6%</td>
<td>9.7%</td>
</tr>
<tr>
<td>E. Residence Zone</td>
<td>9.5%</td>
<td>4.6%</td>
<td>7.8%</td>
<td>8.6%</td>
</tr>
<tr>
<td>S. Residence Zone</td>
<td>3.4%</td>
<td>0.3%</td>
<td>1.7%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Escondido Vlg. Zone</td>
<td>12.4%</td>
<td>1.5%</td>
<td>5.6%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Athletic Zone</td>
<td>1.4%</td>
<td>2.0%</td>
<td>1.7%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Off Campus</td>
<td>35.2%</td>
<td>2.3%</td>
<td>30.5%</td>
<td>56.1%</td>
</tr>
</tbody>
</table>

Note: Respondents in W., E., S. Residence Zones typically are resident meal plan holders & likely less inclined to pay cash for a retail meal.

Highest daytime population density is at lunchtime in Medical and Academic Zones 1-3.
Research Results

Market Capture (based on survey results)

Four Types of Customers
- Demanding
- Less Discerning
- Convenience oriented
- Health oriented

<table>
<thead>
<tr>
<th>Purchasing Behavior</th>
<th>Breakfast</th>
<th>Lunch</th>
<th>Dinner</th>
<th>After 9:00 p.m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obtained Meal at Residential Dining</td>
<td>3.2%</td>
<td>10.0%</td>
<td>12.3%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Purchased Retail Meal On Campus</td>
<td>7.8%</td>
<td>49.3%</td>
<td>6.6%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Purchased Retail Meal Off Campus</td>
<td>0.7%</td>
<td>2.8%</td>
<td>5.9%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Brown Bagged the Meal</td>
<td>7.9%</td>
<td>22.7%</td>
<td>3.6%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Ate at the Meal at Home</td>
<td>57.4%</td>
<td>11.1%</td>
<td>68.2%</td>
<td>51.6%</td>
</tr>
<tr>
<td>Skipped the Meal</td>
<td>22.7%</td>
<td>2.2%</td>
<td>1.7%</td>
<td>32.7%</td>
</tr>
<tr>
<td>Other</td>
<td>0.3%</td>
<td>1.9%</td>
<td>1.7%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Total:</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Average Spend On Campus:
- Students: $3.28 $6.23 $6.98
- Faculty: $3.08 $6.55 $8.24
- Staff: $3.33 $6.37 $7.41

Average Spend Off Campus:
- Students: $5.03 $7.36 $11.76
- Faculty: $5.16 $9.12 $12.39
- Staff: $5.21 $8.02 $12.20
Market Capture (cont.)

- On-campus retail lunch capture (49.3%) is very high in comparison to peers, particularly considering that virtually all undergraduates are meal plan holders.
- Very few purchasing meals off-campus at breakfast or lunch.
- Student lunch spend is similar on-campus & off-campus.
- Most influential factors for selecting food venues:
  - Quality food
  - Price
  - Convenience
Based on survey results, the community exhibits preferences for:
- Healthy options
- Specialty coffee/espresso
- Asian & Mexican ethnic foods
Research Results

Most Desired Improvements (Based on Survey Results)

- Lower prices most important to older students and staff.
- Extended hours of operation (evenings, weekends) most important to undergraduates, followed by increased meal plan acceptance across retail locations.
- Faculty most desire improvements to food quality/variety & convenience.
Research Results

On-Campus Service Provider Issues

• Some report experiencing financial instability.
• Perception that “Landlords” have unrealistic expectations and aren’t always good partners in seeking a “win/win” relationship.
• Inadequate planning of physical plant infrastructure requirements for food service.
• Concern at ongoing development/proliferation of restaurants, cafes & retail operations on campus.
• Concern over unfair advantage of food trucks (“free rent”, no capital investment requirement, no operational oversight).
Research Results

On-Campus Retail Food Service Contracts

- Wide variations in contract structure
  - Flat Rent
  - Percentage Gross
  - Minimum + % Gross
  - Percentage Thresholds
  - Seasonal Variations
  - Utilities In/Out
- No profit sharing
- Broad range of contract terms (4-10 Years)
- Decentralized oversight post-contracting
Conclusions

• Market is at or near saturation:
  - Blanketed coverage in Medical & Academic zones
  - Market capture and per capita spending are high
  - Some operators report experiencing financial instability

• Desire for additional locations/service is outpacing financial viability.

• Little consistency in the University’s expectations of service providers:
  - Financial structure/relationship
  - Capital investment
  - Payment of property taxes
  - Payment of utilities/custodial, etc.
  - Hours of service
  - Mixed message on priorities

• No intentional mechanism for oversight.
Conclusions

• Purchase decisions influenced by:
  - Convenience
  - Price
  - Food type/quality

• Market is significantly price conscious, particularly graduate students & staff.

• Food trucks offer an attractive price point but lack of oversight/control is problematic.

• Faculty & staff appear to be the most underserved:
  - Time challenged
  - Price sensitive

• Purchase behavior of undergraduate students driven by meal plan and will generally impact retail volume only to the extent allowed by plan configuration.
1. Form an Ad Hoc Advisory Committee

2. Develop University management tools for café and retail food service on campus
   - Viability Analysis
   - Contract Guidelines

3. Address emergent café and retail issues
Recommendations/Next Steps

1. Ad Hoc Advisory Committee

• Reporting to the Provost, as part of Capital Plan process

• Core Composition:
  - Provost’s Office
  - Capital Planning
  - University Architect’s Office
  - Student Affairs
  - Budget Office
  - R&DE

• Core Mission:
  - Advisory body regarding cafes on campus
  - Provide outreach/education/management tools/contract guidelines to campus community
2. University Management Tools

Viability Analysis for proposed new café venues
• Highest and best use of space (GUP constraints)
• Cost of University provided space and support requirements relative to rental income offsets
• Risk of failure and associated redevelopment cost
• Potential for negative impacts on service and quality in the event of over-saturation of market

(Capital Planning, R&DE and Budget office to assist in all of the above)
2. University Management Tools (cont.)

Contract guidelines relative to:
- Rent structure
- University provided services
- Payment of utility costs, custodial costs, property tax, etc.
- Capital investment requirements
- Financial reporting requirements
- Market driven operating standards
- Health standards
- Wages
- Food trucks
3. Address Emergent Issues

- Old Union Café
- SEQ 2 Area
- School of Medicine area