



STRATEGIES TO COMBAT PUBLISHER MERCHANDISING TECHNIQUES

*Proactive Measures by the Bookstore can
Help Reduce Tactics that Drive Textbook Prices Higher*

EXECUTIVE SUMMARY

Textbook affordability is a growing concern. Publisher merchandising tactics, including *increased frequency of new editions, built-in obsolescence and bundling of often unused educational materials*, coupled with *less timely faculty adoption rates* are impacting the prices students pay for textbooks.

The quality of educational materials remains a top priority but it is also important faculty work with publishers and bookstores to ensure only reasonable new editions, custom textbooks, and bundled materials are adopted. When these tactics add value for students and enhance their educational experience, the new edition, custom textbook, or bundle is valuable for everyone; however, when they are simply used by publishers to sell more textbooks and limit the number of used textbooks, these tactics must be questioned.

The local bookstore can serve a tremendous role in curbing publishing merchandising tactics and lowering textbook costs to the students. And, while the efforts of the bookstore can not be done without the support of the institution, the bookstore is in a unique position to take action and make a difference.

This paper outlines three easy strategies bookstores can use to help limit publisher merchandising tactics and, in turn, help lower the cost of textbooks.

PUBLISHER MERCHANDISING TACTICS ARE IMPACTING TEXTBOOK AFFORDABILITY

Substantial increases in the overall cost of higher education have lead to additional scrutiny regarding textbook affordability. Since 1986, textbook prices have increased by 186%, while inflation has risen by 72%.¹ Today, a four-year college student pays \$850 a year for textbooks and supplies.² In addition, more than half of students say these costs pose an extremely difficult or very difficult financial burden for them.³

Here are the facts:

- According to the GAO Report issued in 2005, "Publishers said textbooks are generally revised every three to four years, compared with cycles of four to five years that were standard 10 to 20 years ago." In many instances, these revisions are justified to keep pace with rapidly changing information but there are numerous unnecessary new editions, incorporating only small, insignificant changes that do not enhance the overall content of the textbook.

¹ GAO Report, July 2005

² National Center for Education Statistics, IPEDS, 2003-04

³ Harris Interactive study of US college students, April 2005

- Publishers are creating textbooks that include tear-out quizzes, web access cards, embossed school names on covers and unbound textbooks with three-ring holes that render the textbook without value at buyback.
- By a margin of two to one, students reject the use of bundling material.⁴ And more than half of professors believe bundling prevents students from selling back textbooks or obtaining used textbooks.⁵

High quality educational materials are imperative but it is also vital that faculty work with publishers and bookstores to ensure only reasonable new editions, custom textbooks, and bundled materials are adopted. When these measures add value for students and enhance their educational experience, the new edition, custom textbook or bundle is acceptable for everyone. However, when the tactic is employed to simply sell additional textbooks, it must be questioned.

BOOKSTORES ADD VALUE TO STUDENTS, FACULTY AND THE INSTITUTION

The role of the local bookstore cannot be understated. It is a high-pressure business that is often taken for granted.

The bookstore is a central hub on campuses and an essential part of the success of any institution. It contributes to the quality of campus life while meeting the needs of students, faculty, staff, administration, alumni and the community. It also serves as the window to the school, exists to serve the needs of the campus, offers a balance of service and revenue, listens to the needs of customers and is a part of the positive image of the institution.

As a center of influence, the bookstore works directly with faculty and their respective academic departments to ensure the correct textbook and supplemental materials are ordered and available for students at the start of the term. The bookstore staff also serves as an unbiased resource to faculty members to help ensure the correct, and most affordable textbook, is adopted. In addition, by working closely with faculty members to promote timely adoptions, the bookstore makes certain students receive the most money for textbooks at the buyback counter and ensures a strong supply of used textbooks the following term.

And finally, the bookstore provides an additional revenue stream to the institution which supports various student programs and helps keep student fees in check. According to a NACS 2006 survey, college stores returned a median net income of 7.7% of net sales to their institutions and contributed 5.1% of their net sales to support various campus activities – that's more than 12% that the institution receives. For many institutions, that contribution is vital.

BOOKSTORES CAN TAKE ACTION

The local bookstore can serve a tremendous role in curbing publishing merchandising tactics and lowering textbook costs to the students. And, while the efforts of the bookstore can not be done without the support of faculty and the institution, the bookstore is in a unique position to take action and make a difference. But, don't sit back and wait thinking the issues will pass – publisher merchandising tactics are having an impact today so take action now.

1. Work with your administration to implement textbook publisher representative guidelines
2. Inform faculty and students of publisher merchandising tactics and showcase your goal of providing affordable textbooks
3. Form solid, value-added relationships with faculty to drive timely adoptions and serve as an unbiased resource

⁴ Harris Interactive study of US college students, April 2005

⁵ Harris Interactive study of US faculty, April 2005

Textbook Publisher Representative Guidelines

Value: Establish a set of procedures to ensure consistent communication between relevant parties and make certain faculty members have all relevant information when making textbook decisions.

Typical to all campuses there are policies and regulations governing access by private businesses to the campus community. Policies and regulations are spelled out either in the Business Procedures Manual or within the campus regulations governing commercial solicitation or both. These policies and regulations are designed to set the conditions for how agents of businesses come in contact with students, faculty and staff in order to pursue their business interests.

As an exception, it has been standard practice for most institutions to allow direct access, without guidelines, between publisher representatives and faculty. This practice has facilitated direct dialog and has served as an efficient process in determining the educational material requirements. Although this practice is inconsistent with standard policies of the institution, it is supported in the spirit of academic freedom.

However, over the past several years, the textbook industry has undergone significant change. Faculty member now require critical information to make informed choices when selecting their educational materials that puts added pressure on faculty members to ensure they are receiving the needed information from publishers. As a result, guidelines for publishers are now necessary for institutions to strongly consider.

By implementing Textbook Publisher Representative Guidelines, the bookstore can help re-enforce positive relationships between publisher representatives, faculty and the bookstore. The guidelines also help ensure clear communication between all relevant parties regarding new editions; custom textbooks and new procedures; products and delivery mechanisms being implemented by publishers.

Showcase Your Bookstore's Commitment to Affordable Textbooks

Value: Provide detailed information to faculty and students regarding the true cost of textbooks, the impact of publisher merchandising tactics, and efforts of the bookstore to reduce textbook costs illustrate the bookstore's concern and commitment to affordable textbooks.

Taking proactive steps to combat the issues involving affordability requires communication with faculty members and students. The bookstore is in a unique position to clearly articulate the issues and highlight un-biased solutions.

According to a Harris Interactive study of college students, 71% of students feel that they do not understand how prices are determined.⁶ In addition, when deciding whether or not to consider requiring a textbook for class, the majority of professors consider their syllabus and past experience with the textbook – costs are a secondary concern to professors when selecting course materials⁷. As it should be – professors should focus on providing students with the highest education experience and that includes the textbook selected.

However, faculty members are in much greater control of textbook prices than they realize. They have the power to re-adopt textbooks for longer periods of time, thus putting more used textbooks into the pipeline. Limiting bundles and custom books is also a way faculty members can help lower textbook prices and again, drive more used textbooks into the hands of students.

⁶ Harris Interactive study of US college students, April 2005

⁷ Harris Interactive study of US faculty, April 2005

The local college bookstore also has a unique opportunity to help students understand pricing strategies including how prices at buyback are determined and the true cost of textbooks.

The Used Textbook Association has published a *True Cost of Textbooks Toolkit* for its members, designed to help bookstore managers effectively communicate the true cost of textbooks and the importance of buyback to the student population as well as to faculty, administration and others who have an impact on book-buying decisions.

A sampling of the toolkit contents includes:

Target: Faculty

- A message from the bookstore manager outlining the value of used textbooks and the true cost of textbooks.
- An overview of publisher merchandising tactics and the impact of those tactics on textbook affordability.
- A tailored question and answer document which addresses the most frequently asked questions by faculty of bookstore personnel.

Target: Students

- A flyer explaining buyback and how it impacts the true cost of the textbook for the student
- Ads, posters, radio scripts, banners, and more that also communicate the importance of buyback and the impact it has on what the student truly pays for the textbook.

By proactively communicating with faculty, this approach is designed to equip faculty with important facts prior to ordering textbooks and help better communicate the impact of faculty decisions. And with students, this process underscores the importance of buyback and provides insight on the true cost of the textbook.

Relationships with Faculty

Value: This is a business that is built based on relationships. But, it can be challenging for the bookstore personnel to build relationships with faculty members. By providing value-added information and services, bookstore personnel can quickly enhance faculty relationships.

The local bookstore is where professors interface with store personnel to ensure the right book is available for students, where students go for help, exchanges or refunds. It's a center of influence which begins with strong relationships with faculty.

Proactively working to build relationships with faculty members and their respective academic department is critical to the process. By promoting an open dialog, bookstore personnel will be in stronger position to share industry information and discuss the impact of industry trends and publisher merchandising tactics. The bookstore personnel are the textbook experts there to support faculty members as needed but you will have to earn that position through adding value and making a difference.

The value to the bookstore and students: expanded relationships with faculty can boost timelier faculty adoption rates. Even slight increases in the bookstores' adoption rates mean more money for students at the buyback counter.

When meeting with faculty, consider discussing:

- Publisher merchandising techniques – increased frequency of new editions, bundling and built-in obsolescence
- Specific examples of impacted textbooks within their discipline – include the impact of pricing so the faculty member has a complete understanding of the issue
- Importance of buyback and timely adoptions including their role and the benefit to students
- Strategies and examples of how the bookstore is working to reduce the costs of textbooks for students

- Three easy things to help the bookstore keep costs in-line for students.

To help bookstores build stronger relationships with faculty and increase their adoption rates, the Used Textbook Association has published a faculty adoption toolkit. The toolkit, available to members, provides managers with the means to conduct effective communications strategies targeted at faculty members and includes tools to drive more timely adoptions. The toolkit contains a power point presentation along with various other print and electronic tools. In addition, the Used Textbook Association offers a textbook calculator to easily compute the impact of switching to a new edition.

USED TEXTBOOKS OFFER A MARKETPLACE SOLUTION

Creating a solid used textbook program and reducing publisher sales techniques can help make textbooks affordable on all campuses.

The Economics

Our priority is to ensure students' ability to purchase needed course materials and have the ability to shop around for the best price is a priority. However, a quick comparison of prices makes the students' choice easy. UTA supports giving the choice of options between rental, new or used. Moreover, having the option to purchase bundled items separately gives the students a choice. The ability for the student to shop around among the various choices is fundamental in allowing competition to flourish.

For years, used textbooks have been an economical choice for students. In fact, college students can easily save up to 75% of textbook costs by purchasing and selling textbooks through the local bookstore. Consider these national averages:

- On average, around 50% of the textbooks used on any college campus will be used again the following term.
- Buying used textbooks saves students up to 25% immediately and selling back those books being used again nets students another 50% of the purchase price.

STRONG USED TEXTBOOK PROGRAMS

A strong used textbook program on every campus can:

- 1. Pay Higher Prices to Students During Buyback by Increasing Textbook Adoption Rates**
It's simple... by increasing early adoptions; students receive more money for their textbooks during buyback. And when professors submit their adoptions on time, bookstore managers can pay the highest price at the end of the term; increasing the amount students receive by two to three times.
- 2. Limit Unnecessary New Editions**
In a study conducted by Harris Interactive, 89% of professors believe newer editions contain only minor changes from previous editions. If a new edition is announced, it is critical professors review the changes to the previous edition to ensure only reasonable new editions get adopted. Every time a new edition is produced, the price the student receives at the end of the term goes to zero, and the student loses 100% of their investment. Furthermore, the supply of used textbooks for students shopping for the next term is completely eliminated.
- 3. Eliminate Unnecessary Bundling and Price Each Component Separately**
Many times, bundles consist of nonessential items that both students and professors have gone on record as saying were not needed for their class. If the textbook originally sells as part of a bundle and the student is unable to return all the components or loses part of the bundle, he or she will lose 100% of their investment. Bundles are yet another way student choice is limited. The marketplace should decide if all components have value; don't force students to buy nonessential items.
- 4. Eliminate Built-In Obsolescence**
Built-in obsolescence comes in various forms; textbooks with only a few pages of material which will be torn out during the term such as quizzes or problems, textbooks sold with Web access cards, textbooks with school names embossed on the cover, textbooks sold without binding and simply hole punched for a three ring binder. These types of textbooks cause the students to lose 100% of their investment at buyback. Quizzes, problems, web access cards and the like might be important to the professor and student, however, we recommend they be sold separately; thereby assuring the student receives maximum value for the textbook at the end of the term. Again, let the marketplace keep prices in check through traditional supply and demand.

Faculty involvement

Engaging faculty members to support the effort to keep textbooks affordable is critical. The Harris Interactive Study reveals when deciding whether or not to consider requiring a textbook for class, the majority of faculty consider their syllabus and past experience with the textbook—cost is of secondary concern to professors when selecting course materials. As it should be—professors should focus on providing students with the highest education experience and that includes the textbook selected.

As the Harris Interactive study points out, however, 85% of faculty are not aware of their impact on textbook prices.

Faculty members are in much greater control of textbook prices than they realize. It is their choice to re-adopt textbooks for longer periods of time, thus putting more used textbooks into the pipeline. Limiting bundles and custom books are also ways faculty members can help lower textbook prices and again drive more used textbooks into the hands of students.

Used Textbooks—Making Textbooks Affordable Today and in the Future

The real issue around the rising costs of textbooks continues to be increased frequency of unnecessary new editions, unexpected bundling of course materials, unnecessary built in obsolescence, and late faculty adoptions. Those issues will continue to have an impact on the cost of textbooks whether textbooks are sold through the bookstore or rented to students.

The real solution to making textbooks affordable for students is creating a solid used textbook program on every campus and curbing unfair sales techniques employed by publishers and to minimize late adoptions by faculty. These measures will place more used textbooks into circulation resulting in significant savings.