Understanding the Truth Behind Today’s Academic Retail Marketplace

Today’s college students face many challenges. One of the biggest is the rising cost of course materials — a product of a rapidly changing industry. According to the College Board, the average estimated full-time undergraduate budget for books and supplies is $1,240 in 2021–22.¹

The campus store has been the primary source for course materials in the campus community for decades. To maintain this position, the campus store business model must quickly evolve as more students choose to shop around for the lowest prices each year. This change in buying behavior is due to students’ resistance to growing costs and increased marketplace competition. The current economy, changing learning environments, shifts in student buying patterns and the impact of direct publisher sales programs are also contributing to changing behaviors.

Nearly 95 percent of the college student population own a laptop; 94 percent own a smartphone; 22 percent own a full-size tablet; 10 percent own a small tablet; 10 percent own a desktop; and 8 percent own a Chromebook.² Having near-universal access to the internet, it’s not surprising that many students go online to find more affordable course materials in printed versions (new or used, for sale or for rent) or digital formats.

This white paper examines the current marketplace for college textbooks and course materials, the emergence of new campus store competitors and the advantages and disadvantages of various marketplace channels.

WHAT’S INSIDE:

How the expansion of academic retail has impacted shopping habits

The opportunities created by the online marketplace for your store

How outsourcing can help you conquer the “textbook challenge”

²Student Monitor, Lifestyle & Media, Fall 2021.
The Academic Retail Marketplace: Bigger and with More Options

The campus store was traditionally the primary student source for textbooks and related course materials. During the past three decades, the marketplace has exponentially expanded and evolved because of many factors:

- According to the Education Data Initiative, textbook costs have grown nearly 24 percent between 2011 and 2020.³
- College tuition has grown 221 percent between 2002 and 2022, over four times the rate of inflation.⁴
- Goods and services are now often purchased online.
- Today, professors leverage a wider range of materials, including YouTube videos, custom-published materials, modules, software, podcasts, OpenCourseWare (free university-created lessons published online) and more.

Since technology is more accessible and affordable than ever, students are savvy and frequent internet shoppers — no longer a captive audience for the campus store. Raised in a world that's always connected to the web, students are accustomed to comparison shopping for everything online, from clothing and movie tickets to prescription medications and airline flights.

Buy It on the Internet

More and more online retailers have entered the academic retail marketplace to capitalize on the opportunity to sell course materials on the internet. Some of these online retailers operate a general marketplace in which new and used printed textbooks are available for sale and/or rent.

These retailers partner with colleges and universities to create co-branded online campus stores supported by physical campus locations that allow students to pick up and drop off rented textbooks. These partnerships either complement the campus stores or replace their textbook operations altogether — enabling stores to focus on selling computers, clothing and other non-textbook items.

³ Source: https://educationdata.org/average-cost-of-college-textbooks

⁴ Source: https://www.usnews.com/education/best-colleges/paying-for-college/articles/2017-09-20/see-20-years-of-tuition-growth-at-national-universities
Online niche marketers are also striving to meet the growing demand for more affordable textbooks and course materials. Some operate their own branded online marketplace where select textbook wholesalers, online retailers, students and campus stores can buy, sell and/or rent textbooks directly to each other. Others use a seller/buyer model in which they build and maintain a large inventory of course materials for online sale/rental to students.

Many online product and service retailers track customer locations, interests and behaviors over time by using dynamic pricing with analytics tools. Dynamic pricing is grounded in the concept of charging customers whatever they are willing to pay for a product or service instead of static pricing models where everyone pays the same price. The key to successful dynamic pricing? Accurate price points that depend on customers and subtle pricing adjustments without drawing strong attention to the dynamics — which are sometimes labeled as discriminatory.⁵

While the Internet provides perks like competitive pricing, 24/7 access to course materials and free shipping, the online marketplace also has its disadvantages. Students run into challenges when course materials aren’t a primary focus of online retailers. As various editions of the same textbooks are released and sold online, students often inadvertently purchase outdated editions, which are no longer relevant to their courses. In addition, the online marketplace lacks the personal insight and expertise that campus store employees have because they are familiar with an institution’s curriculum and faculty preferences.

The Absence of Convenient Buyback Online

Compared to the majority of campus store buyback programs — where students simply turn in books and receive compensation on the spot — the online buyback process is far less convenient and more demanding. Students often have to complete multiple steps, including determining selling prices, shipping directly to prospective buyers and awaiting compensation after their materials have been processed for condition.

At brick and mortar campus stores, students can get immediate cash back to use toward other essentials such as rent, food, books and personal expenses. By comparison, a leading online retailer only offers credit that can only be used on its website, thus keeping the money in-house. Another leading virtual bookstore frames their consignment model under “buyback.” This can leave students guessing about what money they will actually get back for their books. And regardless of how much these students will receive, it won’t be instantaneous, as there are several steps required between the seller and buyer to complete the transaction — plus the wait to receive funds. With these examples, it quickly becomes evident that students stand to benefit more from buybacks within their campus store environments.

Why Campus Stores Matter

In addition to the obstacles that students are encountering from the online marketplace, colleges and universities are also facing a series of challenges, including weaker financial returns, increased competition from online retailers, lower store traffic and a decreased “need” for a campus store presence and its staff members.

Despite these challenges, the campus store remains a significant player in the marketplace and is an invaluable institution that can’t be replaced. This is because the campus store is the primary entity within the school ecosystem that serves students, faculty and the community. In addition, campus stores help track faculty adoption information, making them a major asset for publishers. Most importantly, campus stores work directly with faculty members to help ensure competitive prices on textbooks for students — a process that they facilitate through course material adoption.

Many college administrators are focusing on evolving the traditional business model to strengthen the campus store’s ability to compete in this dynamic marketplace. Specifically, they want to grow the sale of used books while also introducing book rental programs, digital content and open educational resource (OER) materials to give students more options. Despite the fact that textbook-related revenues are declining, campus stores know that they must invest in a growing assortment of affordable printed and digital course materials.

While facing increasing competition from online retailers of new, used, rental and digital textbooks, the campus store remains a significant player in the marketplace.
Dynamic Marketplace Delivers Deals and Disappointments

When it comes to offering or acquiring affordable course materials, students, faculty and campus store managers have discovered that there is no one-size-fits-all strategy. An informal look at various media outlets, including college publications, shows that this dynamic marketplace presents the following benefits and obstacles.

First: The Pros of Purchasing Online

Arkansas State University’s The Herald applauds online retailers and textbook comparison sites for giving students control of where they buy their course materials and how much they pay for them. While the article points out that “you can get used textbooks dirt-cheap [online] at the sacrifice of a few rips on the cover,” it also states that content may be outdated or missing completely from older editions.⁶

When it comes to purchasing required textbooks, college students typically have three options to choose from:

1. Most Expensive
   Buying new copies of the latest editions at campus stores

2. More Affordable
   Purchasing used copies at campus stores

3. Most Economical
   Searching for used copies from various online retailers

For many financially strapped students, the choice would be clear — regardless of whether the publication was in fair condition, torn or outdated.

⁶Source: http://www.astateherald.com/textbooks-should-not-have-to-break-the-bank/article_b54600c3-577a-5448-82c2-bb9194bb9601.html
Next: The Cons of Purchasing Online

Although shopping online for course materials may save students money, the experience can also cost time and frustration because required books may not be in stock. Some professors share their pain. For instance, a professor at City Colleges of Chicago expressed her frustrations in a blog post aptly titled “No Books for You!” The post outlined her college’s decision to close on-site stores at each of the seven campuses and replace them with an online-only marketplace store. Students were asked to purchase books with vouchers — only for the books to be back-ordered. Students then had to make do with sharing the few books available or making copies for a price in the libraries. Making copies triggered concerns about protecting the publishers’ copyrights, and the library staff was overwhelmed by the demand for these textbooks on reserve.

Weeks into the semester, more than half of her students on one campus still had no books, prompting her to teach from memory and the Internet, and to make good use of the Blackboard learning management system. With the online contractor and the textbook publisher blaming each other for the problem, the professor noted, “the faculty, staff and students are [left] holding the bag.”

Granted, this is but one example of what can happen with online-only purchasing models, but it’s an effective illustration of a potential pitfall.

Money Matters
Online retailers and virtual bookstore giants lean heavily on school staff in different departments (i.e., marketing, operations, etc.) to help support their programs. This means that schools have to finance the support needed to help the online model work. This leads to many online marketers pointing to the bottom line and trying to define student savings — all while skirting the significant time and financial implications incurred by shifting responsibilities to school staff.

What’s New Is Old Again
Another issue can surface when it comes to buying older editions of a required textbook. Older editions may cost less, but they may or may not contain the same content as newer editions. Students may have to compare the two closely to determine if the content differs substantially and, if it does, whether the older version satisfies the professor’s course requirements. Further, students will have to confirm whether it is the correct edition when obtaining used copies online. When students purchase books in campus stores, they can correctly assume the edition is the correct one.

Students buying their textbooks online may encounter variations in shipping times and costs. “Although many online sellers allow refunds within 21 days of purchase (handy if you decide to drop a class), not all do,” one article stated.9 In fact, online pricing often includes not just the cost of the textbook and shipping but also a surcharge for each book, depending on the size of the book.

To help students, campus stores often provide consumer-friendly return policies, including some that provide a 100 percent refund if students return books shortly after classes begin. Additionally, returning books to a campus store is an easy transaction that does not involve shipping or waiting for refund checks or transfers.

Students often encounter even more challenges when buying or renting textbooks online, including:

• The inability to use financial aid or scholarships. Unlike campus stores, which are often integrated with school financial aid systems, students cannot apply financial aid or many scholarships to marketplace purchases.

• Problematic user experiences. Some online sites are just not user-friendly.

• In-stock issues. Students who order course materials online sometimes find that the textbook is out of stock, back-ordered or not available in sufficient quantities to match the number of students in the course.

9 Source: http://www.theheraldbusinessjournal.com/article/20140824/BIZ/140829869
## What to Look For in an On-Campus Textbook Provider

As the academic retail market evolves, college officials are trying to devise strategies that will provide students, faculty and campus stores with cost-effective, timely and practical solutions to the "textbook challenge." One of these methods is outsourcing to educational service partners or teaming with online retailers. While this tactic has its advantages, college officials should implement the following checklist to help them ensure that potential partners have these essential qualities:

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<th>EXPERTISE</th>
<th>Partner should be well established and known for the ability to successfully invest in proven academic resources and systems.</th>
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<td>PROVEN TRACK RECORD</td>
<td>Partner should be able to document the financial and service results that institutions expect as well as demonstrate existing relationships with hundreds of colleges and universities across the country.</td>
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| 3 | BROAD PROGRAM PORTFOLIO | Partner should offer a portfolio of programs that includes:  
  - A textbook rental program featuring a national assortment of titles that can be customized to specific campus needs.  
  - An order management system that connects all of the partner’s campus stores to maximize inventory availability, reduce and eliminate out-of-stock situations, and allow vendors to ship new products directly to customers.  
  - A suite of one-stop shopping tools for faculty and student academic technology needs:  
    - **Faculty**: A single-source program to simplify the identification and selection of all course materials and supplies.  
    - **Students**: Tools that enable them to buy materials seamlessly, including a portal through which they can access digital content in a single location. |
| 4 | ABILITY TO RETAIN THE COLLEGE BRAND | Partner should be able to strengthen, enhance and promote the ever-critical college identity. |
| 5 | INHERENT UNDERSTANDING | Partner should have similar personal insight and expertise that campus store staff regularly display as those things relate to familiarity with the institution, curriculum and faculty preferences. |
| 6 | ADDITIONAL POINTS OF COMPARISON |  
  - Number of books available  
  - Available services  
  - Connection to faculty  
  - Instant customer service  
    - Convenience  
    - Guaranteed in-stock  
    - Check-out assistance  
    - Help with answering questions  
  - Possible custom delivery programs  
  - Additional discounts on campus store items  
    - General merchandise  
    - Convenience items  

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Summary

The campus store industry has changed more in the last two years than it has in the last two decades. Institutions will need to address the issues caused by these changes — as well as stiff competition from the marketplace — in order for their campus stores to remain relevant and lucrative. By communicating with students and faculty to understand their concerns and preferences, college stores can devise an appropriate strategy for navigating the academic retail market. As a result, students will have access that they can count on for a broad range of affordable course materials in new or used printed and digital formats, for purchase or rent, all at their local campus store.
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