

The Real Cost of Textbooks— and Affordable Options for Students

Textbook sticker shock is all too familiar to college students. In fact, since 1978, textbook prices have risen a whopping 812 percent — more than double the increase of new home prices.¹ That means a textbook costing \$25 then would cost \$203 today.

A textbook
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\$25
in 1978
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On the surface, many students are surprised at the local costs of course materials per term. They often think that the materials are unaffordable, especially when layering in the reality of rising tuition bills. The good news? Options exist that can bring the price of course materials within students' reach. In fact, the actual costs are much lower than published prices when you consider alternatives such as rental and used book programs, and digital editions offered by the campus store.

This article briefly explains how the textbook industry works, why prices are what they are, and how campus stores can help leverage more affordable options.

The Industry At A Glance

The textbook industry is unlike any other for two main reasons: the concentration of its major players and its methods of making purchasing decisions.

Competition

Only five main textbook publishers control about 80 percent of the market — and competition among them is keen. To keep their edge, publishers introduce new versions every two to three years, even if the content hasn't changed much.

Purchasing Decisions

Typically, in order to increase the demand for new books over used books, publishers' sales teams present new material to the primary adoption decision makers — professors, not campus stores or students. Faculty members choose their materials based on content, quality and adaptability to the course. And while most faculty members care about the students' costs of those materials, professors cannot always put that factor ahead of content. Additionally, students may be reluctant to substitute similar materials that cost less because the students are unsure if there are differences in content, so they have limited purchasing options. And since retailers do not select the titles either, they cannot help keep the costs down by negotiating with the publishers.

¹BLS, Census Bureau as reported by Priceonomics.com
www.textbookspyder.com/faq-why-are-textbooks-so-expensive.php

Average Number of Course Materials Per Term

According to the National Association of College Stores, on average, students need six required course materials per term, and they spend an average of \$626 for required course materials per school year.² Of the six items, students purchase four of them, borrow or download one item and rent the remaining item.

Course Materials Per Term



PURCHASED ITEMS



**BORROWED OR
DOWNLOADED ITEM**



RENTED ITEM

²for the school year ending in 2013

How Is the Price of a Textbook Determined?

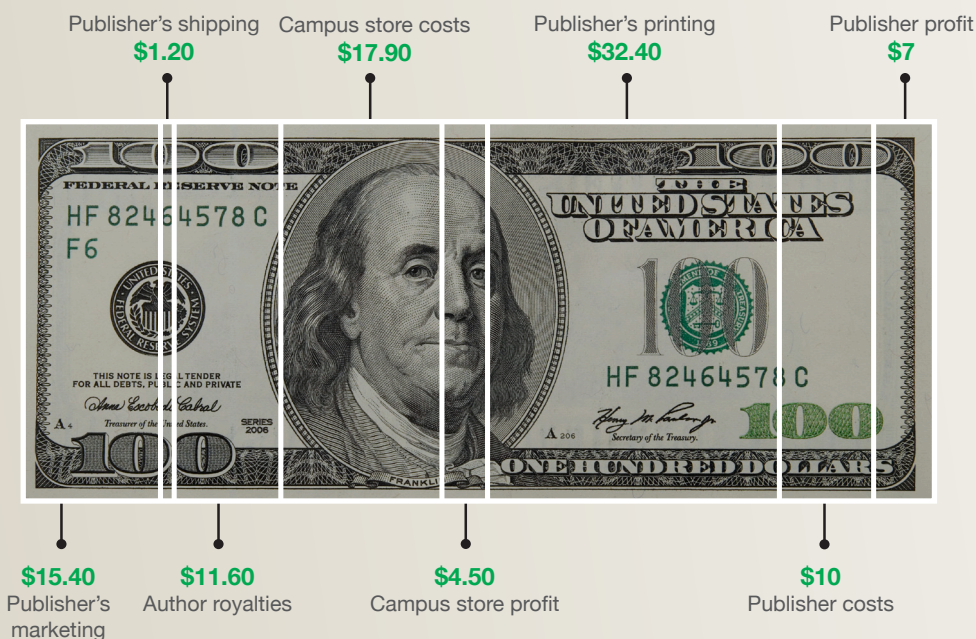
The publisher's role

A publisher's wholesale price (what they charge the campus store) includes author royalties, editing, proofreading, design, printing, shipping, marketing costs and profit. Added up, this equals 78 cents of every dollar spent on a textbook.

The campus store's role

Campus stores buy books directly from the publisher or from a wholesaler. Then the campus store increases the selling price usually between 25 and 28 percent. For every dollar spent on a textbook, the campus store gets 22 cents.³ Of the 22 cents, 18 cents goes to operating the store, which includes paying utilities and taxes. That 18 cents also needs to cover the payroll for the employees who help students find what they need and explain their course material program options. The remaining money — about four-and-a-half cents of every dollar spent on a textbook — is the campus store's profit.

Where the Money Goes on a \$100 Textbook⁴



³National Association of College Stores

⁴"Why Are Textbooks So Expensive?"
www.TextbookSpyder.com

How Bookstores and Faculty Can Help Students Trim Costs

There are many groups on campus that can play a key role in helping students spend less on course materials, starting with faculty members. They can work with their campus store to ensure that they are selecting titles with used and rental options to provide less expensive choices compared to the cost of new books. Professors can also take the simple but powerful action of making their course material selections on time. This simple step provides students with the widest variety of used and new books. And because the store knows which materials will be used again for the next term, students can usually expect a higher buyback price when it comes time to sell.

The campus store also plays an important role in helping students save money on materials by offering a variety of purchasing options. With a well-rounded program, students can decide if they want to:

Buy used books. The cheapest of purchasing options, this is usually the best way for students to stretch their dollars. Used books are cheaper than new, and students can sell used books again, getting cash back for their books at the end of the term.

Rent textbooks. Cheaper than buying, students don't need to worry about whether or not the right market conditions exist to get the best buyback price at the end of the term. If students want to purchase the items when the course is done, they can do so by paying the difference.

Download digital books. Students can rent digital books for varying periods of time and access content anywhere they go. Or students can purchase a digital book outright if they'd like to save the resource for future reference.

Sell new books. Students can enjoy clean, highlight-free content for the term, then sell the book back to the campus store at the end of the term. Buyback prices are highest if the book is in excellent condition, demand is high and inventory is low, and if the book will be used again for the next term. Students' buyback options are limited if the materials are custom titles or include an access code that only one student can use.



Comparing the True Cost of a Textbook

Because of a student's buyback options, the purchase price of a textbook isn't necessarily the cost that a student will ultimately pay. This chart illustrates four types of course materials with their purchase prices, less the buyback amounts, and shows the total cost for the student. The amounts are based on the assumption that the used book is in excellent condition and there is demand for the book, which is why the buyback price is a robust 50 percent of the original price.

COURSE MATERIAL	PURCHASE PRICE	BUYBACK AMOUNT	TOTAL COST
Rental	\$50	\$0	\$50
Digital	\$50	\$0	\$50
Used Book	\$75	\$37.50	\$37.50
New Book	\$100	\$50	\$50

Power to the Students

Campus stores provide students with several money-saving options to acquire the textbooks they need. Students can decide which factors are most important to them — such as ease (carrying a book vs. downloading a digital option), convenience (keeping the book vs. returning it or reselling it at the end of the term), types of books (new vs. used and possibly marked up) and overall savings.



Summary

As tuition-related costs continue to remain in the spotlight, so too will discussions about textbook prices. There are three key players determining the ultimate prices that students pay: faculty members, publishers and bookstores. With the publishing industry not showing signs of lowering their prices, the burden falls to the faculty members and the campus stores to offer some relief. To help students, faculty members can select titles with used and rental options. Professors can also order their course materials on time, which enables bookstores to manage inventories and offer the strongest buyback pricing. Campus stores can also create money-saving programs, such as by offering used and rental books. Options are plentiful. And when students take advantage of them, the real cost of their textbooks drops.

When professors make their course selections on time, the campus store can plan the appropriate inventory of new and used books — and students can usually expect a higher buyback price when it comes time to sell.