
Revealed: Textbook Industry Secrets, Tricks, and other Random Facts

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How much money have you spent on textbooks?

Sorry to bring up a sore subject, but this is the reality we face in dealing with what is one of the biggest complaints about going to college. Between high prices, new editions with little variation from the previous edition, and horrible buyback offers, the whole system sort of leaves you sick to your stomach.

Over the past few decades, the textbook industry has been consolidated into five major textbook publishing firms. Known as the "Big Five", these are corporations that have one thing in mind: profit. The industry is controlled by this handful of companies who employ many dirty tricks to protect their bottom line, some of which you will learn below.

Here you will read confessions from the industry, ploys used to maximize profits, and other things you may not know about the textbook business.

Confessions of the Textbook Publishing Industry

- The textbook industry hopes to go purely digital by 2020.
- Textbook publishers have a significant anti-piracy team that watches the major file sharing networks for copies of their textbooks.
- The cheapest "legitimate" way to get your textbooks is usually through Amazon. They also have free Amazon Prime memberships for college students, giving you free two-day shipping.
- Publishers make most of their money during the first semester or two a new textbook is on the market. After the first couple semesters, there are a good amount of used books on the market. This is why publishers release new editions every two to three years as used books only make the bookstores money.
- Since publishers get nothing from the sale of used books, it's in their best interest to eliminate the used textbook market. Stores that specialize in used textbooks (Barnes & Noble, etc.) make a killing without the expense of producing the text. When digital textbooks take over the market, publishers will have effectively destroyed the used textbook market.
- Textbook prices are high because there's a lot that goes into the production of textbooks. There's the process of writing the book, the research behind it (admittedly, much of which happens in early editions), quality control and editing, printing, shipping (books are heavy), supplements, sales personnel, etc. That also doesn't take into account the bookstore's cut, which is around 25%.
- The wholesale cost of a textbook goes to cover (in descending order) author royalties, paper, printing and binding, investments in editorial development and digital product development, marketing, instructor resources and support materials, general and administrative costs, and shipping costs.

Confessions from the College Bookstore

- How buyback pricing works at the college bookstore:
By the end of the semester, college bookstores know what textbooks will be used for the upcoming semester. Based on

previous sales and enrollment, they establish how many used books they want to have in stock for the next semester. If that quota hasn't been filled, they give students 50% of what they paid back. If the quota is filled, or the book isn't needed, that's when you start seeing the ridiculously low buyback prices being offered. These wholesale prices can be pretty low because of the shipping and labor costs of sending these extra books to the warehouse, which then get shipped off to another bookstore.

- If you are being offered wholesale prices, don't sell your books to the bookstore. Instead, wait until the next semester the book is being used. If you used the book for a fall semester class, wait until next fall to sell it. If there's a request by the professor to carry the book, you will typically get more money for your book. Do some research to see how long your edition of the textbook has been in print. If it's been three or more years or shows a new edition is in the works, sell the book online, as you'll usually get more money for it that way.
- Keep your book in the best shape possible. This really matters for getting the best price during buyback.
- Bookstores tend to make more money on used copies. Used textbooks are sold for about 75% of the new book price, after paying 50% for it during buyback.
- For new textbooks, college bookstores typically get their books directly from the publisher. Publishers establish the amount they charge the bookstores for each title. College stores then establish a retail price (the amount a student pays for the textbook). The difference between what the college store pays for the textbook and the amount they charge the student is called the gross margin. This gross margin is used to cover the personnel costs, freight costs, and other expenses related to operating the store (utilities, rent, etc.) The average gross margin on new textbooks is 22.3% , according to NACS' 2010 College Store Industry Financial Report.

Tricks of the Textbook Publishing Industry

- **Creating a Revised Edition**
Let's say a book is in its 5th edition and it's a commonly used textbook. Due to its popularity, the market is flooded with used copies. Instead of creating a new 6th edition, the publisher will create a "revised edition". Sometimes it is the same book packaged with some unnecessary supplemental material and they will force this revised edition out only a year or so after the previous edition to counter the sales of used textbooks.
- **Woo the Instructors**
As a sales rep approaching a professor, there are two ways to sell a textbook: have the best one or become friends with the professor. Once a book is published, sales reps can't control if it's the best or not, so they try to make friends with the professor. They flatter the professor by sending them free books, treating them to dinner and drinks, and calling them just to chat. Once a sales rep establishes a relationship with a professor, it becomes easier to influence their decision when choosing a textbook. This influence allows reps to steer professors toward the more expensive books, maximizing company profits and their own commission.

A former textbook representative sums it up best:

After an education convention we'd rent out part of a bar and pay the tab for several hours for professors. I once heard a marketing manager for McGraw-Hill bragging about a \$14,000 bar tab he paid while entertaining professors.

- **Getting professors involved with the creation of the book**
Publishers offer professors easy résumé boosters, often by getting as many professors involved in the creation of the textbook as possible. They pay professors to review their new textbooks. In exchange for reading a draft of a chapter, they get their name listed in the front of the textbook. It's something they can put on their résumé and a book they are more than likely to use because of their involvement.

- **Creating custom editions**
Publishers are trying to make it more difficult for students to sell their books by creating custom editions. These are textbooks created specifically for the school with chapters pieced together from the original text(s). The customization makes the book unique, therefore giving it no value outside of the school it was designed for. Because of the custom labeling, the book becomes difficult to sell. Customization also guarantees sales for the college bookstore, the only

source for the custom editions.

Custom edition example:

Here is the textbook *Technology In Action*, a Third Custom Edition for Riverside Community College (ISBN: 0558748139).

It contains Chapters 1 through 9, plus Chapter 11 (Chapter 10 is intentionally omitted) of the original textbook it was derived from: *Technology In Action*, 7th edition (ISBN: 0135096693). The content is exactly the same.

- Providing free goodies to instructors

Publisher reps will set up meetings with the course committee involved with selecting the textbook. At these meetings, sales reps cater instructors with lots of tasty sandwiches, salads, sodas, and desserts while they present the benefits and features of their textbook. The publisher will also offer free course and lecture material to entice the professor to adopt the textbook for their class. Providing these free Power Point presentations and lecture slides they can use in class means less work for the lazy busy professor.

- Bundle textbooks with supplemental material

Publishers are cutting deals with bookstores by providing discounts and other perks if they only stock new editions. To combat the used book market, they'll use tactics like shrink-wrapping a textbook with a study guide, CD-ROM, etc., so the bookstore has an excuse not to buy it back at the end of the semester.

- Requiring an access code for a homework website

To further counter used textbook sales, textbook companies encourage professors to assign homework that must be done on the publisher's website, or a website created specifically for the course. A student with a new textbook can use the pass code provided in the textbook to register on the homework site. Since these are one-time use codes, students with used textbooks are forced to pay for an access code in order to do their homework. These access codes are also sometimes sold by college bookstores, where students who have already purchased a used textbook pay upwards of \$50+ for what ends up being a piece of cardboard with an access code printed on it. This helps the publisher recover some of the lost revenue from used textbook sales.

Things you may not know

- Many university bookstores are actually operated by Barnes & Noble, Follett, etc. The advantage of outsourcing is the companies guarantee a certain amount of profits to the university per year.

- Science textbooks are among the most expensive because publishers have to stay on top of all the new findings in their respective fields and a lot of work go into that.

- Pro Tip: If your bookstore pre-bundles your books, by all means do it. At some bookstores, students can pre-order their books as soon as they have their class schedule. The bookstore will pull the books off the shelf and set them aside for you. When you show up to the bookstore during the first week of the semester, you just walk up to the desk and grab your books, while everyone else is dealing with the crowds.

- Textbook authors will typically receive a small monetary advance on royalties, and then receive 15% of all sales.

- Only 59% of students reported purchasing their textbooks through their college bookstore, according to a 2010 report.

- It doesn't matter where you bought your books, the university bookstore will buy them from you during buyback if they can.

- A study by CALPIRG found that the average time between textbook editions is 2.8 years, regardless of whether the information had changed since the previous edition. They also found that new editions are priced 12% higher than the previous edition.

What can you do?
Spread the word about open textbooks.

Sources:

- The Scandal Behind College Textbooks
- Confessions of a Textbook Salesman: An in-depth look at the seedy relationships between professors and textbook representatives
- Money Under 30: Confessions of a Textbook Salesman

- The Chronicle of Higher Education:
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- Reddit:
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