



BUILT-IN OBSOLESCENCE IMPACTS TEXTBOOK AFFORDABILITY *Publisher Merchandising Techniques Inflate the Cost of Textbooks*

EXECUTIVE SUMMARY

Textbook affordability is a growing concern. A number of publisher merchandising tactics, including shorter new edition release cycles, built-in obsolescence, and bundling, coupled with less timely faculty adoption rates are impacting the prices students pay for textbooks.

Over the years, publishers have changed educational strategies to enhance the content of the material contained in the textbook. This has included the development of tools and supplemental materials that are designed to support in-class learning and also homework assignments with the goal of further improving and enhancing the learning experience for students. Unfortunately, much of this supporting material comes in the form of tear out quizzes or problems, web access cards, and custom textbooks.

Publishers claim that since many students come to college unprepared, these additional tools enhance the learning experience. When these items add value for the student, enhance the students' ability to learn, or are used by the faculty as part of the teaching, they are warranted. However, all too often, these are simple examples of built-in obsolescence designed to market and sell more new textbooks.

Built-in obsolescence comes in various forms including 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 that are sold without binding and simply have holes punched for a three ring binder.

These textbooks are often promoted as saving students money and as an economical choice; however, when looking at the complete picture and including buyback into the financial equation, these textbooks cost students more and limit the number of used textbooks available.

As the following analysis shows, a strong used textbook program offers students an economical choice to textbooks and a solution that is often less expensive than custom edition textbooks and textbooks with added bells and whistles. Through this marketplace driven solution, college students can easily save up to 75% of their textbook costs by purchasing and selling textbooks through their local bookstore.

RIISING TEXTBOOK PRICES ARE IMPACTING THE COST OF HIGHER EDUCATION

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 told us that 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 new editions that are unnecessary, incorporating only small, insignificant changes that do not enhance the overall content of the textbook.
- 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 that 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 acceptable for everyone. However, when the tactic is employed to simply sell additional textbooks, it must be questioned.

THE CHANGING FACE OF TEXTBOOKS

Colleges are being asked to serve students with diverse learning styles and a wide range of preparedness and skill sets. At least 50 percent of the students who enter 2- and 4-year colleges drop out and only 54 percent of students who remain in college graduate in four to six years, increasing the costs and debts of individual students and pressure of campus resources.⁶ Due to these facts, publishers have changed educational strategies to enhance the content of the material contained in textbooks in an effort to help students and faculty improve success rates in higher education. This has included the development of textbooks that contain material that can be torn out during the term, websites to enhance learning and help with homework assignments, and custom textbooks.

For instance, at the University of Alabama, the passing rate for students taking an intermediate algebra class doubled from 40 to 80 percent after the class was redesigned to rely more heavily on publisher-produced supplemental materials and instructional software.⁷ The addition of supplemental materials made a difference for this course, however, all too often; these additional materials are simply designed to market and sell more new textbooks. They do not add value to

¹ GAO Report, July 2005

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

³ Harris Interactive study of US college students, April 2005

⁴ Harris Interactive study of US college students, April 2005

⁵ Harris Interactive study of US faculty, April 2005

⁶ What Everyone Should Know About College Textbooks, American Association of Publishers

⁷ What Everyone Should Know About College Textbooks, American Association of Publishers

the student but eliminate the availability of used textbooks, driving up the cost of textbooks from 40 to 80%.

Custom Textbooks

Custom textbooks are emerging as a popular solution on many campuses to the issue of textbook affordability. These textbooks are customized for a particular faculty member or campus and may include only select chapters from the original textbook, faculty member notes, and articles. In this case, the faculty member should be applauded for their efforts. The instructor is working to improve learning by providing students with a textbook that will enhance the course and is often then re-adopting it for future terms creating the opportunity for used textbooks. These custom textbooks make a difference and are important to learning.

In some instances, however, the only custom portion of the textbook is the inclusion of the institution's name and logo on the textbook. In these instances, un-needed customization must be stopped. The publisher works with the institution to develop the textbook that is often branded just for that institution and offered at a lower price than the traditional textbook.

According to A Report of the Advisory Committee on Student Financial Assistance, May 2007, entitled, *Turn the Page Making College Textbooks More Affordable*, custom publishing is one of the fastest growing areas in the industry. Draw backs to custom textbooks include the fact that that have little on no buy-back value and that such books can only be created currently from the materials of one publisher, rather than from multiple publishers.

Buyback Implications

Custom textbooks are often touted as less expensive than the traditional textbook; however, when buyback is factored into the equation, the custom textbook is often more expensive. When a custom textbook is produced, it is also important that the faculty member considers what the student will receive for that textbook at the end of the term when selling it back to the bookstore. To calculate the true cost of the textbook, the student must subtract the amount received at buyback from the purchase price. Potential scenarios include:

Scenario 1: Custom textbook is re-adopted on campus for use the following term.

In this scenario, at the end of the term during buyback, the bookstore would pay the student up to 50 percent of the cost of the new textbook. If the student paid \$50 for the custom textbook new, the bookstore would buy it back for \$25 making the true cost to the student only \$25. This would also allow for a supply of used textbooks to be available the following term at a reduced rate of approximately \$38.

The cycle would continue with the bookstore buying back the textbook as long as it is adopted on that campus for use the next term, however, unlike a traditional textbook, once that campus no longer uses the textbook, it will not have value through a wholesaler resulting in the final student receiving nothing for the textbook during buyback. If it is a case where just the institution's name and logo were added, had the textbook remained in the traditional format it may be used by another institution, therefore, the student would receive wholesale value for the book even though it is not being used on the students' campus next term.

Scenario 2: Custom textbook is used for only one semester.

When the custom textbook is not re-adopted the following term for use on the campus, the student receives nothing for the textbook at the buyback counter. This makes the true cost of the textbook the same as what the student paid at the start of the term. It also means that each time the course is offered, students must purchase a new textbook – no used textbooks are available. Referencing the example in scenario one, the true cost of the textbook would be \$50.

The downside for many students is that the traditional form of the textbook may be used at a number of other institutions but since the textbook was designed specifically for their institution, the bookstore is unable to offer students wholesale pricing for the textbook.

In many cases, when the buyback value is factored into the equation, the traditional textbook is typically less expensive than the custom edition. For example, the traditional textbook might sell for \$75 new compared to the custom edition that sells for \$50 new. The student receives \$37.50 for the book when selling it back to the bookstore – making the true cost of the traditional textbook \$37.50. The traditional textbook is \$12.50 less than the custom edition which started out being the better option. This also provides a supply of used textbooks that would be sold at \$56.25 for the next semesters' students not including the return at buyback – offering the students an even better value for their dollar.

Custom Textbooks Making the Grade

When a custom textbook is developed to enhance the learning process, there is great value in creating the textbook. This requires the faculty member to actively participate in the development of the textbook and to also commit to re-using it for future terms, thus, guaranteeing the student buyback value at the end of the term – these textbooks are a good solution for students and we support the development and use of textbooks when these factors are considered.

For example, biology professor, Craig Martin, at the University of Kansas understands the importance of actively negotiating with publishers and re-using custom textbooks for multiple terms. Martin recently sent two publishing companies into a bidding war to print the textbook for his course, "Principles of Biology." The driving force behind Martin's actions – his belief that the average new textbook price of \$95 was too high. After substantial negotiation with both publishers, Martin settled on an agreement with one publisher to create a custom textbook. He agreed to use the textbook for the three subsequent fall semesters that he taught the course and the publisher agreed to a final price of \$47. Plus, with the used buyback component added to the equation, the net cost of the textbook is \$23.50.

The textbook is a custom edition for use only at the University of Kansas. However, Martin's "Principles of Biology" course has nearly 1,000 students each semester. Therefore, the first semester alone, each student saved \$48, a total savings of approximately \$48,000 when looking at the entire student base that year. And, since the professor agreed to use it again in following semesters, students will be able to sell back the textbook at the end of the term to re-coup a portion of the \$47, making the true cost of the textbook only \$23.50. That also means that used textbooks will be available for students during the next term, giving them the option of purchasing the new textbook at a savings over the standard rate or purchasing a used textbook at an even greater savings.⁸

There's no question that this custom textbook was a win-win for the students and the institution.

Custom Textbooks Not Making the Grade

On the other side of the equation, are the custom textbooks that are created to simply increase the demand for new textbooks and limit the sale of used textbooks. In these cases, the only change between the standard textbook and the custom version is the cover and a few introductory pages where the textbook has been branded with the institutions' name and logo.

⁸ Biology Professor Bargains with Publishers for Low Textbook Price, The University Daily Kansan, September 5, 2006

One example of this type of textbook is *Decisions for Healthy Living* (1st edition; Pearson Benjamin/Cummings – ISBN: 0-321-10671-7). A custom edition of the textbook was produced for Virginia Polytechnic Institute and State University (ISBN: 0-536-12970-3).

The difference between the custom version and the standard textbook was the addition of a chapter, at the end of the textbook, taken from the Personal Health Handbook. According to students, the teacher assistant did not require nor use the chapter for the course. The custom version was not a value-add to the overall learning experience for the students since it was not used to enhance the course. In addition, the cost of purchasing the custom textbook was slightly higher than purchasing the standard edition – not including the additional savings the student would have received for the textbook at buyback.

Custom Edition Textbook
Decisions for Healthy Living
ISBN: 0-536-12970-3
New retail price: \$65.17
Used retail price: \$48.88

Standard Edition Textbook
Decisions for Healthy Living
ISBN: 0-321-10671-7
New retail price: \$63.05
Used retail price: \$47.30⁹

Built-In Obsolescence

Built-in obsolescence comes in various forms including 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, and textbooks that are sold without binding and simply have holes punched for a three ring binder. As with custom textbooks, there are instances with the web access card, or the quizzes added to the textbook, add value for the student. When this is the case, creating a textbook that very specifically supports the student's learning is appropriate. However, more often, the textbook is being created to include these materials as a means to force students to buy new textbooks, limit the value of the textbook and reduce the return the student receives at the buyback counter.

Buyback Implications

Much like custom textbooks, publishers are promoting loose-leaf books and the addition of quizzes or problems, as a means to save students money. These textbooks are often less costly than the standard textbook, however, when buyback is figured into the true cost of the textbook, these options often end up being the more expensive solution.

When quizzes or problems are added to a textbook and then torn out and used by the student, the textbook holds no value at the buyback counter. The same is true for web access cards and loose-leaf textbooks. The student is unable to re-coup any of their investment and future students are forced to purchase the textbook new.

The Promise and Performance of American Democracy (ISBN: 0-495-31573-7) is one example of a textbook that contains built-in obsolescence. This custom edition of the textbook was produced for Political Science 100 Keller Plan at the University of Nebraska, Lincoln. This custom textbook includes a syllabus specific to the course along with a tear-out acknowledgement form that must be turned into the professor to receive your final grade in the course. Since the textbook contains a tear-out acknowledgement

⁹ Pearson-Oasis Price & Availability (Password Protected Website)

form that is required for the course, the bookstore is unable to purchase the textbook back from the student during buyback this forces the student to purchase only new textbooks. In the case of this textbook, the introductory message from the professor states that the custom textbook is being used to save students money; however, when buyback is factored into the equation, the standard textbook is less expensive.

Custom Edition Textbook

The Promise and Performance of American Democracy

ISBN: 0-495-31573-7

New retail price: \$58.50

Used retail price: N/A

Standard Edition Textbook

The Promise and Performance of American Democracy

ISBN: 0-534-64315-9

New retail price: \$64.15

Used retail price: \$48.11

It is also not uncommon for the faculty member to receive a royalty for using a custom publication. In the above example, Kevin Smith, Keller Plan Director, states in his cover memo which is included as part of the textbook, that “the department also gets royalties from these sales. We use these monies to fund various undergraduate activities at the discretion of the chair.”

All of these types of textbooks cause the students to lose 100% of their investment at buyback. They may appear at first glance to save the student money, however, in the end; these textbooks are more expensive and end up costing the student extra.

USED TEXTBOOKS OFFER A MARKETPLACE SOLUTION

A viable solution to making textbooks affordable for students is creating a solid used textbook program on every campus and reducing other sales techniques deployed by publishers to limit the availability of used textbooks.

The Economics

Ensuring students are able to purchase their 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.

Used textbooks have been for years an economical choice for students. In fact, college students can easily save up to 75% of their 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

Creating a strong used textbook program on every campus involves:

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 that 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 the 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 that are sold without binding and simply have holes punched for a three ring binder. All of 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 that 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—costs are a 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. 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.

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 new editions, unexpected bundling of course materials, built in obsolescence, and slower faculty adoption rates. 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 reducing other sales techniques employed by publishers to limit the availability of used textbooks.