



National Association of College Stores
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FAQ on College Textbooks

What's the college store's margin on new textbooks?

The average gross margin on new textbooks is currently 22.4% according to the 2003 College Store Industry Financial Report, by the National Association of College Stores [NACS]. This margin has remained constant since 1998.

What does the average textbook cost?

Since textbooks prices often vary according to academic subject complexities, it is difficult to determine an average cost. The College Board has reported that student expenses for books and supplies average \$832 during the 2004-2005 academic year.

How has textbook pricing changed over the past five years?

College store margins on new textbooks have remained steady since 1998. At the same time the Producer Price Index [U.S. Dept. of Labor, Bureau of Labor Statistics] for college textbooks has increased each year at a rate that outpaces that of the Core PPI (finished goods less food and energy). The PPI measures the cost of commodities prior to the retail level, where margins would be added.

	<u>Core PPI</u> <u>% Change</u>	<u>College Textbooks</u> <u>PPI % Change</u>	<u>Stores' Gross Margins</u> <u>On New Textbooks</u>
1998	0.9%	3.3%	22.0%
1999	1.7%	5.5%	22.3%
2000	1.3%	5.4%	22.8%
2001	1.4%	7.8%	22.7%
2002	0.1%	6.4%	22.9%
2003	.03%	7.4%	22.4%
2004	0.3%*	5.9%**	-

***Year to Date, September 2004**

****Year to Date, April 2004**

How do college store margins compare to average retail margins?

It's important to remember that college stores are not traditional retailers. College stores are unique in that they do not select the bulk of their inventory (textbooks). Also, because college stores are service driven, they attempt to provide the lowest possible prices for students as opposed to trying to make the largest profit.

Still, the Annual Benchmark Report for Retail Trade and Food Services: January 1992 through March 2003, by the US Census Bureau, US Department of Commerce, April 2003, [Table 7, page 41] estimated annual gross margin as a percentage of sales by kinds of retail business range from 25.0 % to 42.9%.

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What do college stores do to keep the cost of textbooks as low as possible?

College stores purchase and retail textbooks that faculty members have chosen based on class needs. Working within this higher education process, they strive to provide the best value to students by acquiring and selling as many used textbook titles as possible and often consult with faculty to investigate the best values for their course selections.

How do college stores benefit students and/or the campus?

- **College stores support the academic mission of the institutions they serve by ensuring that the correct editions of textbooks selected by faculty members are available to students.**
- **When the same title and edition will be used the next term, stores will buy copies back from students (in a quantity based on expected enrollments) in order to provide used texts for the next class. This practice helps save students money.**
- **The most common practice for institutionally operated college / university bookstores is for store revenues to stay “on-campus.” These revenues are typically used to further support students needs.**

What percentage of students buys textbooks online?

In spite of the attention paid to online sales of books and course materials, only 12.14% of students report that they generally shop for them at bookstore web sites and even fewer shop at general retail websites. – Student Watch Vol. 11 *Student Buying Habits: Textbooks and Course Materials*, p. 12, Fall 2003.©

How are college stores responding to online competition?

- **The majority of college stores support their student customers with web sites offering the same round-the-clock convenience of the national online-only sellers, but with all the course materials their students need and not just the best-selling or large adoption titles.**
- **Many college stores offer textbook reservation services where students can go online, enter their student identification, receive their list of books, select which ones they want to purchase, and pick them up at the store or have them delivered on campus.**
- **College stores are partnering with campus libraries and classroom / course material management companies like BlackBoard and WebCT to provide access to content as more and more educational titles are digitized.**

How can the same textbook, or a virtually identical textbook, be less expensive to buy over the Internet from an overseas supplier than through a U.S. college store?

The lower prices are available overseas because U.S. publishers have sold these titles to wholesalers and retailers abroad at prices that are greatly reduced in comparison to those available to U.S. college stores.

What is the National Association of College Stores' (NACS) position on the practice of publishers selling foreign distributors textbooks at prices significantly lower than those available to U.S. college stores? What is NACS doing to address this problem?

The Internet has made it possible for foreign wholesalers and distributors to pass along lower prices on textbooks to U.S. consumers, placing them in direct competition with U.S. college stores. NACS believes that the sale of textbooks abroad at greatly reduced prices further adds to the distrust and frustration of U.S. college students regarding U.S. college bookstore prices and college and university booksellers are increasingly forced to explain and justify the price differential, even while they are unsure why the price variation exists.

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NACS has called upon U.S. publishers to take immediate action to stop this practice. There is no defensible basis for the sale of identical or virtually identical college textbooks to foreign wholesalers and retailers at prices significantly lower than those available to domestic wholesalers and retailers. The practice harms college stores and the students they serve.

NACS is prepared to work with the publishers in appropriate and legal ways to address these issues and to reduce new textbook prices for students in an effort which will benefit publishers, college stores and college students.

Other Information Resources

American Booksellers Association
828 South Broadway
Tarrytown, NY 10591
(914) 591-2665

<http://www.bookweb.org>

American Council on Education
One Dupont Circle NW,
Washington DC, 20036
(202) 939-9300

<http://www.acenet.org>

The Book Industry Study Group
19 West 21st Street, Suite 905
New York, NY 10010
646-336-7141

<http://www.bisg.org>

R.R. Bowker
The Book Industry Resource
630 Central Ave.
New Providence, NJ 07974
(888) 269-5372

<http://www.bookwire.com>

The College Board
45 Columbus Avenue
New York, NY 10023-6992
(212) 713-8043

<http://www.collegeboard.org>

Consumer Price Index
U.S. Bureau of Labor Statistics

<http://www.bls.gov/CPI>

Producer Price Index
U.S. Bureau of Labor Statistics

<http://www.bls.gov/PPI>

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