Why Students Are Leaving The College Bookstore

The Secret to Winning Them Back

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1. The leader in online bookstore + marketplace services for educational institutions.

2. An olive grove outside of ancient Athens named for a Greek war hero. It is the site where Plato founded his famous school of philosophy and is the source of the English word “academy.” Akademos is often thought of as the birthplace of Western philosophy, scientific reason, and some of our most cherished ideas about justice and the free exchange of ideas.
Introduction: Declining Textbook Sales and Fewer Students Buying

A 2015 survey of college and university CFOs provides quantitative support for a common observation seen across campuses throughout the country — **that students are leaving the school-sanctioned college bookstore at an accelerated rate each year**. 91% of survey respondents indicated that their institution’s textbook sales have been flat or down over the past three years, with a 36% increase in CFOs reporting declines of more than 10% compared to the same question asked in a survey conducted in 2013.

![BOOKSTORE TEXTBOOK SALES OVER THE PAST THREE YEARS](image)

In the same survey, **93% of college CFOs reported that students are turning away from the campus-based bookstore and shopping elsewhere**; a trend that has grown 17% in the last two years.

This data highlights the growing movement of students abandoning the campus bookstore and spending their textbook dollars elsewhere. While this trend is not a shocking revelation, the answers to why this is the case and what institutions can do to win back their students are less obvious, yet extremely important.

This white paper will explore these questions in detail, provide institutions with a roadmap, highlight key elements for **how to win back students to their school-sanctioned bookstores**, and discuss why it’s important for both students and institutions.
Why Students Are Leaving

There are several reasons why students are leaving the school-sanctioned bookstore, but the most prominent is the ability to find lower-cost textbook and course materials elsewhere. Third-party online providers are the primary source of lower pricing and typically provide students with greater availability of low-cost options like used textbooks, eBooks, and rentals. The competition from these third-party online providers is a major concern for the viability of campus bookstores.

Price

According to the 2015 research study of college and university CFOs, 85% of respondents indicated that price is the primary reason students bypass the college bookstore; an 8% increase compared to the 2013 survey.

It’s no secret that students across the U.S. are agitated by the cost of textbooks and are seeking lower-cost materials whenever possible. In a recent interview, when asked “Is there anything you dislike about going back to school?”, one student articulated the sentiment felt by many students by responding, — “Expensive textbooks!”

Recent studies have shown that, in addition to purchasing outside of the school-sanctioned bookstore, many students are opting to not buy any or all textbooks for at least one of their courses due to these high prices. This leads to students being less prepared for class, which in turn negatively impacts their academic performance. According to the U.S. PIRG Education Fund and the Student PIRGS’ Fixing the Broken Textbook Market report, 65% of surveyed
colleges students said that they had decided against buying a textbook because it was too expensive. The survey also found that 94% of students who had foregone purchasing a textbook were concerned that doing so would hurt their grade in a course. Additional studies show that many students are selecting courses based upon the cost of the textbooks. Left unchecked, these factors may undermine the fundamental mission of educating students for many colleges and universities.

While the 2015 CFO survey pointed to price as the dominant reason for students shopping elsewhere, an increased number of respondents indicated “convenience” and “more inclined to purchase online” as primary factors driving students to purchase outside of the school-sanctioned bookstore. For example, the number of respondents citing “convenience” as the primary reason almost doubled in just two years (from 4% to 7%).

**Convenience and Purchasing Online**

Through enhancements in technology and mobile accessibility, online shopping has significantly accelerated over the past few years as seen through both daily observation and research analytics. It’s becoming more apparent that consumers are demanding the ability to buy at any time, from anywhere. According to a 2015 eMarketer report, eCommerce is estimated to hit 9% of total retail sales this holiday season ($79.40 billion in total), up from 8.3% last year.

These online transactions are not only done through desktop purchases; eMarketer estimates that by the end of 2016, 25% of all retail eCommerce sales in the U.S. will take place via mobile devices (smartphones and tablets). Mobile shopping is gaining strong momentum among U.S. consumers; a 2014 Nielsenzon report highlights that more than four in five (87%) smartphone and tablet owners say they use these devices for shopping, which is up 8% from 2012. While the data doesn’t split out the higher-education student population, a separate Nielsen 2014 smartphone study reveals that 85% of the U.S. population aged 18–24 are smartphone users, making these eCommerce trends even stronger and more prevalent for such a tech-savvy demographic.

Third-party online providers with easy-to-access and easy-to-use shopping experiences across desktop and mobile platforms are pulling students away from the on-campus bookstore, a trend that will continue to accelerate as smartphones and tablets make mobile shopping easier.
How to Win Them Back

While many students are leaving for third-party online providers, it doesn’t mean that the campus bookstore isn’t well positioned to win them back. A school-sanctioned bookstore has many potential advantages over non-affiliated third-party providers, including:

- The ability to be personalized for each student
- The ability to ensure the student is getting the right book
- The ability to provide format variety and choice on the full required book list
- The ability to provide payment flexibility, including the utilization of financial aid
- The ability to provide low-cost options and competitive buyback programs
- The ability to seamlessly transition to eLearning and new digital course materials
- Real-time reporting of sales and student buying/utilization analytics
- Greater visibility into the correlation between course material costs, sell-through rates, and ultimately academic success

Although recent trends show that overall students are continuing to leave the school-sanctioned bookstore, there are a number of institutions that have done a great job satisfying their student population and winning them back. While these institutions vary in size and geographic location, the one common theme is that they have all made the transition from thinking about the bookstore as a pure retail shop to a best-in-class student service that delivers upon their unique needs and key priorities.

In the following pages we will provide a roadmap for transitioning the traditional college bookstore into a one-of-a-kind student service to assist in driving significant gains in student satisfaction and bookstore utilization for colleges and universities — and detail two important components of this strategy:

1. **Offering a compelling school-sanctioned eCommerce solution**

2. **Repositioning the campus bookstore into a unique, high-value retail center**
Offering a Compelling School-Sanctioned eCommerce Solution

A key component in providing a best-in-class student service and competing against third-party providers is offering a compelling school-sanctioned eCommerce solution. An online solution with a unique combination of accessibility, personalization, convenience, value, and lower costs – something that popular third-party online retailers can’t match – can greatly assist in winning back students to the school-sanctioned bookstore.

In addition, a school-sanctioned eCommerce solution provides the ideal platform for an institution to seamlessly support the transition of instruction to eLearning and other digital course materials — whenever the time is right for either the entire college or even individual departments and classes.

Key Elements of a Best-in-Class School-Sanctioned eCommerce Solution:

*Providing Students with Lower Cost Textbooks Options and Formats*

Since 1978, college textbook prices have grown 945%, increasing 3.5x times faster than the Consumer Price Index (CPI).

![Annual Percent Changes from 1978 for College Textbooks, Medical Care, New Home Prices, and the CPI through 2014](image)

As textbook prices continue to increase, students will continue to leave the school-sanctioned bookstore in search of more affordable pricing. A school-sanctioned eCommerce platform can assist institutions in lowering the cost of course materials and reverse textbook sale declines for their college bookstores.
An eCommerce platform has the ability to **provide an institution with greater supply and deeper coverage across used books, rentals, and eBooks**. These more affordable options will drive down the average book cost and offer students the ability to select the format they prefer most for each individual class.

**A peer-to-peer used-book marketplace is a critical component of providing lower costs and ultimately a world-class student service.** A peer-to-peer marketplace allows for students to have direct access to thousands of sellers, making for the widest range of choices available for purchase at the lowest possible prices. A marketplace also provides students with an opportunity to sell back textbooks at the end of each term, earning back some of their textbook expenditure. A large marketplace offering can save students up to 60–70% off the list price of a new textbook and act as a catalyst for significantly reducing average prices for an institution.

In addition, using an eCommerce platform has allowed some institutions to better optimize campus real estate and the space allocated to the campus bookstore. By selling textbooks through an eCommerce platform and eliminating some of the operational complexity and expenses of supplying a full inventory of books in a campus bookstore, colleges are in a better position to pass those savings onto students, helping to make high-quality textbooks and course materials more affordable.

**Providing a Personalized Shopping Experience for Students**

A best-in-class online bookstore solution should fully integrate with an institution’s SIS platform to allow for a personalized shopping experience for each individual student. When a student logs into the online bookstore using their school credentials, they should have the ability to see only the courses they have registered for that term and the corresponding required and optional course materials.

With this deep personalization, it should take a student no more that 5–10 minutes to complete their textbook purchasing process for the entire term. The SIS integration also ensures that a student is acquiring the correct version of the textbook and eliminates the need for confusing ISBN searches at third-party websites. By eliminating purchasing barriers and making the process much faster and more accurate for students, colleges and universities can drive significant gains in student satisfaction and win students back to the school-sanctioned bookstore.
Providing Flexible Payment Options and Financial Aid Integration

Integration that provides students with the option to seamlessly apply financial aid to their textbook and course material purchases across all textbook formats (new, used, rental, or eBook) will also play a huge role in increasing student satisfaction. Combining an easy-to-use, customized shopping experience with seamless financial aid integration for real-time payments is a winning formula to help bring students back to the school-sanctioned bookstore and ensure they are purchasing course materials in a timely manner.

The online bookstore should also provide the flexibility to use all other payment vehicles (e.g., all major credit cards, debit cards, school-specific private label payment cards, etc.) and allow students to combine payment vehicles across a single order if necessary (e.g., a portion of the purchase made with financial aid and the balance with a credit card). A school-sanctioned eCommerce platform that can accept multiple payment options and combine payment options across a single transaction will provide a key point of differentiation versus third-party online retailers for their students.

Providing the Ability to Order Anytime, Anywhere (Mobile Optimization)

As online shopping trends accelerate at rapid rates each year, so will demands for compatibility with new technology.

Thus, it is critical to provide students with the ability to place orders through an online bookstore that is optimized specifically for smartphones and tablets, in addition to desktop computers.

With this functionality, students will be able to easily purchase their materials from any device, at any time – meeting the demands of the 18–24 year-old demographic and providing for unparalleled student service.
Providing Seamless Support for eLearning and New Digital Course Materials

A key advantage to implementing a school-sanctioned online bookstore solution is the flexibility the platform provides an institution in supporting the transition of instruction to eLearning and other digital course materials, regardless of when a school is ready to make this transition.

The online bookstore should not only provide commerce capabilities, but can provide a consistent solution for how students can acquire, authenticate, and access any of their digital learning materials for each individual class. Having this capability will remove the operational complexity associated with utilizing digital course materials and make the transition easier for students, faculty, and administrators.

Provide Flexible Shipping Options

With an easy-to-use eCommerce solution, students should also have flexible shipping options. Students should be able to have their books shipped to a home address, dorm room, or campus pick-up location. In addition, a best-in-class service provides students with the tools necessary to compare shipping options across different price points and delivery timeframes to make it easy for them to determine which option best fits their needs.

Access to Real-Time Reporting of Sales and Student Buying/Utilization Analytics

A school-sanctioned online bookstore should be positioned as a source of valuable reporting, insights, and analytics for an institution — data that cannot be obtained as students migrate to third-party providers.

Through real-time sales reporting and student utilization analysis across classes, departments, or entire schools, institutions can gain greater visibility into the correlation between material costs, sell-through rates, and academic success.

Sales analytics can provide insights into the quality and price/value relationship of various learning materials, while assisting in the review of textbook affordability and its role in student success. With proper reporting, visibility, and data analytics, your bookstore should transform itself from a traditional retail shop into an important student service helping to improve learning outcomes and academic success.
Repositioning the Campus Bookstore into a Unique, High-Value Retail Center

For many institutions, the college bookstore is an integral part of the campus experience for students, faculty, administrators, parents, and alumni. Maintaining a vibrant and thriving college retail shop is important for almost all campus stakeholders, but has become increasingly challenging as competition from third-party online providers has intensified and students are leaving the school-sanctioned bookstore in search of better pricing on their textbooks and course materials.

Repositioning and transforming the campus bookstore into a unique, high-value retail center is a critical step in providing a best-in-class student service and winning your students back.

A strategic partnership with an eCommerce solution that provides textbooks and course materials to students online is an important step in developing a one-of-a-kind student service to drive significant gains in student satisfaction and bookstore utilization. It also allows for the on-campus store to be repurposed to offer higher-margin, higher-growth items or to be used for other strategic purposes by the institution.

Since every campus is unique and faces a unique set of challenges with different priorities, the ideal solution for repurposing and repositioning the campus shop can vary widely by institution, but generally falls into 4 segments.

Segment #1 — No longer supporting an on campus shop (selling textbooks and course materials exclusively online)

This has been a popular solution for many institutions where space is at a premium (like urban campuses) or institutions that factor the cost of rent (and/or opportunity cost) into the operating budget of running their on-campus shop.

Institutions can strategically convert this space into additional classrooms, a food-service area, or other student services. If the space is leased, colleges have been able to save on the rent and allocate this cost to another part of the operating budget.

Segment #2 — Campus shop sells merchandise only (selling textbooks and course materials exclusively online)

Over the past couple of years, many institutions have converted the campus bookstore into a merchandise-only campus shop. Using this model, they are able to drive down the cost of
course materials for students, but maintain a campus presence to sell merchandise and college spirit shop items.

With this model, colleges have the flexibility of deciding whether to use the current space or reduce the required footprint. It also allows schools to expand the amount of merchandise carried in the store and add many higher-margin items that can significantly increase the store’s profitability.

Segment #3 — Campus shop for merchandise with a limited supply of required textbooks and course materials (online solution supports full adoption list and textbook affordability)

This model provides many of the benefits of a campus shop for merchandise only, but allows the college/university to support last-minute or same-day student purchases for the classes with the highest enrollment.

This model can support institutions that have a significant number of students who register late for classes and whose faculty requires students to come prepared the first week of class with their required course materials.

The downside of the model is that space is still required to support this limited inventory. It is also more operationally complex since this inventory needs to be coordinated with online availability. However, the full adoption list is still supported online and textbook affordability supported through the significant inventory of lower-cost course materials offered via the online school-sanctioned bookstore.
Segment #4 — Campus shop carries the traditional textbook inventory and offers an online solution to support full adoption list and maximize textbook affordability

With this model, an institution augments its current campus bookstore with an integrated online offering to maximize textbook affordability and provide students with a competitive alternative to third-party websites.

This option provides students with a significant number of buying options and channels, but is operationally the most challenging, as textbook inventory needs to be closely managed across two outlets. It also makes it more difficult for an institution to repurpose space to offer additional higher margin merchandise and unique services for students.

How to Make the Transition

These various bookstore models can work across many different types of colleges, but there are some different factors to consider when making the transition to ensure an institution is meeting its goal of creating a best-in-class student service. The following section will provide a few tips for repositioning the campus bookstore into a unique high-value retail center for your campus community.

Create a vision for your new store

The first step in repurposing to a new store is building a vision. What should the college store of 2015–2020 look like to best support today’s students? Research from the National Association of College Stores (NACS) promotes the concept that the store of 2015 is less like a bookstore and more of a multiservice retail center. To stay relevant and profitable, stores are adding services and incorporating new products to get students to shop more often.

To help build this vision, enlist your marketing and communications departments to get input from students, staff, and other key stakeholders on campus. Conduct surveys and focus groups with student organizations/clubs to gain valuable insights or use a consulting firm to conduct deeper analysis. Lastly, study your current sales performance.

The data and information gathered from this research; discussions with other institutions; and input from staff, students, and your community will allow you to create a vision for your store that can best balance your revenue goals and satisfy your customers.
Add new potential services

Next, evaluate new services that could add value and drive incremental traffic to the bookstore. There are a number of potential services that could be added to your campus store that will facilitate your transition to a high-value, high-growth student service. Incorporate existing services that can be brought into the space to create greater efficiencies: a coffee bar, convenience food items, cyber café with computer/charging stations, tech assistance, and even banking services are all options that will generate higher-margin revenue and traffic.

In addition to adding revenue services to your on-campus store, integrating promotional links onto your online bookstore website can build revenue with each click. Many retailers such as Apple, Dell, Journey Ed, Jostens, and Bed, Bath & Beyond offer referral programs that can drive incremental revenue.

Offer new products that generate revenue

Consider products that will build your brand and generate revenue. If you are eliminating most of the textbooks from your store, the space gained will provide a great opportunity to offer products with higher margins that generate more revenue.

According to the College Store Industry Financial Report 2013 by the National Association of College Stores, the margin on textbooks was 21%, with an average expenditure per student of $370. Compare this to the 45% to 50% margin on supplies and you only need an expenditure of $164 per student to breakeven (expenditure on supplies in 2013 was $193.). Moving more sales to these higher-margin items can have a significant impact on the campus shop’s bottom line. Considering this and the opportunity for even larger margins on apparel and food,
it makes financial sense to optimize the physical space in the store to add more supplies, apparel and auxiliary services.

Build loyalty and connect with your customers by offering products that fit in with the lifestyle of your campus. Items that are focused on athletics, Greek life, and specific majors will drive frequent traffic. These groups will have an interest in products and apparel that net you twice the margins and can now be offered in the space previously used for textbooks.

Learn what model is right for your institution

As previously referenced, there are a few different models that can work in repositioning the campus bookstore as a unique retail center and there are many things to consider in deciding which model is right for your institution.

Many times, the perceived notion that some textbooks must remain in the campus store to best serve students’ last-minute needs is not really a necessity at all. Instead, you may want to ask your eCommerce provider to ship a small stock of course materials for the most highly enrolled courses to your campus shop for a term or two, until students realize they can receive everything on-time from the online store. This allows students greater purchasing flexibility without the institutional burden of maintaining dual inventories requiring additional tracking and financial aid purchase reconciliation. You should explore this option with your online bookstore provider and seek creative solutions to address this concern prior to making the commitment to sell any textbooks in the campus shop.

If your campus shop does not prefer this option, another best practice to manage the transition is to use your store manager (or textbook buyer/manager) to serve as the point of contact for your online store. This creates a single textbook contact for all university departments and a consistent source of textbook information. This can work across the institution to manage adoptions, special pricing, and sourcing.

You will need to consider the landscape of your campus and the type of students you have. Do you have a large residential population who will benefit from inventory in an on-campus store, or commuter students who will be better served by a pure ship-to-campus program?

Given that every campus is unique, with different goals and strategic priorities, the best solution will undoubtedly require a degree of customization to best support your students and campus stakeholders.
Conclusion

As online and mobile shopping become more ubiquitous and providing affordable textbooks and course material becomes more critical, students will continue to gravitate away from the school-sanctioned bookstore. Although the draw of third-party online providers is a major threat, colleges and universities are in many ways still very well positioned to win back and satisfy their students.

While recent trends show that students are continuing to leave the school-sanctioned bookstore, a number of institutions have done a great job satisfying their student population and winning them back. While these institutions vary in size and geographic location, the one common theme is that they have all made the transition from thinking about the bookstore as a pure retail shop to a best-in-class student service that delivers upon their unique needs and key priorities.

There are many different ways for a college bookstore to transition into a one-of-a-kind student service and increase student satisfaction and bookstore utilization. Two of the most important components of this strategy include:

1. Offering a compelling school-sanctioned eCommerce solution
2. Repositioning the campus bookstore into a unique, high-value retail center

By implementing a compelling eCommerce solution with a repurposed high-value campus bookstore, institutions are able to transform the traditional college bookstore into a one-of-a-kind service.

Regardless of the individual challenges facing each institution and their specific requirements, they almost all share the desire to win back and satisfy students. By reinventing your current bookstore into a service tailored to students, schools can build and maintain loyalty within the student community while supporting their core mission of educating students.

The good news is there are models and resources available to assist in making the transition as seamless as possible — many institutions have already started implementing them and have seen positive results.

By reinventing the current campus bookstore and transforming it into a best-in-class service students want to use — even as demands for accessibility, convenience, and affordability accelerate — it is possible for institutions to win back students to the school-sanctioned bookstore.
About Akademos

Akademos is a leader in online bookstore and marketplace services for educational institutions. We offer virtual bookstore services, eLearning solutions, and an innovative textbook marketplace that rivals third-party marketplaces. Our comprehensive supply-chain solution and commitment to responsive personal service help us provide affordable textbooks and digital learning tools for schools and students. Students can choose from new, used, rental, and eBook options while schools can reduce costs and increase operating efficiency. Faculty can search, discover, and adopt new texts using the Akademos Textbook Adoption Tool.

Akademos has been involved in improving textbook affordability for over a decade. We started with the idea that students should have a more affordable option for buying course materials—and the Web offered a perfect vehicle. Soon enough, schools began to partner with us in order to leverage our educational eCommerce platform. We integrate with already-existing course registration, financial aid, SISs, and other technology systems, making the transition an easy decision for most schools. Our prices rival third-party sites, and, unlike on the most popular of those sites, students are able to apply financial aid dollars to their textbook purchases. So students pay less for high-quality texts and financial aid dollars are applied to the most affordable books instead of the most expensive.


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