

Textbook rentals a growing trend in higher education

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Until recently, when it came to buying textbooks, there really were only two primary options for the nation's college students: new or used, and used only sometimes. However, over the past few years, there has been a sea change in students' options at the local campus bookstore. Led by the nationwide emergence of textbook rental programs, the changes have resulted in significant savings for students who are increasingly budget-conscious and shopping-savvy.

"The fact is that textbooks have always been expensive and students have always looked for alternatives, but within our industry, the alternatives were limited," said Jade Roth, vice president of books and digital strategy for Barnes & Noble College, which runs 640 campus bookstores in the U.S. "However, as the cost of [higher education](#) has continued to increase nationally, studies have shown that students are struggling to buy course materials. More focus has been put on what can be done by institutions and booksellers to make course materials more cost-effective."

Since 2010 the number of university bookstores offering [textbook](#) rental programs in the U.S. has skyrocketed, from just a handful to more than 2,000. At Penn State, across 22 of its 24 campuses, students have saved more than \$5.5 million since the rental program started in 2010, including \$3.5 million in the fiscal year that just ended April 30.

The rental option is attractive to students because of the significant cost savings -- a rented book costs about 50 percent less than a new book

does -- and attractive to bookstores because lower prices entice students to shop in the store instead of online, Roth said.

"Student perception of the campus bookstore has started to change since rentals were implemented," she said. "We've started to see that students come in attracted by savings and additional format options and are staying longer because there is added value in the experience."

"25,000 units"

A few years ago, the nation's bookstores rented zero textbooks to college students. Over the past year, Penn State's students alone combined to rent more than 25,000 textbooks, placing the University among the top textbook-renting institutions in the country. Steve Falke, regional director for Barnes & Noble College, with direct oversight for all of the Penn State Bookstores, said the change has required a major shift in the business of selling textbooks.

"The introduction of rentals, and the process of distributing rental books, probably are the biggest changes I've seen in our business in 20 years, and it happened in less than two years," Falke said. "It was either that or get run over."

Online companies had been cutting into the bookstores' business; students, armed with smartphones, are able to price-compare against the world as they browse the aisles. The rental program, Falke said, has enhanced the campus bookstores' competitive angle.

"As soon as we implemented the rental program, students embraced it; it really has been one of the best programs we've ever put together," Falke said.

Because a rented book brings less initial profit to the bookstore, Falke

said each book must be rented several times for the store to recoup its costs. Almost overnight, a unique system was developed for the rapid distribution of thousands of books across Pennsylvania and the U.S., and new systems were put in place to help bookstore staff to manage multiple format options, he said.

Whereas "new" and "used" were the options of the past, each new title is available in up to five formats: new, used or rental on the print side, as well as digital books to rent or to own. For students, the added options mean greater flexibility, but more options can mean more confusion, too.

"We have had to become much more adept at managing inventory and managing messaging to students," said Roth. "Now, students have to know that if they get a digital book, maybe they can only print a certain percentage of it because that's what the publisher has stipulated. Or perhaps they can't highlight portions of their digital book. Rentals must be returned after finals, and digital rentals expire after a certain period of time. There's all of this new communication that is required in order for the bookstore to fully engage with students, and for students to be able to make informed choices."

Work with faculty members always has been important, Falke said; that cooperation is important now more than ever, especially as the rental program hits its stride at Penn State. Well more than 50 percent of the titles on campus bookstore shelves are for rent, one of the highest rental percentages among Barnes & Noble College's stores nationwide.

"We've worked closely with faculty members and administrators at Penn State every step of the way, identifying books that have the best classroom impact and shelf life for the rental program. The faculty has been key in getting us good information," he said. "It's important to the students that we get this right -- the savings students are seeing from the

rental program are making a big impact."

The future of the textbook

Among the additional format options available to students sits the digital textbook. Though the format has taken off among consumers of novels and other general writing, digital textbooks have been slow to take hold among college students. Falke said interest in digital textbooks was growing at the University until the rental program was introduced.

"When rental textbooks were made more widely available at Penn State, student interest in the digital option flatlined, while the rental program continued to thrive," Falke said.

The experience at Penn State reflects national trends -- the price of a digital rental is comparable to that of a regular rental textbook, and at least for now, many students still prefer ink and paper.

"Though many students are adept at using software to accomplish their work, when you're talking about really intense studying where you have a lot of note-taking, highlighting, and moving back and forth between chapters and books, a printed book still is a popular medium," Falke said.

But that's not the way it will be forever. E-textbooks, which are essentially a digital version of a print textbook, have been sold on college campuses since the early 2000s with limited success. Though sales of digital books are higher now than they've ever been, e-textbooks aren't expected to be the wave of the future, said Roth.

The future, she said, is in integrated assessment materials, digital learning packages that fundamentally change the ways in which students study and teachers teach. These materials are interactive and reactive,

identifying individual students' strengths and weaknesses and featuring built-in grading, homework, tests and quizzes.

Roth said the slowdown in digital sales brought on by the textbook rental program has given the industry the breathing room it needs to hone this new generation of digital learning materials. Ultimately, though, digital books are likely to be the dominant format of the future.

"Nationally, textbook rental programs likely will continue to grow for three to five years before they decline, probably fairly swiftly, as we transfer from a print environment into a digital environment," Roth said.

Provided by Pennsylvania State University

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