

# Forbes

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## The Netflix of Textbooks: Renting Tomes To Rake In Cash

A Utah-based company has carved itself a \$40 million slice in the \$10 billion college textbook industry by renting books to students on 6,000 different campuses, both online and through 180 college bookstores.

[CampusBookRentals.com](http://CampusBookRentals.com), one of last year's [America's Most Promising Companies](#), is on course to rent a million textbooks this year – not bad for a business founded on \$250,000 in credit card loans.

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As an undergrad and graduate student, [CampusBookRentals](#)' CEO and co-founder Alan Martin grew frustrated with the price of costly textbooks and took to scouring the internet for cheap deals.



Alan Martin, CEO of  
CampusBookRentals

“I’d sell my books and was basically breaking even by paying close attention on when to sell and when to buy,” explained Martin. “The concept hit me if I could do it on a national scale I could potentially turn a profit.”

Founded in 2007 and financed by more than 15 credit cards spread between five friends, CampusBookRentals now makes a 20% profit per book while saving students north of \$40 million in the last year. The team is able to generate such healthy margins by using a complex algorithm to predict a book’s life cycle, which analyses the success of similar books. This allows CampusBookRentals to hike the price if a book is likely to only rent once, or lower it if it’s a popular title. Nothing goes to waste – when books are out of date, the company sells them on.

Countless other websites such as [Chegg](#) and [ValoreBooks](#) rent textbooks to students, but with CampusBookRentals’ free shipping and student-run help centre, Martin says few competitors offer the customer support of his company.

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“We kind of fell in love with the way [Apple](#) treated people,” said Martin. “We try to work hard to keep them happy and have them come back.”

It seems to be working – 50% of all books rented go to repeat customers, and each student typically rents two books. This might account for CampusBookRentals astounding growth – two years ago they managed \$8.8 million in revenue, but in the last fiscal year that escalated to \$23 million. This year

the company is on course to hit \$40 million in revenue, and Martin now has 120 employees working in the warehouse to ship and receive orders, repair books, and manage the call centre.

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CampusBookRentals provides more than just an alternative to pricey college book stores. It actually operates within stores, powering in-shop rental kiosks for 80 colleges including [NYU](#), [UNC Chapel Hill](#) and [Wake Forest University](#), running online rentals for 100 schools, among them [University of Oregon](#) and [Oregon State University](#). This means students can pick up and drop off rental books directly from their college stores. Since the system is privately labeled, students may not even know CampusBookRentals runs the service.

The fall 2012 semester will be the first term CampusBookRentals delivers books to a few schools in Canada. The team does not have any other plans to expand internationally.

Martin sees a future in digital textbooks, and hopes CampusBookRentals will be poised to involve itself in the industry. He is not worried yet, though: "You have a lot of tenured professors who won't use the technology and until they do, students can't," explained Martin.

To young entrepreneurs, Martin said: "Seek out successful people or mentors that could give some advice – there are a ton of people who have lived through these experiences and would love to talk about that."

"We were students that said, 'something is wrong with the textbook market,' and there was – we are saving students half and doing it profitably."