

Will The Real Textbook Industry Disruptor Please Stand Up

By Alan Martin



(Photo credit: Wikipedia)

Every industry has its disruptors, those upstarts that force a complete rethinking of the way business is done. For a short time during the latter part of the last decade, the college textbook industry was certain that the digital textbook would be for it that disruptive force. But the industry was wrong. It was the advent of textbook rental that forever transformed the market.

Digital books have no doubt changed the way that the everyday consumer reads for pleasure. E-book sales now make up nearly a quarter of all consumer book sales. And adoption of digital textbooks in the K-12 arena is nothing short of a revolution, as more than 20 percent of all schools say they now use digital textbooks and another 37 percent say they will within the next five years – creating a gold rush for publishing companies, media conglomerates and startups all vying for massive contracts with school districts everywhere. Yet in the college arena, digital adoption is still plodding by, as only 2 percent of college students surveyed by the research firm Student Monitor said that they bought all of their textbooks last year in digital form, and only 14 percent said that they had classes that required online texts.

For one, college students simply prefer paper. Over 75 percent of college students surveyed by the National Association of College Stores say they would rather print over digital. Whereas recreational readers appreciate the speed and convenience of tablets, the college student is staying old school. And now there's no reason not to. Rental has given students a path to use the product that creates the highest likelihood of their success each semester at a price that simply blows away other options.

Take for instance "Chemistry" published by Brooks/Cole. The book new costs \$205. For a used copy you'll pay somewhat less at \$155, and be prepared to fork over \$167 for the digital version. But it can be rented for about \$65.

It was only last decade that the industry was preparing for the march of e-books into higher education. Large players invested hundreds of millions of dollars in queuing up for a digital transition, acquiring startups and digital publishing houses that could put them in the digital marketplace as they planned to slowly phase out their print offerings. They set price points that they thought would work, something slightly higher than the price of a used book, and in some cases, up to 50 percent cheaper than the cost of a new paper copy. However, at nearly that same moment, rental snuck onto the scene creating a nightmare for publishers and their fresh digital portfolios. It dropped the price in half, extended the life of the used book like nothing preceding it, drove tremendous value to students, and as a result, was rewarded with significant market share.

In short, the rental industry has put publishers and digital upstarts everywhere on their heels. Rental does more than just drop the price of the physical book by more than half, it also forces digital players to completely reconsider how they can even offer digital products competitively when the existing technology, the physical textbook, costs less than half what it did when digital began its march, and looks like it will maintain that price point indefinitely.

We saw evidence of this consideration earlier this year as Google eased in to higher ed content with their textbook buying app on Google play. And yes, that app included rental.

Rental has changed the economic reality of the textbook industry and students are the ones walking away with the big win. Whether they save hundreds every semester through physical rental now or eventually reap the benefits of a digital community forced to both improve their product and meaningfully bring the price down, the content landscape looks to have been irreversibly improved for the college student.

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