



Exposing The Textbook Industry

How Publishers' Pricing Tactics
Drive Up The Cost Of College Textbooks

Arizona PIRG

CALPIRG

ConnPIRG

CoPIRG Student
Chapters

INPIRG

Iowa PIRG

Maine PIRG

Maryland PIRG

MASSPIRG

MoPIRG

NJPIRG Student
Chapters

Ohio PIRG

OSPIRG

WashPIRG

WISPIRG

Arizona Students
Association

California State
Student
Association



**Exposing the
Textbook Industry:
How Publishers'
Pricing Tactics
Drive Up the Cost
of College
Textbooks**

Saffron Zomer
Student PIRGs
February 2007

Acknowledgments

The author would like to acknowledge all the MASSPIRG students and staff who assisted with research for this report, particularly Tom Coon, Katie Sypher, and Sam Elsner, and the 287 professors who responded to our survey. Thanks to Dave Rosenfeld and Alison Cassady for editorial assistance.

The Student Public Interest Research Groups (Student PIRGs) provide an independent voice on behalf of the public interest. Investigating problems, crafting solutions, educating the public and offering students meaningful opportunities for civic participation, the Student PIRGs are leaders on public interest issues.

For more information, contact the Student PIRGs at:

Student PIRGs
407 S. Dearborn, Suite 701
Chicago, IL 60605
312-291-0349
www.studentpirgs.org

Table of Contents

| | |
|--|-----------|
| Executive Summary | 4 |
| Introduction | 6 |
| Survey Findings | 8 |
| Conclusion and Policy Recommendations | 13 |
| Methodology | 15 |
| End Notes | 18 |

Executive Summary

Today's college students are under enormous financial pressure. The gap between tuition and fees and financial aid leaves many students working long hours through college, struggling to make ends meet, and graduating with large debts. The high cost of textbooks is yet another financial burden. The cost of textbooks is not just a drop in the bucket of tuition and fees; the average student spends about \$900 per year on textbooks, which is nearly 20% of tuition and fees at a four year public institution. Moreover, textbook prices are rising at about four times the rate of inflation.

MASSPIRG conducted a survey of 287 professors from a variety of disciplines at Massachusetts colleges and universities over the fall semester of 2006 to get their views on textbook industry practices that drive up prices. We identified three main areas of concern:

1. Publishers are not adequately disclosing price information to the faculty, who do care about the cost to students and want better information.

Faculty research and identify textbooks for their classes through two primary means: publishers' sales representatives and the Internet.

Of the professors who told us that they regularly use publishers' websites to research textbooks:

- only **23% rated the site they use as 'informative and easy to use'**
- **less than half said that the site typically lists the price of the book**

Professors who primarily use non-publisher websites, such as Amazon.com, report higher satisfaction:

- **61% rated the site they use as 'informative and easy to use'**
- **77% told us that the site usually lists the price of the book**

For professors who meet with sales representatives to research textbooks:

- **77% told us that sales representatives rarely or never volunteer the price**
- **And even when professors directly asked for the price during a sales meeting, only 38% reported that the sales representative would always disclose the price.**

2. Publishers need to provide unbundled alternatives to bundled textbooks and disclose the availability of these alternatives.

Bundling refers to the practice of shrink-wrapping a textbook with additional materials such as CDs, pass-codes, or workbooks.

Only 50% of the professors who told us that they assigned a bundled book last semester said that they used the additional materials often. **One-third said that they either could not assign the book they chose without the bundle or did not know if that option was available.** This finding stands in contrast to the claims of many in the publishing industry that most of their books are available unbundled.

3. Most professors we surveyed often find new editions unnecessary.

Of the professors we surveyed, 71% said that new editions of textbooks in their field are justified only 'sometimes' or 'rarely', confirming earlier PIRG research. Since new editions are on average 12% more expensive than the previous edition, students are spending a lot of money for little educational gain. New editions also hamper the used book market, the most practical source for most students to access cheaper books.

We therefore make the following policy recommendations:

- Textbooks should be produced and priced to be as inexpensive as possible without sacrificing educational value.
- New textbook editions should be produced only when educationally necessary; each book should be kept on the market as long as possible, with preference given to paper or online supplements over a whole new edition.
- Faculty should have the option to purchase textbooks unbundled; whenever a textbook is sold with additional materials, it also should be available without the extra materials.
- Publishers should provide faculty with more information on each book's price, intended length of time on the market and substantive content differences from previous editions. Faculty want, and have the right to know, how their textbooks choices will affect their students. They should have easy access to information about all of the publisher's products, low cost formats, options for bundling, and corresponding price information, voluntarily provided at the start of any sales transaction and on desk copies provided by the publisher.
- All textbooks should be available in a genuine low cost edition that contains comparable content in a low cost format. Information about these options should be easily available.
- Faculty should give preference to least cost options when choosing their books.
- There should be many avenues for students to access used books including rental programs, online bookswaps and bookstore buy-back.

Introduction

Massachusetts is renowned for its institutions of higher education.

Famous universities and colleges draw students here from all around the country; the UMASS system and state and community colleges in communities all around Massachusetts give residents access to quality higher education. The Department of Education has found that a college degree is worth 75% more than a high school diploma – about \$1,000,000 in earnings over a working life.¹ And nowhere is this educational edge more important than in the knowledge based, technology driven economy of Massachusetts. In addition to improving their own lives and career prospects, college graduates also give back to the whole community. They contribute more to the tax base, cost less in social welfare and health care, volunteer in high numbers, and vote.² A well educated population in Massachusetts is in everyone's interests.

Despite the value that higher education brings to our communities and to individuals, access to that education is becoming more and more difficult. The cost of college keeps rising, and student aid is not keeping up. The resulting gap means that many students are either graduating with unmanageable levels of debt, or, being 'debt averse' and unable to afford to pay for college without loans, they are simply opting out of college altogether.³ Costly textbooks are yet another burden on students already struggling to pay for their education. According to PIRG research, the average student spends about \$900 each year on books – nearly half the tuition and fees of a two year public college and close to a fifth of the amount that in-state students would pay for tuition and fees at a four year public institution.⁴ This is not just a drop in the bucket of tuition and fees but a significant extra cost and yet another obstacle to accessing higher education.

Many students are living on a tight budget. I want them to have good books but not have it be a hardship for them to buy them. Many of our students work at the same time they are going to school and every penny counts. Professor Mary Ni - Salem State College

Previous research by the state PIRGs has documented that textbook prices are increasing much faster than they should be, at about four times the rate of inflation.⁵ Textbook publishers are driving this price escalation in part by frequently issuing new editions and 'bundling' textbooks with expensive add-ons. Both of these practices destroy the used book market, which is the most effective way for students to keep their spending on textbooks down. Bundles often prevent resale of books if a pass-code is used or a piece of the bundle missing or damaged. When a new edition of a text is issued, publishers simply take old editions out of circulation. Then bookstores can no longer buy them back or students resell them. In 2004, CALPIRG found that 59% percent of students who

searched for a used book for the fall 2003 quarter/semester were unable to find even one used book for their classes.⁶

Bundles and new editions also feature increasing numbers of ‘bells and whistles’ such as color graphics, expensive paper stock, and companion websites, which drive up prices. According to the Government Accountability Office (GAO) in 2005, ‘the increasing costs associated with developing products designed to accompany textbooks, such as CD ROMS and other instructional supplements, best explain price increases in recent years.’⁷

In my experience, the high cost of textbooks is mostly due to color printing, parallel websites, over editing and frequent republications. Books today are more readable, compared with those of 30 years ago, but we seem to have reached a point of diminishing returns. I do think that republication every two or three years is an abuse designed to force students to buy new books instead of used ones.
Professor Joseph Baratta – Worcester State College

The textbook market is an oligopoly – just five major publishing houses dominate the whole market.⁸ And, unusually, the purchasers of textbooks (students) are not the ones who make the purchasing decision (the faculty). This leads to price inelasticity – meaning that a rise in price will not lead to much of a response from the market (decrease in demand), because students are more or less a captive market and will buy whatever their professors assign.

Publishers have protection under the first amendment, and faculty need to be free to choose the best texts for their courses. So we cannot regulate how often publishers re-issue texts, nor what texts faculty choose to assign – and nor would we want to do this. Better price disclosure, however, would improve the situation by allowing faculty who do care about cost to students to make price a factor in their decisions.

As professors, I believe we ought to be mindful of the costs to our students of the books we assign them. If professors don't know the prices of books up front, then "the market" doesn't work the way it should. For instance, if professors don't adopt a book because it is overpriced, then the price should fall. But this can't happen when professors don't have price info. Professor Brenda Wyss - Wheaton College

Survey Findings

Over the fall semester in 2006, MASSPIRG staff and students surveyed 287 professors from a variety of disciplines at Massachusetts colleges and universities. We chose to interview professors for two main reasons. First, since professors select the books they will later assign to students, they have an 'insider' perspective on how publishers present textbooks in sales materials, on the Internet, and in sales meetings. Second, we wanted to learn more about how satisfied professors are with their interactions with publishers and their sales materials and what additional information they need to choose high-quality textbooks at the lowest-possible cost to students. We found that the majority of faculty wants more information about price, more options and information about bundled books, and fewer new editions.

1. Publishers are not adequately disclosing price and product information to the faculty, who care about the cost of textbooks to students and want better information.

Most consumers take for granted that they will get price information at the start of any transaction – for example, browsing the aisles of a supermarket. Faculty selecting textbooks need the same convenient price information, especially since their decisions will affect potentially hundreds of student book buyers. Unfortunately, textbook publishers do not always make that basic information readily available to professors.

My experience with publishers is mostly from direct conversation with sale reps or online scan of their websites. In the former case, I always insist on knowing the price of just the book without any frills (CD's, Lab Manuals). But, I have to take the initiative and ask about book price early on in our discussions in most instances-- they seldom volunteer the information. As to web sites, it's highly variable by publishing house as to whether or not the price is clearly posted upfront. Professor Guy Lanza – UMASS Amherst

Professors research and identify textbooks for their classes through two primary means: the Internet and sales representatives.⁹

Information on the Internet

We asked faculty to tell us about their experiences using the web to research their textbooks. Overall, the professors we surveyed did not find the publishers' websites to be user-friendly or informative, noting that the websites often lacked important information about the textbooks for sale.

Of the faculty who told us they primarily use the publisher's website to research their textbooks:

- only one-fifth (**23%**) rated the site they use as 'informative and easy to use';
- **Less than half (43%) said that the site typically lists the price of the book;**
- Approximately a third (38%) said that the site has information about low cost or no-frills options for the texts;
- Only 10% said that the site provides information about purchasing used copies; and
- Two-thirds (69%) said that the site usually provides information about the additional bundled materials.

Faculty who used a non-publisher web site for their research, such as Amazon.com, reported greater satisfaction:

- **61% rated the site they use as 'informative and easy to use';**
- **77% told us that the site usually lists the price of the book;**
- 43% found information about low cost editions;
- 54% found information about buying used copies; and
- 34% said they found information about whether the book was bundled or not.

Information through Sales Meetings

We asked faculty to share their experiences meeting with sales representatives from the textbook publishing houses. Of the faculty who told us that they customarily meet with a sales representative when researching their textbooks:

- **Three-fourths (77%) told us that sales representatives rarely or never volunteer the price of the books they promote.**
- **And even when professors directly asked for the price during a sales meeting, only 38% reported that the sales representative would always disclose price information.**

With regard to other product information, 47% of faculty reported that representatives sometimes volunteer information about low cost or no frills editions of their books, while another 47% said they did so 'rarely or never'. This could mean that publishers are not offering many low-cost alternatives to their textbooks, or that publishers' representatives are not telling faculty that these low cost options exist. Either way, given the level of faculty concern with cost to students that our survey indicates, the publishers should be doing a better job at issuing genuine low cost editions and telling the faculty about them, enabling faculty to assign the educational content they want in a low cost format.

..... textbooks, in general, are prohibitively expensive; if two textbooks are of similar quality, then price will always be a deciding factor. The students are paying 25-35K a year to attend school, so I will cut them a break if I can. Professor Joseph Pyle - Williams College

Many of my students don't buy the books they need because they don't think they can afford them. Ultimately, this is a false economy, as that affects their ability to do well in the course. But many of my community college students are in dire economic circumstances, and a low priced text is appealing to both me and my students. Being more aware of costs will help me help my students. Professor Peyton Paxson - Middlesex Community College

Professors Care about Cost, But They Often Don't Know

We asked faculty about their attitudes about textbook prices, and an overwhelming majority - 94% - said they would prefer to assign a cheaper book if two equally good options were available. Only 63% of the professors we surveyed, however, said that they typically know the price of the books they assign. This means many professors want to save students money but do not have the information they need to take cost into account when choosing their texts. These professors may well make different choices on occasion if they had better price information.

Some professors may not realize how much the price of books has escalated and what a financial burden this places on their students. Like me, they might choose less expensive alternatives if they knew about them. Professor Wayne Klug – Berkshire Community College

I know it is hard for some students to afford textbooks, and if I have knowledge about price then I may change which book I am going to use to help the students. If they can't afford the book, they can't learn from it. Professor Brian Travers - Salem State College

What would help is to have publishers put the price on the back of desk or examination copies or include the price on an insert in the package when the exam copies were mailed. Professor Lauren Duncan - Smith College

2. Faculty need better information about bundled books and the availability of low-frills alternatives.

Bundling refers to the practice of shrink-wrapping a textbook with additional materials such as CDs, pass-codes, or workbooks. Previous research by CALPIRG suggests that about 50% of the textbooks on bookstore shelves are sold bundled.¹⁰ Of the professors we surveyed who assigned a bundled book for the fall semester, only half (50%) said that they used the additional materials often. **One-third (34%) said that they either could not assign the book they chose without the bundle or did not know if the option was available.**

Faculty should have access to clear product information and the ability to assign books without additional materials so they need only assign bundled books when they intend to use the additional materials. This will minimize cost to students and facilitate buy back at the bookstore.

3. Previous findings confirmed: Faculty think new editions are often unnecessary.

The excessively high turnover rate of text editions means that “new” texts are frequently incorporated and students are unable to sell their perfectly good used textbooks. While updates are useful and necessary, the real differences from edition to edition are often insignificant and do not justify the publication of an expensive new edition. Professor Jim Corven – Bristol Community College

University courses cover a number of fields of learning in which new developments are constantly occurring and new discoveries being made. Obviously, publishers may need to update texts in these areas from time to time. In many subjects, however, the basic material has not changed for many years, such as history or calculus. Even in fields experiencing rapid change, such as chemistry, introductory courses are still basically the same as they were ten years ago.

Previous PIRG research has found that in many fields, publishers often produce unnecessary new editions, hurting the used book market and driving up prices.¹¹ In 2004, CALPIRG found that 76% of faculty thought that the new editions they used were justified “never” to “half the time”, and 40% percent thought that the new editions are “rarely” to “never” justified. A new textbook is on average 58% more expensive than the price of an average used textbook, and CALPIRG found that 59% percent of students who searched for a used book for the fall 2003 quarter/semester were unable to find even one used book for their classes.¹²

Of the professors we surveyed, more than two-thirds (71%) said that in their opinion, new editions of textbooks in their field are justified only ‘sometimes’ or ‘rarely’. This confirms CALPIRG’s earlier findings, even though the CALPIRG

study focused mainly on professors teaching large introductory courses in which the material tends to remain static. For this report, we interviewed a much more diverse range of faculty who taught many advanced courses and should theoretically have found much lower results. The fact that our results were actually similar indicates that the dim view taken by the faculty of unnecessary new editions may be more widespread than initially thought. Some professors we surveyed who were aware of the high cost to students and considered the new edition of their preferred text unnecessary said that they permitted students to continue to use the old edition of the book.

I allow students to use older versions of the text book as there are generally few significant changes from one edition to the next. This semester copies of the old edition were being sold for \$5 +S&H on Amazon.com. I went out of my way to email this to the class before the semester started, many of them followed through. Professor Daniel Douglas - Northeastern University

One problem with the current "system" has to do with the tendency by publishers to promote color pictures and fancy figures that are rather expensive and limited in real significant learning value. I'm sure that elevates the book cost and it's sometimes done at the expense of meaningful content. Professor Guy Lanza - UMASS Amherst

4. A legislative solution

We asked faculty what they thought of a legislative mandate requiring publishers to disclose price information to them. Overwhelmingly, they responded that price disclosure was an important issue - 94% of the faculty we spoke to thought that price disclosure during a sales transaction is somewhat or very important. A significant majority - 75% - thought that a legislative solution would be a good idea and would help them get the information they need more easily:

A policy at the State level would make the disclosure policy "normal" and a regular thing to do, as opposed to limited and hard to find out. Professor Mary Ni - Salem State College

If it was state mandated that there was full disclosure of prices and such then reps would have to give that info at the beginning... I wouldn't have to feel bad after the fact about the book I chose. Professor Brian Travers - Salem State College

.....it would be helpful, as there are often books that are comparable in quality that I would select from based on cost to students. Professor Peyton Paxson - Middlesex Community College

Conclusion & Policy Recommendations:

The high and escalating cost of textbooks is an unfair burden on college students in Massachusetts who are already struggling to pay for an increasingly expensive higher education. Because of the peculiarities of the textbook market, publishers are able to get away with a set of unfair business practices that artificially inflate the cost of textbooks. Faculty, for the most part, are aware of the problem but often do not have sufficient information or choices to do anything about it. A legislative mandate requiring full price disclosure and provision of ‘a la carte’ options for every textbook will help faculty make more cost effective choices. A commitment from the publishers to issue more low-cost editions and fewer unnecessary new editions also would make textbooks more affordable.

Because the high cost of textbooks is an obstacle to Massachusetts residents accessing an affordable, quality, higher education, this issue merits the attention of policy and law makers.

Policy Recommendations

Based on our findings in this study and those of previous PIRG reports, we recommend the following policies, which will help to make college more affordable by lowering the cost of textbooks without sacrificing educational content:

- Textbooks should be produced and priced to be as inexpensive as possible without sacrificing educational value.
- New textbook editions should be produced only when educationally necessary; each book should be kept on the market as long as possible, with preference given to paper or online supplements over a whole new edition.
- Faculty should have the option to purchase textbooks unbundled; whenever a textbook is sold with additional materials, it also should be available without the extra materials.
- Publishers should provide faculty with more information on the company’s textbook materials, prices, intended length of time on the market and substantive content differences from previous editions. Faculty want, and have the right to know, how their textbook choices will affect their students. They should have easy access to information about all of the publisher’s products, low cost formats, options for bundling, and corresponding price information, voluntarily provided at the start of any sales transaction, and on the desk copies provided by publishers.

- All textbooks should be available in a genuine low cost edition that contains comparable content in a low cost format. Information about these options should be easily available.
- Faculty should give preference to least cost options when choosing their books.
- There should be many avenues for students to access used books including rental programs, online bookswaps and bookstore buy-back.

Methodology

First, MASSPIRG staff and students surveyed 287 professors randomly over a three month period at the following schools:

Amherst College, Babson College, Bentley College, Boston University, Berkshire Community College, Brandeis University, Bridgewater State College, Bristol Community College, Bunker Hill Community College, Fitchburg State College, Greenfield Community College, Holyoke Community College, Massachusetts College of Liberal Arts, MIT, Middlesex Community College, Mount Wachusett Community College, Northeastern University, Salem State College, Smith College, Suffolk University, Tufts University, UMASS Amherst, UMASS Boston, UMASS Dartmouth, UMASS Lowell, Wheaton College, Williams College, Worcester State College

The disciplines represented included: Philosophy, Music, English, History, Anthropology, Communications, Humanities, Languages, Sociology, Economics, Business, Accounting, Law, Geology, Math, Engineering, Management, Science, Biology, Physics, Chemistry, Geosciences, Psychology, Health, Early Childhood, Education

Professors who indicated interest were then sent an invitation to contribute some anecdotes and opinions in paragraph form, extracts of which appear in the body of the report.

All the findings in this report are directly based in the responses to the survey. The survey questions and percentage of responses to each question included:

In general would you say that new editions of textbooks in your field are justified? (259 professors answered this question)

- Almost always 15%
- Often 15 %
- Sometimes 51%
- Rarely 20%

Do you typically know the price of the book(s) you assign prior to assigning them? (262 Professors answered this question)

- Yes 63%
- No 37%

Would you generally prefer to assign a less expensive book if two options were available and equal in quality? (263 Professors answered this question)

- Yes 94%
- No 5%

4. What method do you most often use to research the texts you assign in class? (276 Professors answered this question)

- internet 24%

- meeting with a publishing sales rep 18%
- Referral from a colleague or inherited decision 17%
- Other_ 40% (most common explanations were 'combination of methods above' or 'desk copies from publisher')

If via internet:

How would you rate this internet site?

Publisher (61 professors answered this question)

- Easy to use and informative 23%
- Adequate 52%
- Difficult to use or lacking in information 11%

Other (33 professors answered this question)

- Easy to use and informative 61%
- Adequate 39%
- Difficult to use or lacking in information 0

Publisher (61 professors answered this question, multiple choices were selected)

c) This site provides information regarding (check all that apply):

- The price of the book 43%
- No-Frills options for the book (electronic, soft cover edition, customized) 38%
- If the book is bundled with other materials 69%
- Options for purchasing used copies 10%

Other (35 professors answered this question multiple choices were selected)

c) This site provides information regarding (check all that apply):

- The price of the book 77%
- No-Frills options for the book (electronic, soft cover edition, customized) 43%
- If the book is bundled with other materials 34 %
- Options for purchasing used copies 54%

If by a sales representative:

a) How often do you feel that textbook sales representatives disclose information regarding textbook price during a meeting *without being asked*? (147 Professors answered this question)

- never 44%
- rarely 33%
- sometimes 12%
- frequently 3%
- always 8%

b) How often do you feel that textbooks sales representatives disclose information regarding textbook price during a meeting *even when asked*? (128 Professors answered this question)

- never 6%
- rarely 9%
- sometimes 13%
- frequently 33%
- always 38%

c) Do publishers' representatives volunteer information about cheaper or no-frills editions of their books? (148 Professors answered this question)

Always 7%
 Sometimes 47%

Rarely or never 47%

Professors were asked to nominate a book taught by them in the Fall semester: If bundled, is this book also available unbundled? (89 Professors answered this question)

yes 48%
 yes by request 16%
 not available 10%
 don't know 24%
 other 2%

If bundled, are the additional materials used in your class: (84 Professors answered this question)

often 50%
 sometimes 24%
 rarely or never? 26%

Do you feel it is important for textbook representatives to disclose a product's price prior to a sales agreement? (240 Professors answered this question)

No, not at all 6%
 It's somewhat important 26%
 Yes, it's very important 68%

Connecticut recently passed a bill which requires textbook representative to disclose the cost of textbooks prior to a sale. Would you generally approve or disapprove state-level legislation similar to Connecticut's? (260 Professors answered this question)

strongly disapprove 7%
 slightly disapprove 8%
 uncertain/neutral 9%
 approve 40%
 strongly approve 35%

End notes

¹ Sandy Baum and Kathleen Payea, The College Board, *Education Pays: The Benefits of Higher Education for Individuals and Society*, Revised edition 2005, at p11. Accessed Dec 12 2006 at www.collegeboard.com/prod_downloads/press/cost04/EducationPays2004.pdf.

² The State PIRGs Higher Education Project *Paying back, not Giving back*, April 2006, p6

³ The State PIRGs Higher Education Project *Paying back, not Giving back*, April 2006, p6

⁴ State PIRGS Higher Education Project *Ripoff 101:2nd Edition, February 2005*, p 1,8

⁵ State PIRGS Higher Education Project *Ripoff 101:2nd Edition, February 2005*, p5

⁶ CALPIRG *Rip Off 101: How the Current Practices of the Textbook Industry drive up the cost of College Textbooks* January 2004 – p15

⁷ GAO Report to Congressional Requesters *College Textbooks – Enhanced Offerings Appear to Drive Recent Price Increases* at <http://www.gao.gov/new.items/d05806.pdf> Accessed on January 15 2007.

⁸ Dr JV Koch ACSFA College Textbook Cost Study Plan Proposal *An Economic Analysis of Textbook pricing and Textbook Markets* September 2006 p9

⁹ Many professors reported using a combination of these two methods, and free ‘desk copies’ from the publisher were also a very common research tool.

¹⁰ CALPIRG *Rip Off 101- How the Current Practices of the Textbook Industry drive up the cost of College Textbooks* – January 2004 p12

¹¹ CALPIRG *Rip Off 101- How the Current Practices of the Textbook Industry drive up the cost of College Textbooks* – January 2004 P 14ff

¹² CALPIRG *Rip Off 101- How the Current Practices of the Textbook Industry drive up the cost of College Textbooks* – January 2004 p 15