

REQUIRED READING

**A Look At The
Worst Publishing
Tactics At Work**

**Arizona PIRG
CALPIRG
ConnPIRG
CoPIRG Student
Chapters
Iowa PIRG
INPIRG
Maine PIRG
Maryland PIRG
MASSPIRG
MoPIRG
NJPIRG Student
Chapters
Ohio PIRG
OSPIRG
WashPIRG
WISPIRG
Arizona Students
Association
California State
Student
Association**

Required Reading:

**A Look at the Worst Publishing
Tactics at Work**

October 2006

**A PROJECT OF THE
MAKE TEXTBOOKS AFFORDABLE CAMPAIGN**

ACKNOWLEDGMENTS

Written by Sabrina Case, Campaign Coordinator with the Student Public Interest Research Groups (PIRGs)



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The Make Textbooks Affordable Campaign is a joint project of the Arizona Students Association, California State Student Association, CALPIRG, ConnPIRG, CoPIRG Student Chapters, INPIRG, Maryland PIRG, MASSPIRG, MoPIRG, NJPIRG Student Chapters, Ohio PIRG, OSPIRG, WashPIRG, and WISPIRG.

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Special thanks to all the bookstore managers across the country who contributed their expertise to this project.

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Additional copies of the report can be obtained by visiting www.maketextbooksaffordable.com

TABLE OF CONTENTS

Executive Summary	4
Introduction	7
Report Findings	8
<i>Increased Prices, Same Product</i>	8
<i>Costly Bundles</i>	8
<i>New Covers, Old Content, Zero Used Books</i>	9
<i>Modern Bundles: Resell Sabotage</i>	11
<i>“Low Cost” Options that are Anything but Low Cost</i>	12
<i>Customized to Limit the Used Book Market</i>	13
Recommendations	14
Methodology	15
End Notes	17

EXECUTIVE SUMMARY

Over the last three years, research conducted by the Student Public Interest Research Groups (PIRGs) and others have shown that textbooks are a growing cost of going to college. These studies also have found that the textbook industry is using a host of practices that drive up the price of college textbooks. As a result, the overall cost of textbooks has risen at four times the rate of inflation since 1994.

In past reports, the Student PIRGs outlined how the textbook industry pushes prices higher by issuing new editions without much new content and adding expensive bells and whistles such as CD-ROMs to textbooks. Building on this work, the Student PIRGs conducted a new survey to identify textbooks that exemplify the textbook industry's tactics. In the fall of 2006, we interviewed faculty members, walked through bookstores and interviewed bookstore staff to uncover textbooks that reveal six types of textbook industry gimmicks. Specifically:

Increased Prices, Same Product

Our previous research found that publishers increase the price of textbooks from one edition to the next at twice the rate of inflation. For this study, we found an example of a textbook increasing in price *within the same edition* at twice the rate of inflation. Pearson's *Conceptual Physics* 10th edition increased 13 percent over one year, from \$112.40 in 2005 to \$126.65 in 2006.

Many of the bookstore managers interviewed claimed that the wholesale list price of any given textbook edition routinely increases every six months to a year, regardless of whether or not the product has undergone any changes. This claim needs further investigation.

Costly Bundles

Our previous research found that half of all textbooks now come bundled or shrink-wrapped with supplementary materials such as workbooks and CD-ROMS. As of 2004, bundled textbooks cost 10 percent more on average than their unbundled counterparts. We found examples of bundled books, however, that are considerably more expensive, costing 46 to 48 percent more than the standard edition. For example, the bundled version of Pearson's *International Economics* costs 48 percent more than the unbundled version.

New Covers, Old Content, Zero Used Books

Publishers frequently issue new editions of textbooks, often with few substantive changes and even in subject areas like calculus and introductory physics that have not changed significantly in years. Once a new edition is issued, faculty and bookstores have little choice but to stop using the old edition. The result is that the previous edition disappears

from bookstore shelves almost overnight, limiting the used textbook market. We found two examples of new editions that faculty reviewers say lack substantive changes: Thomson's *Western Civilization* 6th edition and Houghton Mifflin's *Calculus with Analytic Geometry* 7th edition.

Modern Bundles: Resell Sabotage

Bundling not only can increase the price of a textbook, but also can undermine the used book market. Textbooks increasingly come wrapped with one-time use components – such as one-time passwords to websites with problem sets – that prevent the entire book package from being resold at the end of a semester. Pearson's bundled version of *General Chemistry* 9th edition is one example of a book with packaged components that eliminate buyback potential.

“Low Cost” Options that are Anything But Low Cost

Publishers often claim that they offer lower cost options that are cheaper than the standard hardcover text. McGraw-Hill's *Organic Chemistry* 6th edition is one example of an allegedly low cost textbook that upon further examination actually has a higher net cost than the standard edition.

Customized to Limit the Used Book Market

Publishers increasingly promote “custom books,” which allow a professor to pick and choose the content he or she wishes to include in the class text. While customization can potentially lower the cost of a textbook and create a more focused curriculum, custom books also can undermine the used book market. At the University of Illinois at Urbana Champaign, one professor tailored Houghton Mifflin's *Psychology* 7th edition so specifically for his course that his students will not be able to sell the book back.

Policy Recommendations

Textbooks Should Be Priced and Sold at a Reasonable Cost to Students

- Publishers should work to keep the cost of producing their books and ancillary items as low as possible without sacrificing educational content.
- Low-cost alternatives should be true equivalents of their standard counterparts, having equal usability, completeness, and quality of content.
- When publishers sell textbooks bundled, they should sell the same textbooks separately.
- Faculty should give preference to the lowest cost option when the educational content is comparable.

Publishers, Faculty and Universities Should Build a Vibrant Used Textbook Market

- Publishers should keep each textbook edition and related ancillary items on the market as long as possible without sacrificing educational content.
- Publishers should give preference to print or online supplements to current editions over producing entirely new editions. Faculty should give preference to the textbooks that have the most longevity in the used book market when the educational content is comparable.
- Colleges and universities should provide many forums for students to purchase or rent used books.
- Colleges and universities should encourage students to use online book-swaps so that students can buy and sell used books and set their own prices.

INTRODUCTION

The benefits of affordable higher education are numerous, both to individuals and our society as a whole.

Yet, higher education is becoming increasingly unaffordable for American students and families. State budget cuts to higher education in recent years resulted in sharp tuition increases. Student grant aid is failing to keep up with mounting costs, leaving many students with no other option than to borrow their way through college.

Textbook prices are increasingly contributing to the growing lack of affordable education. The average student will spend nearly \$900 each year on textbooks, and textbook prices have risen at twice the annual rate of inflation over the last two decades.¹ The Government Accountability Office (GAO) found that the cost of textbooks as a percentage of tuition and fees is 26 percent for a full-time student attending a four-year public institution and 72 percent for a full-time student attending a two-year public institution.²

Over the last three years, the Student Public Interest Research Groups (PIRGs) and others have documented the tactics that publishers use to drive up textbook costs.³ These tactics include undermining the used book market through frequent and unnecessary edition revisions; inflating prices by bundling books with CD-ROMs, workbooks and other materials that most professors do not use; and concealing the cost of textbooks from the faculty who make purchasing decisions on behalf of students.

These market abuses would not be tolerated in a normal market. However, the unusual nature of the college textbooks market

allows textbook publishers to engage in these market abuses. First, the textbook industry has gone through a wave of intense consolidation that has left five companies controlling 80 percent of the market. Second, the party that orders textbooks (faculty) is not the same party that must purchase textbooks (students), removing price as a primary consideration in the ordering process. Finally, students do not have any institutionalized way to exert their own market power. Publishers exploit these dynamics to maximize profits.

Textbook prices have attracted enough attention to warrant a congressional advisory committee and legislation in several states. In May 2006, Connecticut passed a law requiring publishing sales representatives to disclose the cost of their products to faculty prior to any purchase agreement, setting a precedent for state-level legislation targeting publishing industry disclosure practices. Meanwhile, at the campus level, the California State University Academic Senate recently adopted a resolution outlining a set of guidelines for faculty to use when ordering textbooks, a move that will surely prompt greater scrutiny.

The Nature of this Report

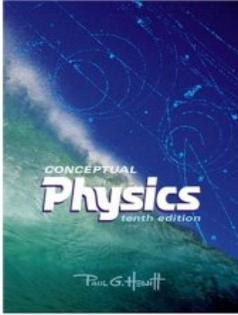
This report is anecdotal in nature, with its case studies gathered from responses generated from a survey of 60 bookstores nationwide, at large and small, public and private universities. The featured textbooks are not purported to be the definitive “best” or “worst” example of the category it represents, but have instead been selected as illustrative of the wider challenges students must face in their attempt to find affordable textbooks – and to show why that endeavor has become ever more difficult.

REPORT FINDINGS

Increased Prices, Same Product

Conceptual Physics, 10th edition

Pearson



Our previous research found that a new textbook edition is, on average, 12 percent more expensive than the previous textbook edition, almost twice the 6.8 percent rate of inflation between 2000 and 2003.⁴

In this study, we found an example of a textbook for which the price increased *within the same edition*. The cost of the 10th edition of *Conceptual Physics*, an introductory text published by Pearson, was \$112.40 in the fall of 2005. In the fall of 2006, the wholesale cost for this same edition rose to \$126.65, an increase of 13 percent, or twice the rate of inflation for the same period.

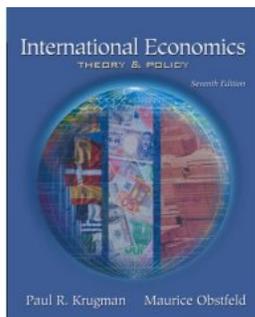
Many of the bookstore managers surveyed claimed that the wholesale list price of any given textbook edition routinely increases every six months to a year, regardless of whether or not the product has undergone any changes. This claim requires further investigation.

Costly Bundles

Our previous research found that half of all textbooks now come bundled or shrink-wrapped with supplementary materials such as workbooks and CD-ROMS. As of 2004, bundled textbooks cost 10 percent more on average than their unbundled versions.⁵

International Economics, 7th edition

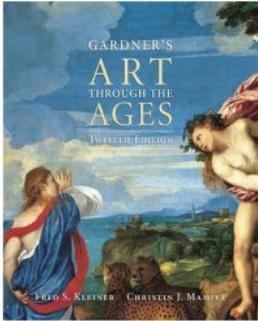
Pearson



At the University of Oregon, an unbundled version of *International Economics* sells for \$86.09, while a bundled version costs \$127.75 – a 48 percent increase.

Gardner's Art Through the Ages, 12th edition

Thomson



An unbundled version of *Gardner's Art Through the Ages* sells for \$85.95, while a bundled version costs \$125.95 - a 46 percent increase.

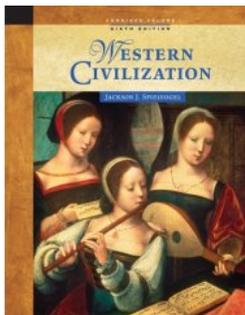
New Covers, Old Content, Zero Used Books

Publishers frequently issue new editions of textbooks, often with few substantive changes, even in subject areas like calculus and introductory physics that have not changed significantly in years. Once a new edition is issued, faculty and bookstores have little choice but to stop using the old edition. The result is that the previous edition disappears from bookstore shelves almost overnight. This is the primary reason why the average student has such difficult finding used books.⁶

We found two examples of this practice from major publishers.

Western Civilization, 6th edition

Thomson

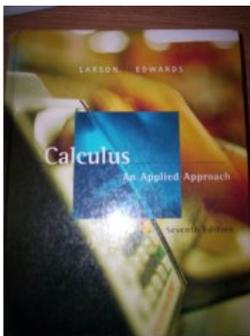


Of *Western Civilization*, Dr. Padraic Kenney, History Professor at University of Colorado Boulder, writes: “I would say that meaningful updating represents less than 5 percent, perhaps 2 percent, of the book. While some updating seems to me to represent a serious attempt to rethink how certain moments in history are presented or interpreted, too much else is window dressing.”

Though several new sections were added to the new edition, most constituted two to four new paragraphs. Writes Dr. Kenney, “The largest example I could find is a full page-and-a-half on the EU, a topic barely mentioned in the 5th edition. Now, it has six paragraphs and a half-page color map.”

“In the preface, the author lists 75 topics that contain ‘new or revised material’...some are rather vaguely stated. It is also clear that some of these claims of revision are overstated.” Dr. Kenney concludes: “The 6th edition is not a valuable improvement.”

Calculus: An Applied Approach, 7th edition *Houghton Mifflin*



Of Houghton Mifflin’s *Calculus: An Applied Approach*, Professor Martin Walter of University of Colorado Boulder writes, “I had a hard time telling the difference between the two editions, the 7th and 6th. The text part of each edition has the same number of pages: 715. Each chapter begins and ends on the same page number in both editions.”

“A random sampling of exercises found them to be much the same, with some renumbering. True, the population of Florida was updated three years, a new -- yet smaller -- earthquake replaced an older one, [...] the price of gas has changed, and so on. This updating of nonessential (when it comes to learning calculus) information would be absolutely required of any edition claiming to be ‘new.’”

“A random sampling of text pages (i.e., look at the same page number in each edition) found them to be mostly identical; pictures and background colors were changed here and there--again, not essential.”

Dr. Walter concludes, “A really good use of a website would be to post errata and nonessential updates thereon. This would totally obviate the need for many new editions...It is clear, however, that no revolutionary advances have been made in the teaching of calculus in the print versions going from edition 6 to 7.”

“

“Getting an education these days is very expensive. We need to find ways to open the doors to any student who has the ability to learn and who wants to, regardless of their financial situation [...] That is what is clearly best for society.”

- Dr. Martin Walter, University of Colorado Boulder

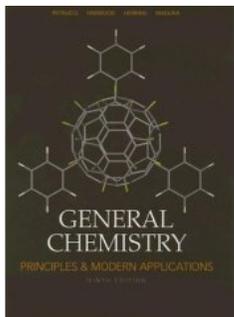
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Modern Bundles: Resell Sabotage

Bundling not only can increase the price of a textbook, but can also undermine the used book market. Textbooks increasingly come wrapped with one-time use components – such as one-time passwords to websites with problem sets – that prevent the entire book package from being resold at the end of a semester.

General Chemistry, 9th edition

Pearson

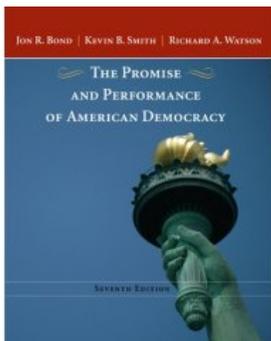


General Chemistry was released as a 9th edition in 2006. The bundled package is shrink-wrapped with a Basic Media Pack, which includes a companion website and CDs. In order to use the website and CD, however, a student must use a specially issued password that expires at the conclusion of the semester. This means that the entire bundle – textbook and all – cannot be used the following semester, and students must purchase an entirely new copy each semester at full price.

By design, the bundle guarantees that no used market for this text can exist wherever the Media Pack is required.

The Promise & Performance of American Democracy, 7th edition

Thomson



At the University of Nebraska, we found that Thomson Learning had mounted a class syllabus to cardboard and shrink-wrapped it with *The Promise and Performance of American Democracy*. There is no customization of the text itself.

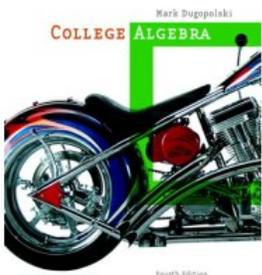
Because the syllabus changes every semester, this technically renders the entire package obsolete by the end of the course, meaning that the book cannot be resold, and students must buy a brand new bundle each semester.

According to the bookstore, Thomson buys back unsold copies of this book, pulls out the syllabus and sells the textbook elsewhere at full price, either as a standard edition, or with a new cardboard-mounted syllabus.

When we called the instructor who assigns this book, who is also one of the textbook's co-authors, he acknowledged that he intentionally undermines the book's used sales by including the syllabus as a required component, and explained that he does so as the only leverage available to him to keep the publisher's wholesale price of the book at \$44. According to him, he has negotiated a deal with Thomson: in exchange for the authors' assured new sales, Thomson Learning will not raise the cost of the book.

College Algebra with MyMathLab, 4th edition

Pearson



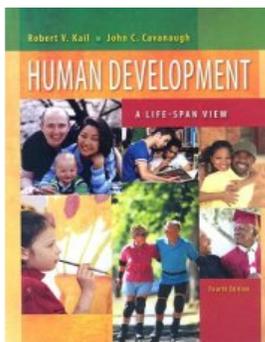
College Algebra can be bundled with Pearson's MyMathLab for \$122.70. Like many other bundled programs, MyMathLab requires a one-time use password that, if required for the course, keeps the textbook out of the used book market. In fact, when students are enrolled concurrently in more than one course using this software, they must buy MyMathLab twice.

Pearson does sell MyMathLab a la carte, but its cost of \$44.95 further discourages the used book market by making it more cost effective for students and bookstores to purchase brand new bundles. As a result, whenever a course requires MyMathLab, new bundles typically make up the stock and students won't see a dime at buybacks.

“Low Cost” Options that are Anything But Low Cost

Human Development: A Life-Span View, 4th edition

Thomson

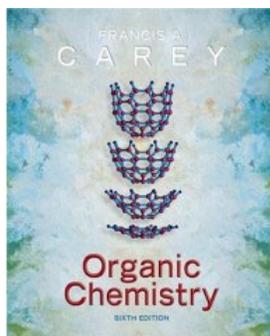


At Portland State University, the bookstore sells *Human Development: A Life-Span View* as a standard hardcover for \$113.95 or as a “low cost edition” for \$75.95, an initial savings of \$38.

This “low cost” book actually results in a net loss for students, however, because they cannot sell it back at the end of the semester. This book comes in a loose-leaf format, a shrink-wrapped stack of three-hole punched paper that students unwrap and insert into their own binders. Since bookstores have no way of efficiently verifying that all the pages in these versions are present, they typically do not buy these types of books back. Meanwhile, students can sell the standard edition for up to \$56 (50 percent of its original value) – an \$18.97 difference.

Organic Chemistry, 6th edition

McGraw-Hill



The print version of *Organic Chemistry* has a list price of \$135.47. The eBook, with a list price of \$87.66, amounts to an initial savings of 35 percent, or \$47.81

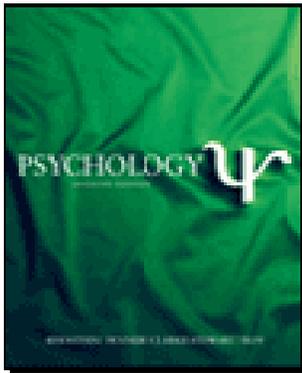
Unfortunately, students cannot sell back eBooks to recoup any of the initial expense, while a student with a standard edition can typically sell it back for \$67.73 (50 percent of its original price) – spending \$19.93 less overall.

Customized to Limit the Used Book Market

Publishers increasingly promote “custom books,” which allow a professor to pick and choose the content he or she wishes to include in the class text. While customization can potentially lower the cost of a textbook and create a more focused curriculum, custom books can also undermine the used book market; being specialized to a particular instructor or school, they cannot be sold in the wider used book market.

Psychology, 7th edition

Houghton Mifflin



The University of Illinois at Urbana-Champaign is currently using a custom edition of *Psychology* that has been highly specialized for one particular instructor’s class. Because it is a custom book containing select chapters of the standard text and consumable study guides and quizzes designed by and for that particular instructor, it has no resell value either in the campus bookstore or in the wider used book market. Current students will not be able to sell this custom book back, whereas they could have recouped as much as 50 percent of the book’s initial expense had they been assigned the standard edition.

POLICY RECOMMENDATIONS

The publishing industry takes advantage of the unique nature of the textbook market to engage in practices that would be intolerable in a truly free market. Therefore, the burden of reducing textbook prices remains primarily on the textbook industry. We offer the following recommendations.

Textbooks Should Be Priced and Sold at a Reasonable Cost to Students

Publishers should work to keep the cost of producing their books and ancillary items as low as possible without sacrificing educational content. Low-cost alternatives should be true equivalents of their standard counterparts, having equal usability, completeness, and quality of content. When publishers sell textbooks bundled, they also should sell the same textbooks separately. Faculty should give preference to the lowest cost option when the educational content is comparable.

Publishers, Faculty and Universities Should Build a Vibrant Used Textbook Market

Publishers should keep each textbook edition and related ancillary items on the market as long as possible without sacrificing educational content. Publishers should give preference to print or online supplements to current editions over producing entirely new editions. In addition, publishers should disclose the length of time they intend to produce the current edition so that professors know how long they can use

the same book. Faculty should give preference to the textbooks that have the most longevity in the used book market when the educational content is comparable.

For their part, colleges and universities should provide many forums for students to purchase or rent used books. They should consider implementing rental programs similar to those at several universities in Wisconsin and Illinois. Students rent books similar to the way they are shared in K-12, but the students pay a fee that covers the cost of the books.

Similarly, colleges and universities should encourage students to use online book-swaps so that students can buy and sell used books and set their own prices. Student PIRG chapters on many college campuses have set up a non-profit, student-run, online book-swap, www.campusbookswap.com.

METHODOLOGY

This report does not claim to have the “best” – or “worst” – examples of publishing industry gimmicks. Rather, these examples are representative of the publishing industry’s efforts to artificially inflate textbook costs and suppress the used book market. We assembled these examples through the combined recommendations of students, faculty and bookstore managers. The methodology used to select examples from this extensive pool of candidates is detailed below.

1) *Increased Prices, Same Product*

We went to college bookstores and collected data from managers on price increases between consecutive editions. In the course of our research we located an instance of increasing textbook prices *within the same edition*, and featured an example of this practice.

2) *Costly Bundles*

With the help of campus bookstore employees, we identified a list of 20 popular textbooks that come in both bundled and unbundled versions. We then determined the difference in price between the two, and featured the bundles with the greatest price disparity.

3) *New Covers, Old Content, Zero Used Books*

Professors compared two consecutive editions of popular textbooks in their field of expertise. The report features two books identified by these professors to have little to no significant change between two consecutive editions.

4) *Modern Bundles: Resell Sabotage*

We asked college bookstore managers to name popular bundled textbooks that employ components that limit the book’s resell. We featured books that, according to bookstore managers, could not be bought back solely due to a one-time use component.

5) *“Low Cost” Options that are Anything but Low Cost*

We identified 12 popular texts with print and/or electronic no-frills editions and then calculated the percent savings. We feature the textbooks with editions offering the least savings for the product offered.

6) *Customized to Limit the Used Book Market*

We surveyed bookstore managers, asking what percentage of their top-selling books were customized texts, how their cost compared to their uncustomized counterparts, and whether or not students would be able to sell them back at the end of the year – as well as examples of custom texts that could be bought back and others that could not. The customized text that least warranted such status and most undermined any possibility of buyback is featured.

The bookstore survey included the following:

- Of overall stock, the percentage of bundled books currently offered
- Titles of bundled books that bookstore can buy back
- Titles of bundled books that bookstores cannot buy back

- Common reasons bundled books cannot be bought back
- Of overall stock, the percentage of custom books currently offered
- Titles of custom books that bookstores can buy back
- Titles of custom books that bookstores cannot buy back
- Common reasons custom books cannot be bought back
- How custom and standard edition costs compare
- Bestselling titles, regardless of category

The textbook survey was distributed to the following colleges and universities:

Arizona State University, University of Colorado, Texas State University San Marcos, Colorado State University, Utah State, Cal State Northridge, Cal State Sacramento, Portland State University, Reed College, University of Texas Austin, Southern Oregon University, University of California San Diego, University of California Davis, University of California Berkeley, University of Oklahoma, University of Oregon, University of Washington, University of California Santa Cruz, UCLA, Cal Tech, Lane Community College, University of Arizona, University of Southern California, St. Louis University, Eastern Michigan University, Michigan State University, Massachusetts College of Liberal Arts, University of Cincinnati, University Massachusetts Boston, Purdue University, Salem State College, Miami University, University of Massachusetts Dartmouth, Middlesex Community College, Indiana University Bloomington, University of Kentucky, University of Pennsylvania, University of Illinois Urbana Champaign, Kent State University, North Shore Community College, University of Wisconsin Madison, Iowa State University, University of Minnesota Twin Cities, University of Maryland College Park, University of Connecticut, Worcester State College, University of Illinois Chicago, Southern Illinois University Carbondale, Southern Illinois University Edwardsville, Southeastern Missouri State University, Missouri State University Columbia, Truman State University, University of Arkansas Fayetteville, Knox College, University of Kansas, University of Nebraska, Murray State University, Harding University, Carson-Newman College, Creighton University, Valparaiso University, Drake University, Butler University, Webster University, Carthage College, Villanova, Trinity University, Gonzaga, University of Portland, Seattle University

Of the schools in this survey pool, 16 responded.

End Notes

¹ The State PIRGs, *Ripoff 101*, January 2004. Available at www.maketextbooksaffordable.com

² Government Accountability Office, *College Textbooks: Enhanced Offerings Appear to Drive Recent Price Increases*, GAO-05-806, July 2005.

³ The State PIRGs, *Ripoff 101*, January 2004 and *Ripoff 101: 2nd Edition*, February 2005, available at www.maketextbooksaffordable.com; Government Accountability Office, *College Textbooks: Enhanced Offerings Appear to Drive Recent Price Increases*, GAO-05-806, July 2005.

⁴ *Ripoff 101: 2nd Edition*, February 2005. Available at www.maketextbooksaffordable.com

⁵ The State PIRGs, *Ripoff 101*, January 2004 and *Ripoff 101: 2nd Edition*, February 2005, available at www.maketextbooksaffordable.com

⁶ *Ripoff 101: 2nd Edition*, February 2005. Available at www.maketextbooksaffordable.com