PLUG IN

HOW TO MARKET AND SELL DIGITAL COURSE MATERIALS.

by Michael von Glahn
Last October, Education Secretary Arne Duncan called for the shift from printed textbooks to digital versions to take place as fast as possible.

“Over the next few years, textbooks should be obsolete,” he stated, framing the issue as a matter of the U.S. remaining competitive with other countries whose students are adapting much faster to digital learning environments. South Korea, for one, has set the goal of having 100% of its course materials digital by 2015.

“The world is changing. This has to be where we go as a country,” Duncan said.

California Gov. Jerry Brown signed two bills in September with the aim of making his state a national leader in the use of e-textbooks. More than 20 states have taken recent major steps toward digital course materials, a process facilitated by 48 states and the District of Columbia adopting the Common Core set of uniform benchmarks for reading and math.

While the weak economy’s impact on school budgets, lack of equipment and bandwidth, faculty resistance, and student ambivalence may all slow the spread of digital, like it or not, ready or not, it is coming.

Any store that isn’t ready to handle digital materials will discover there are plenty of competitors ready to swoop in to fill that need on their campus. Fortunately, there are also a number of partners available to help a store begin the transition from print to pixels. And those stores that have already begun the shift can share their experiences to help their colleagues navigate this new content landscape.

THE GOOD NEWS

First off, don’t think of digital only in terms of e-books. Digital course content can now include web-based content such as videos, simulations, interactive quizzes and exercises, and class discussion forums.

E-textbooks themselves are advancing steadily beyond being mere reproductions of printed pages in PDF format. Many now allow students to highlight, annotate, search on words in the text, and share notes with instructors, classmates, and even, in some cases, students using the same title at other campuses.

Digital content can be updated much more quickly than print, with revisions sent to users without the need for reprinting or shipping new editions. It’s also an ideal solution for extension programs, distance learners who may never come to campus, as well as for nontraditional students who may need to access course content at home, at their job, or while traveling.

And, of course, a store will never run out of an electronic title.

For now, you can still start small, with a handful of titles. But just as happened with textbook rental, that window will eventually close, and when it does those who waited too long won’t have the luxury of simply dipping a toe—they’ll have to dive in with a majority of their titles.

Still, as Mehdi Maghsoodnia, CEO of content platform company Rafter, notes, “The world is not going digital overnight, so the campus has a need to manage the transaction commerce side of this on physical and digital at the same time for years to come.

“Buying a book on a Kindle is an individual decision,” he says. “There’s no friction involved in terms of collaborating with others and engaging a gatekeeper at an institution, so digital is moving faster on the trade side. The content movement within the b-to-b space is more complicated because it involves identity management, financial aid integration, returns.”

But that friction will ease with time and college stores selling digital now are witnessing growth, even if it’s nowhere near as ballistic as the rise of trade e-books.

After launching e-book sales with 25 titles in January 2009, the University of New Mexico Bookstore, Albuquerque, last fall was up to 255 e-titles associated with 474 courses, about 10% of the school’s total courses. E-book sales account for 1.5% of total course materials sales.

“Of course, this does not include standalone access codes for homework,” says Anthony Burns, course materials manager. “If we include those sales it would account for about 6% of total sales.”
He says the UNM store is fully integrated with its VisualRatex POS system: “We can sell books through our cash register by printing a bar code on an information e-book card we have created and customers receive a PIN code printed through our cash register. Also, the e-books are integrated with our web site so that customers receive an e-mail PIN code once their transaction is completed. Selling them on our web site has helped increase our sales.”

“The most successful stores now offer as many titles as they possibly can.”
—Lynne Williams, CourseSmart

TINY SEED, LOTS OF EFFORT
There are many options for entering the digital marketplace. CourseSmart, for example, offers three ways for a college store to sell its e-textbooks:

1) The most common is through its point-of-sale system (CourseSmart has integrations with four POS providers). That gives stores the opportunity to offer every title the company carries, “which is about 24,000 different titles and that covers about 90% of the core textbook list used across the United States,” claims Lynne Williams, the company’s business development director, distribution and channel partners.

2) A store whose POS system isn’t compatible or that doesn’t want to go the above route can sign up as a CourseSmart affiliate. Links on the store’s site will take students to CourseSmart to make their purchases, which earn the store a commission.

3) A third option is to order access codes for titles directly from CourseSmart, which is another option for stores that don’t have a POS system or those without e-commerce capability. It’s also an attractive approach for a smaller store that may only have a couple of electronic adoptions so far.

“When we first started working with stores they did a little bit of wading in, but the most successful stores now offer as many titles as they possibly can,” says Williams.

The Loch Shop, Clayton State University, Morrow, GA, sells Jumpbooks e-textbooks powered by CourseSmart through the store’s inventory-control system provider, Nebraska Book Co. Each semester, the store uses the Jumpbooks software system to run a comparison of adopted titles to Jumpbooks digital versions. Every matching title is adopted into the system and added to the appropriate course requests so students get the opportunity to purchase the digital version in-store or online.

“It’s a lot of work for a small percentage of our overall course materials sales,” says R. Todd Smith, CCR, director of campus store services, “but it helps provide our student consumers with choice, and it keeps us in the delivery channel.”

The Loch Shop chose Jumpbooks in January 2011 because they integrated well with the store’s back-office and point-of-sale systems. “Anecdotal information suggested that at best we would sell a handful of digital books, but our pilot was very successful—much more so than expected,” Smith says. But even that success translated to well under 1% of course materials sales for the month.

Unless your store is part of a school district or college system that unilaterally switches to all-digital content, sales of e-materials are likely to be that tiny a portion of your store’s sales, at least for now. Availability of digital versions of adopted titles will also play a part.

Last fall semester, Smith says, there were “just under 30% of comparable Jumpbooks versions of required textbooks. Jumpbooks made up less than 2% of our overall course materials sales.”

Still, he’s in it for the long haul.

“If you’re going in, go all in,” Smith says. “This is why we rent all of our books now. If we believe in rentals, and we do, why shouldn’t we rent every book? If we believe in digital delivery, why not offer digital for every matching adoption?”

GOING ALL IN
Some schools have been able to go all-digital, especially allied health, dental, and nursing programs, because publishers in those fields were early adopters of digital formats.

“We had a unique opportunity four years ago because we’re specific to dentistry,” says Maria Murtagh, director, Arthur A. Dugoni School of Dentistry Student Store, University of the Pacific, San Francisco, CA. “E-books actually started to evolve in the dental industry.”

A new dean wanted to take the school paperless. He charged the IT director at the time with investigating e-books, but the task was quickly passed on to Murtagh, who’d made sure over the years that administrators knew her and that she kept involved wherever possible.

“I was in the discussion phases from day one, which gave me the opportunity to look at the business model from this particular third-party vendor and show that it was not a cost savings to students,” she says. “So we delayed the decision for a year.”

During that time, health/science publisher Elsevier came up with its own e-solution, licensing the digital platform of VitalSource Technologies Inc., part of the Ingram Content Group, to distribute its electronic content. Since most of the school’s titles come from Elsevier, the arrangement was perfect.

Surveys of students revealed that 50% said they were ready for digital only, while the other 50% still preferred print. The school decided to go with a blended print-and-electronic solution for two years before transitioning to majority electronic (a few titles aren’t yet available in digital versions).

“We’re able to give the students one access code which downloads all of their books to one digital library, so that they can search across all of the books simultaneously or
just search in a single title,” Murtagh says. “They also can bring their own content into that library.

“We have a unique situation,” she adds, “because both our books and dental equipment are sold to incoming students in a kit. It’s a mandatory purchase, so it’s a lot easier for us to manage distribution of e-books.”

The program allows students to download their books to two different computers, such as a laptop at school and a desktop at home. Although hardly any take advantage of it, students also retain the option to special-order print copies of their texts.

GETTING FACULTY BUY-IN

Williams says she’s seen some faculty members reluctant for their students to use e-books because they’re unfamiliar with digital themselves. But the biggest objection she encounters is instructors don’t want students using computers during open-book tests because they might access content beyond the course text or try to get answers from either another student in the room or someone outside.

“There are solutions there,” Williams says. “Students can take their material offline with our books so that if the Internet connectivity is turned off in a classroom, as often can be done, the students can still have the material on their computer and refer to it.”

Students can also print out the relevant chapters to refer to during the test. Williams says users can print out an entire CourseSmart book, just in smaller chunks, not all at once. Other e-textbook companies cap printing and copying/pasting of content at 30%.

The Loch Shop partnered with its Bookstore Advisory Committee prior to piloting Jumpbooks. “They helped us introduce the concept to and gain buy-in from our faculty,” Smith says.

The UNM Bookstore informs faculty about its new and used, print and digital options at new-faculty orientation and in fliers that go out to them and their departments.

Cengage Learning has a program called CourseCare, currently in its third year, that offers training and support for faculty for online course setup and digital homework solutions.

“We decided that the best way to increase sales of this type of content was to impact the instructors’ in-class behavior,” explains Stephen Hochheiser, vice president, college store and public affairs. “We built a new department that works with the adopters of our interactive homework solutions to maximize their usage of the products represented by the access codes that college stores sell bundled with textbooks.”

He says the program has led to “much higher rates of student activation and usage of those codes, which reflects much greater student demand.”

LET STUDENTS TAKE A SPIN

Although more students of all ages are gaining experience with e-books and other digital content, not all will arrive on your campus knowing how to handle anything other than a traditional paper book. Offering digital test-drives, in-store or elsewhere on campus, will both promote your electronic offerings and help forge an early, positive connection between your store and new students.

The University of Minnesota Bookstore, Minneapolis, first set up an in-store “IT bar” during fall rush 2011, two years after it started selling digital. It now offers the service year-round as part of its text-information counter. “We cover all aspects of digital there,” says Martha Hoppe, assistant director, operations.

The UNM Bookstore has been doing something similar since it began carrying e-books in 2009. “It is a good selling tool for those who are unsure about digital,” Burns says. “We can take the student over to the demo station in front of our customer-service counter and go over the highlights of CourseSmart and CaféScribe e-books. The response from students is mostly positive.”

Mount Royal University Bookstore, Calgary, AB, Canada, takes its demos around campus, setting up a laptop demo table at the school’s Tech Test Drive and a Student Services Fair to let students experiment and get a taste of digital content.

Offering e-content can also segue into sales of e-readers and other devices for consuming such materials. Last fall, Bowling Green State University Bookstore, Bowling Green, OH, began stocking Amazon’s Kindle Fire and the Barnes & Noble Nook. Director Jeff Nelson, CCR, says he plans to run a comprehensive cross-promotion between the store’s course materials department, its general books department, and BGSU’s Ziggabyte tech store, including online affiliations with digital content providers.

“If you’re going in, go all in.”

—R. Todd Smith, CCR, The Loch Shop, Clayton State University

Hoppe says her store’s biggest outlet for marketing digital content is its web site. “We process about 14,000 web orders each semester, so it is well shopped by our students,” she says. Naturally, the store also has shelf tags and signage, and staff created a shelf talker that provides the basic data on subscription length and download and printing options.

In addition to those methods, the UNM Bookstore promotes its digital options during freshman orientation when students and their parents come to the bookstore, in the university’s online paper, and on Facebook.

THE COST OF DOING BUSINESS

Costs and pricing comprise one of the biggest selling points for digital content. They are also the source of many misperceptions and exaggerated expectations.
Unlike print, digital has no paper, printing, binding, or shipping costs, nor are there storage or return-shipping costs for unsold copies. However, there are still the costs of content creation: author fees and royalties, editing, design, formatting, marketing, etc. Additionally, the 24/7 availability of digital content carries its own infrastructure costs: servers, HVAC systems, security, power (which needs to be redundant to prevent outages), and round-the-clock staffing for customer service and problem troubleshooting. So while one set of costs is reduced or eliminated, another is added.

“Price and profit declines are more likely to be short-term artifacts of the transition from print to digital than long-term dynamics within the textbook industry.”

—Mark Nelson, NACS and NACS Media Solutions

Also, until a tipping point is reached and all course content shifts to digital first, with print-on-demand as an afterthought, publishers must continue to produce traditional print textbooks alongside digital versions of the same materials, so that rather than dropping, their production costs are actually even greater than when they just turned out print books. Only now, with digital nibbling away at print’s market share, there are fewer unit sales of print to support the fixed costs of its production.

On top of that, digital textbooks—just like their print forebears—have to recoup their costs and turn a profit from a marketplace that is still much smaller than that for trade titles. There are only so many schools, so many courses, so many adoptions.

As their emphasis shifts to digital, publishers that aren’t already doing so will have to start applying their overhead costs to the pricing of those digital products. As Mark Nelson, NACS chief information officer and vice president, NACS Media Solutions, noted in a presentation to the NACS Board in 2009, “price and profit declines are more likely to be short-term artifacts of the transition from print to digital than long-term dynamics within the textbook industry.”

THE LOWDOWN ON PRICE

It’s understandable that some college stores are leery of staking their future on a product that sells for a lower price and carries lower margins. But once you take that step, since
your store is almost certainly still in the business of print textbooks, what do you charge for that lower-price, lower-margin digital content you’re selling right next to them?

The UNM Bookstore bases its e-text prices on the prices of its content providers, CourseSmart and CaféScribe. “The e-books are approximately 55% off the new printed textbook price,” explains Burns. “The margins on digital are about 5-10 points less than new margins, but there are no shipping costs and no shrinkage.

“It does, however, make it a little more difficult making buying decisions on printed textbooks,” he adds.

The Loch Shop also works on a lower margin for its e-textbooks than for traditionally printed textbooks. “That being said, the difference in pricing between digital and traditionally printed books varies widely between titles,” says Smith. “Some Jumpbooks even turn out to be more expensive than the printed book, though this is very rare. Most of the time, the price of the digital version is somewhere between the rental and retail prices of a printed textbook.”

“With publisher content we do a standard markup,” Hoppe says. For CourseSmart, the store just matches the web site and updates the information the first of every month.

“Because we have no receiving or inventory costs until sold, digital is not a bad deal for the bottom line,” she adds. “We are working with the university currently to be the billing source for e-books that are delivered directly to a student’s learning management system.”

A four-semester Daytona State College study comparing digital and print textbooks found that even students who were dissatisfied with their e-book experience said they’d be willing to try digital again if the price was right. For those students, the sweet spot was $35 or less.

Which only highlights that price, not a preference for the format, is driving the push for digital. Unlike other content transitions, such as music, the push for electronic course materials is not market driven. The majority of students aren’t clamoring for digital.

The shift is being pushed in part by legislators, who want to show they are sensitive to consumer outcry over the cost of higher education, and by major publishers, at least partly in the hope digital will kill off the used-book market that has long been a thorn in their collective side.

According to the 2012 Student Watch study Student Attitudes and Perceptions: Linking Course Materials to the Connected College Student, if the choice were entirely up to them, 77% of the students surveyed said they’d prefer a print textbook over its digital counterpart.

Smith learned that firsthand. With the exception of summer terms, The Loch Shop’s e-book sales had been increasing each term until this past August. That’s when the store moved to a “rent every book” model for print textbooks. “Our Jumpbook sales tanked,” he says.

THE NOT-SO-GOOD NEWS

Student preferences still leaning heavily toward print isn’t the only hurdle for digital.

The user license for digital content is often just 180 days, although the publisher can (and should) set it for longer durations where necessary, such as 360 days for a class that requires the same text over two to three terms.

“The biggest drawback from us selling more e-books is they are digital rentals and not permanent,” Burns says. “Publishers would be better served if they restructured this to allow ownership.”

“The chemistry faculty here believe that your Intro book will carry you through your entire career at Kenyon, you’ll be referring back to it the whole time,” says Jim Huang, general manager, Kenyon College Bookstore, Gambier, OH. “If you only have a 180-day license on your book, that’s going to leave you kind of in the lurch when you’re a junior and you need to refer back.”

Another problem is that not all digital content is ready for prime time.

“The anecdotal feedback that we had from the students is ROI isn’t there, it’s not a good value,” says Nelson. “Even though it’s discounted, in many cases they can get a rental version of a book for less than what the e-book price would be, because with the e-textbook it’s usually got a limited site license—then they don’t even get to keep the book like you do with a book on your Kindle. But more than that, it’s by and large the content is kind of clunky and not really ready for mobile devices.”

That impression was confirmed for him at an Ohio Board of Regents meeting last fall, where Nelson saw a presentation by a professor who’d had his class study the functionality of a digital textbook. “You had to do like 800 or 900 page-flips because the content wasn’t formatted to fit on the page, which means that you had to scroll every single page,” Nelson recalls. That kind of user experience can easily sour students on digital.

As an exception he cites Flat World Knowledge content, which is digital native—that is, produced in digital form first—and therefore provides a much better experience, he says.

While one set of costs is reduced or eliminated, another is added.

Nelson adds that Flat World’s since-discontinued model of offering e-textbooks free and charging for print-on-demand copies didn’t bother him at all. “We found if we had 100 students in a class and they had access to that free content, we would still sell 50 print books.”

To successfully transition to digital, some schools may need to strengthen their campus wireless networks. In the Daytona State College study, wireless networks in some classrooms were overloaded by multiple students accessing content at the same time. Digital-using classes also can’t be located in bunkerlike campus buildings—very familiar to some college store professionals—that are signal dead zones.
IT'S NOT FOR EVERYONE
Of course, no matter how good the Wi-Fi, how much you inform, how well you market, or how nice your digital petting zoo, there are some students for whom e-content just won't be the answer.

Not all digital content is ready for prime time.

“We generally have at least one person a semester that really did not understand the format and we end up just refunding,” Hoppe says. “We always try to help them work through the problems, but you can tell that this was not the right choice for them.” Working with the provider reps, she can usually get reimbursed for the refund. If that can't happen, she chalks it up as the cost of good customer service.

Smith says The Loch Shop is “fairly liberal in accepting returns from students who had buyer's remorse.” Students can obtain refunds if they haven’t accessed more than 20% of the material.

“Returns have been minimal,” Smith notes. “Much less, in fact, as a percentage of digital sales than textbook returns as a percentage of textbook sales.”

“Overall, digital has not been a bad experience for us,” Hoppe says. “It is time-consuming checking titles and maintaining prices, but well worth the effort.”

SMALL STORE = BIG CHALLENGES
That effort can be back-breaking for small stores. Digital may give students lighter backpacks, but no one said the load would get any easier to carry for store staffs. Just ask Jim Huang.

“We're struggling a lot. We very much want to do this. We want to be able to provide digital texts to the students who prefer that and for the professors who really want their students to do that,” says Huang. “We’re basically having real problems in figuring out how to package these things in a way that makes sense for everyone.”

Kenyon's enrollment is about 1,600. “We're small and that's actually part of our problem,” says Huang. His store has gotten in e-content from 12-15 different providers so far, and employs IndieCommerce, the American Booksellers Association's e-commerce solution for independent bookstores, as well as the eFollett platform and Verba software. The store also has affiliate relationships with Amazon and Google eBooks. With every company having its own system and procedures and restrictions, there's a lot to keep track of for a small store.

Multiplying the difficulties, he says, is that some of the providers aren't even standardized within their own offerings, so that two products from the same company or two transactions with the same company may have to be handled completely differently.

If a course or department or even the entire school adopts a dedicated e-reader for classroom use, that can create delivery and accessibility headaches, too. While many reading devices, such as Barnes & Noble's Nook, the Sony Reader, and Apple's iPad, as well as reading apps for smartphones and tablets, support PDF or EPUB file formats, Amazon's Kindle devices use one of two proprietary formats, called AZW and KF8, although

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**Digital Do’s and Don’ts for College Stores**

**DO:** Get buy-in for adding digital from your administration, any bookstore or course materials advisory committees, faculty, student leadership such as the student senate, and, if necessary, the campus IT department.

**DON’T:** If your store drags its feet on digital, your administration might move ahead on its own to arrange direct integration with e-textbook vendors that cuts the store out of the loop. Be proactive. Get involved in any discussions on digital, or be the one to start them. Educate yourself and then educate the higher-ups to ensure that any integration comes back through the store.

**DO:** If your store has a point-of-sale system, ensure integration of your digital program. Get it set up well ahead of time, test it thoroughly, and get all staff trained in its use. (Smaller stores that don’t have a POS system can still sell digital content via web-based transactions through their provider's servers, linked from the store’s web site.)

**DO:** Consider the margin implications of adding digital options and how you set your prices, bearing in mind that with digital you’re not carrying inventory.

**DON’T:** With technology changing so frequently these days, do not lock your store into any long-term digital provider contracts. You want to keep your options open, at least until the marketplace shakes out more.

**DON’T:** Letting yourself become hostage to a platform that only provides content from a single publisher opens you up to academic-freedom issues if a professor wants to adopt an e-title not available from that publisher.

**DO:** Contact your campus’s disabled student services office to suggest digital content through the store as a solution that may be more immediately available than its current options. “Most of our books are ready to go out of the box,” says Lynne Williams, business development director, distribution and channel partners, for CourseSmart. “If there’s a book that needs to be remediated, which includes tagging and providing tools to help the student, that’ll take us a few days, but they don’t have to wait for weeks and that means that that sight-disabled student has the same access to his textbooks at the same time as other students.”
later-generation Kindles can display PDF files. There are also different digital rights management (DRM) formats. Even EPUB, which is as close to a standard e-content format as exists so far, has three different DRM systems in use.

“You don’t think of distribution as an e-book problem. You think of distribution in terms of physical products, but the distribution of electronic materials is in many ways even trickier, because then you have to get systems to talk to each other,” Huang says.

He also sees some publishers pushing students to their own web sites over selling through stores, an approach he believes may net them a short-term gain but will hurt them in the long run.

An eventual shake-out and consolidation of the digital content market toward greater standardization “is going to be really messy,” Huang says. “The thing that worries me is how do we survive in the meantime or can we survive long enough to wait for the help that we need?”

The Loch Shop’s Smith can empathize.

“We knew going in that offering digital for every adoption where a digital option was available would be labor intensive,” Smith says. “But so is most everything else we do. “Ultimately, we’re providing students with choice and that’s never a bad thing. If what we do now helps smooth the bumpy path into the digital future, and I think it certainly can’t hurt, our time and efforts will have been worth it.”

Michael von Glahn is editor of The College Store magazine.

Related Sessions

- Deep Dive Session: Conversations on Tech, Education, Course Materials, and Campus Stores Friday, Feb. 22, 1:30-3:45 p.m.
- Digital Update: Unplugged, Unscripted, and Unbelievable! Friday, Feb. 22, 1:30-2:30 p.m.
- Fifty Shades of Course Materials: Navigating Store, Faculty, and Publisher Relations Friday, Feb. 22, 1:30-2:30 p.m.
- Managing Course Materials Today While Reaching for Tomorrow Friday, Feb. 22, 1:30-2:30 p.m.
- Publisher Panel Friday, Feb. 22, 2:45-3:45 p.m.
- Thought Leader Session: Course Materials in the Digital Age: Insights from the Outside Saturday, Feb. 23, 8:30-9:30 a.m.
- Campuswide Course Materials Licensing Saturday, Feb. 23, 1-2 p.m.
- Digital Course Materials: Where We Are and Where We’re Going Saturday, Feb. 23, 1-2 p.m.
- K-12 Roundtable: Textbooks Saturday, Feb. 23, 2:15-3:15 p.m.
- Marketing Course Materials in an Ever-Changing Environment Saturday, Feb. 23, 2:15-3:15 p.m.