



National Association of College Stores

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FAQ on College Textbooks

What is the average price for a textbook?

The average price of a new textbook is \$52.36, and the average price of a used textbook is \$40.01 according to the *2005 College Store Industry Financial Report* by the National Association of College Stores [NACS]. The College Board has reported that the cost of books and supplies for the 2004-05 academic year ranged from \$770 to \$870 depending upon the type of institution a student attended.

How much does the college store make on textbooks?

For new textbooks, college stores typically obtain the books they sell directly from publishers. Publishers establish the amount they charge college stores for each title. College stores then establish a retail price (the amount a student pays for the textbook). The difference between what the college store paid for the textbook and the amount they charge the student is called the *gross margin*. This gross margin is used to cover the personnel costs, the cost of freight, and other costs related to operating the store (utilities, insurance, etc.). The average gross margin on new textbooks is currently 22.5% according to NACS' *2005 College Store Industry Financial Report*. This margin has remained relatively constant since 1989.

In the case of used textbooks, the gross margin is higher (34.9%), but used textbooks require more handling, and incur more operating expenses. For instance, the store has the additional costs of cleaning and re-shelving these books. They also present a higher risk to the store. Unlike new textbooks, used textbooks can't be returned if they're not sold. There's also a chance that a new edition of the textbook may make them obsolete.

After the store expenses have been paid, a college store can expect to make about four cents for every dollar's worth of new textbooks sold. In most cases, the money that is made goes back to the institution or into student programs to help defray other costs of higher education.

How do college store margins compare to average retail margins?

It's important to remember that college stores are not traditional retailers. College stores are unique in that they do not select the bulk of their inventory (textbooks). Also, because college stores are service driven, they attempt to provide the lowest possible prices for students as opposed to trying to make the largest profit.

Still, the *Annual Benchmark Report for Retail Trade and Food Services: January 1992 through March 2003*, by the US Census Bureau, US Department of Commerce, April 2003, [Table 7,

page 41] estimated annual gross margin as a percentage of sales by kinds of retail business range from 25.0 % to 42.9%.

What are the trends in textbook prices? Are they going up?

Although college stores’ margins on new textbooks have remained steady since 1989, they’ve experienced cost increases when purchasing new textbooks from publishers.

New data shows that the price of textbooks has risen faster than the rate of inflation, but has not risen as much as tuition costs and other higher education expenses.

What percentage of students buys textbooks online?

In spite of the attention paid to online sales of books and course materials, students reported purchasing only 16% of their textbooks online in a fall 2004 *Student Watch*™ report. However, 31% of those students reported that in addition to buying from online sources that had no affiliation with their school, they also bought textbooks from the web site of their local college store.

How can the same textbook, or a virtually identical textbook, be less expensive to buy over the Internet from an overseas supplier than through a U.S. college store?

Lower prices on college textbooks are available overseas because some U.S. publishers have sold these titles to wholesalers or retailers abroad at prices that are greatly reduced in comparison to those available to U.S. college stores and other retailers. The Internet has made it possible for foreign wholesalers and distributors to pass along lower prices on textbooks to U.S. consumers, placing them in direct competition with U.S. college stores. This adds to students’ distrust and frustration regarding U.S. college textbook prices.

Additional Resources

<p>The Association of American Publishers 71 Fifth Avenue, 2nd Floor New York, NY 10003 212/255-0200 www.publishers.org</p>	<p>The Book Industry Study Group 19 West 21st Street, Suite 905 New York, NY 10010 646-336-7141 www.bisg.org</p>
<p>R.R. Bowker, The Book Industry Resource 630 Central Ave. New Providence, NJ 07974 (888) 269-5372 www.bookwire.com</p>	<p>The College Board 5 Columbus Avenue New York, NY 10023-6992 (212) 713-8043 www.collegeboard.org</p>
<p>Subtext, The Book Business in Perspective Open Book Publishing, Inc PO Box 2228, Darien, CT 06820 (203)-316-8008 www.subtext.net</p>	<p>Consumer Price Index U.S. Bureau of Labor Statistics www.bls.gov/CPI Producer Price Index U.S. Bureau of Labor Statistics www.bls.gov/PPI</p>