

# College Store Perspectives on the Learning Content Ecosystem

Key findings from the NACS store survey for the  
“Mapping the Learning Content Ecosystem” project

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## ABSTRACT

Marshall McLuhan observed that “the past dissolves before the future resolves.” Digital technologies are dissolving traditional landscapes. This disruption is being felt throughout the learning content ecosystem. The essential role played by the college store is changing. This report summarizes the findings of a fall 2014 survey of college store professionals carried out by the National Association of College Stores (NACS).



## INTRODUCTION

College stores are undergoing the greatest changes in their long history. Both the store as a physical entity and its iconic merchandise are being dematerialized. While activists and political leaders demand changes to a textbook market they describe as rigged against students, publishers try to turn textbooks into courseware and unit sales into institutional licenses. Both faculty and students remain largely loyal to print textbooks, but choices of where to rent or buy (or pirate) them are more abundant than ever, and an already-evident digital beachhead is likely to grow into a deep incursion. Foundations and private investors generously fund lean, low-margin publishing ventures and open educational resource (OER) initiatives that provide an alternative with increasing attractiveness. Finally, students—far from slavishly consuming whatever materials they are assigned—are wandering afield of both the store as primary retailer and faculty requirements for course content. Students’ average annual spending on course materials has dropped (as NACS Student Watch™ surveys reveal) from \$701 to \$563 in seven years.

The college store’s historical roles of assuring the on-time delivery of physical media and the operation of a book exchange carry decreasing weight in this changing landscape. Amazon, having perfected the online retail model, is now extending it by grafting campus site presence onto its immense virtual supply chain. Other ventures like Chegg and Valore are redefining the course materials market not just through online sales but by adding learning services, crowd-sourced reviews, mobile delivery, and vendor-owned digital content.

How are college stores responding in this atmosphere of change? In order to better understand their responses, the NACS Foundation commissioned a survey of store managers and directors at NACS member institutions in fall 2014. A total of 190 stores responded. The survey asked them about sales and course adoptions; their relationships with the campus, customers, and partners; the direction of digital course materials; and their perceptions of how students see the store. (See “About the NACS Store Survey” for more details.)

Our results are sobering. The great majority of stores we surveyed report declining dollar and unit sales of course materials, and most report declining or flat course adoptions. Digital sales are substantial but haven’t caught fire, and remain tied to print alternatives. Stores report an admirable focus on customer service, but we didn’t find much evidence that they are proactively building stronger relationships with faculty and administrators. And course materials issues that are critical to stores aren’t so high in campus priorities: most of our respondents ranked them as low to middling among administration concerns, and only one store in four said their campus had set course materials goals.

We summarize the results of the survey in the following pages. Where appropriate, we also refer to related findings from the NACS survey of faculty and NACS’ Student Watch™ survey conducted at the same time. These are marked by bolded **Students** and **Faculty** identifiers.



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## ACKNOWLEDGEMENTS

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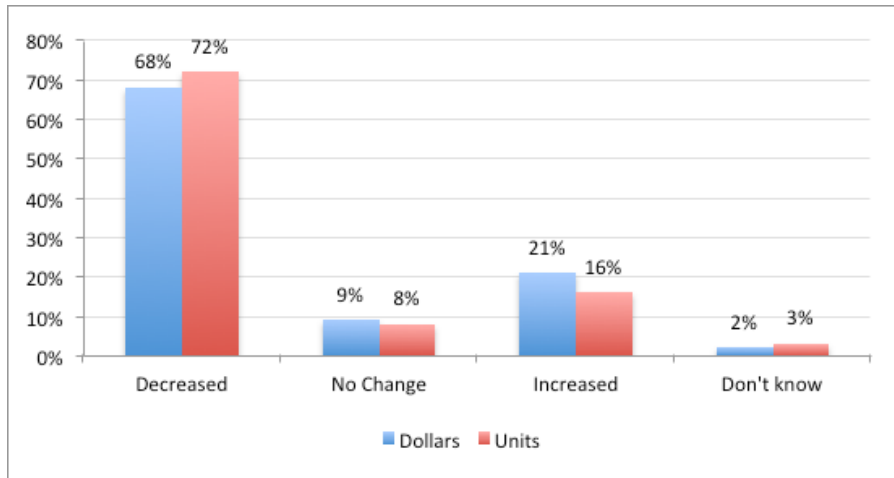


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## I. SALES AND COURSE ADOPTIONS

Figure 1 - Over Past Five Years, How Have Your Course Materials Sales Changed?



### Course materials sales are down for most stores

- College stores overwhelmingly report declining or flat sales of course materials (Figure 1). Two-thirds say dollar sales have decreased in the past five years and another 9% say they have not changed. Only one in five reports an increase. The situation is slightly worse on a unit sales basis: 72% say they are down, 8% flat.
- Stores perceive that digitization is helping to erode sales. Those who believe that digital course content has led students to purchase fewer course materials (46%) far outnumber those who think it has led them to purchase more (10%). On the other hand, those who think that digital materials lead students to rent more materials (21%) exceed those who think they lead to fewer rentals (14%).
- Stores aren't entirely negative about the digital transformation, but some worry that it helps students avoid the store. Half say that digital materials help the store offer a range of options and formats to best fit student needs, and one-third say the store serves as a go-between for student issues with digital content. But 35% feel digital course materials have made students less reliant on the store "since we are not their only resource for digital options." Only 12% say students are more reliant on the store "as their most trusted resource for digital content."

### Adoptions are flat or down for most stores

- Declining or flat course adoptions probably play a role in sales erosion, though they don't match it in extent. About a third of stores say faculty adoptions have decreased in the past five years, while 47% report no change.
- Most stores provide fairly low estimates of the percentage of courses not adopting course materials through them: 62% say fewer than 20% of courses do not adopt through them, and eight in 10 place the number below 30%. Roughly consistent with this, 79% believe that most or all faculty require students to obtain and use the adopted materials for their courses.
- **Faculty:** Eight in 10 faculty members who make or influence adoption decisions report that they advise students on where to acquire course materials. Of these, 80% refer students to the college store, 48% to Amazon, and 17% to other online retailers.
- **Students:** Eighteen percent of students say the cost of course materials impacted how many courses they took in fall 2014, and 28% say they did not acquire at least one required course material. Among these, the top reasons are: price (41%), didn't want/need (33%), and professor said it wasn't necessary (33%). When different sources of perceived non-need are combined, non-need becomes a larger reason for non-acquisition than price.

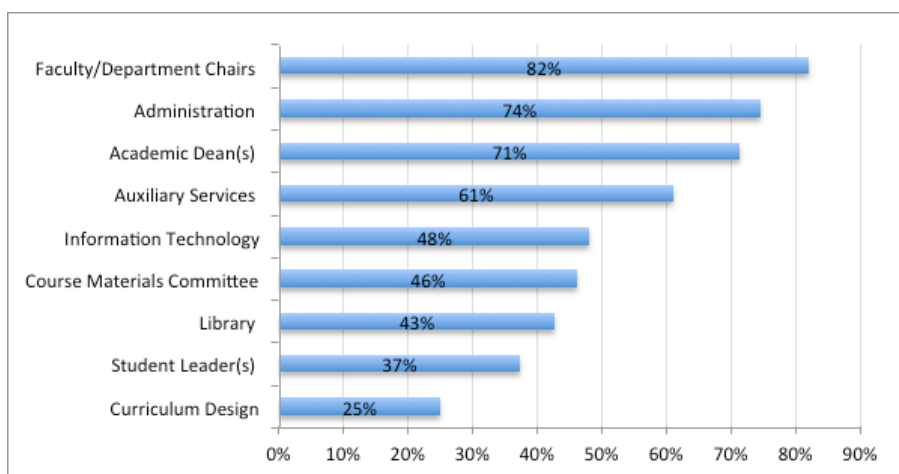


### Blind spots may be a factor in lost sales

- Stores may be losing sales through channels where they have poor visibility. Only 3% of institutions track content directly loaded into the learning management system (LMS) or publisher-direct links from faculty or the LMS (6%). About one store in five tracks faculty distribution of materials such as course packs, but 76% say they do not track any additional materials adopted outside the store's processes.
- Most stores (66%) do not work with their campus learning management system (Blackboard, D2L, etc.). Only 11% are integrated with it, and very few are involved in LMS strategy and selection (4%) or implementation (1%). While very few also report another online bookseller being integrated with the LMS (6%), 17% say they don't know whether another is or not.

## II. STORE RELATIONSHIPS AND PARTNERSHIPS

Figure 2 - Established Relationships or Had Conversations Regarding Course Materials\*



\*Percentages adjusted to eliminate institutions where no such entity exists.

### Campus relationships are more workaday than strategic

- Stores characterize campus administrators' concerns about course materials issues as moderate. On a scale of 1 ("Not on their radar") to 5 ("Keeps them up at night"), the largest responses were at levels 2 (32%) and 3 (33%). Perceived concerns were slightly higher at doctoral institutions than at master's and associate's institutions.
- Large majorities of stores report having established relationships or had conversations with faculty and department chairs, the administration, and academic deans (Figure 2). For the most part, these were described as working relationships, but 38% said they had a strong partnership with the administration, as did about a quarter each with academic deans and faculty/department chairs.
- Seven in 10 stores believe that the college store should be leading initiatives around course materials. Among other top-three choices for such leadership, only faculty/department chairs were selected by more than half of stores (58%). Four in 10 thought academic deans should be leading initiatives, and only one in four thought the administration should do so.
- Despite strong belief that the store should be leading course materials initiatives, only 53% of stores report being involved in discussions and/or planning related to course materials strategies for their campus. Involvement of this type is more common at public (58%) than at private (40%) institutions, and at institutions with enrollments above 10,000.



### Most institutions have not set goals around course materials

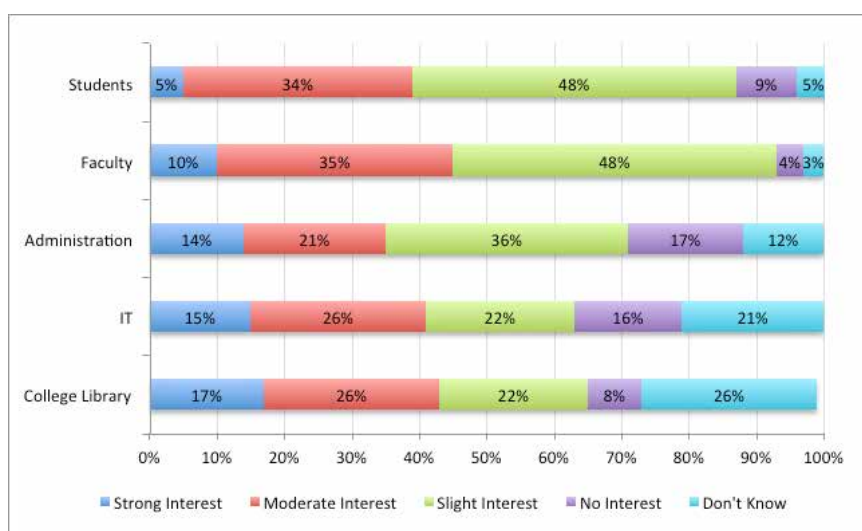
- Only one in four stores says that their institution has a goal around course materials in place. This might be an undercount, since 16% of respondents say they don't know. Doctoral institutions have the highest rate of goal-setting (29%), and baccalaureates have the lowest (19%).
- Among the institutions that set course materials goals, most are related to digital (61%) and print (54%) formats. One-third relate to open educational resources (OERs), and one in four to institutional licensing of course materials.

### Working with faculty: Service, not much outreach

- Stores describing how they work with faculty on course adoptions mostly describe service incident to orders rather than proactive outreach. Most commonly, they provide relevant information when faculty approach with questions (77%), update faculty regularly with new information on their adoptions (68%), and meet with faculty when a question about their request arises (63%). Only 16% have a regularly scheduled meeting with individual faculty or departments.
- Asked to name the top three areas where the store provides the most value to the campus, stores again emphasize service. The most selected areas were availability to work with faculty on course adoptions (56%), store proceeds that benefit campus and students (51%), and services and product offerings to students (47%). Knowledge of course materials formats (37%) and costs (30%) were common responses, and only 6% named knowledge of course content in specific fields.
- Stores rely heavily on faculty and department recommendations to determine which course material formats to make available to students (86%). Many also take other considerations into account as well, especially lowest cost to students (50%), maximizing student choice (44%), and student preferences gathered from surveys or conversations (15%).
- Some stores see themselves as consultative partners with faculty. Close to four in 10 (37%) say faculty see them as course material experts, and one in five says faculty see them as experts on student preferences.
- **Faculty:** Our fall 2014 survey of faculty suggests that most stores are realistic in doubting that faculty see them as course materials experts. Only 16% of faculty who assign materials through the store agree that the store is a useful resource for evaluating course materials options, though 21% agree that the store staff know course materials markets and options better than they do.

## III. DIGITAL COURSE MATERIALS

Figure 3 - Perceived Level of Interest in Digital Course Materials





### **Stores believe interest in digital course materials is lukewarm**

- Stores don't perceive high levels of interest in digital course materials. Majorities of stores think students, faculty, and the administration have shown slight or no interest, though about a third detect moderate interest among students and faculty (Figure 3). Low or no interest is reported at lower rates for IT and the college library, but this may be because larger proportions of stores said they didn't know the interest level within these entities.
- Doctoral institutions lead the pack in perceived student interest in digital materials. Among them, 51% report moderate or strong student interest, well ahead of master's (39%), baccalaureate (35%), and associate's (32%) institutions.
- However, perceived moderate or strong interest among faculty was higher at associate's (53%) than at doctoral (48%), master's (32%), and baccalaureate (40%) institutions.
- **Faculty:** Print textbooks dominate faculty course materials assignments; eight in 10 report using them in their courses. The next most often assigned format is digital non-textbook materials (40%), followed by OERs (32%). Looking ahead five years, slightly more than half of faculty (56%) expect most assigned course materials to be digital in their discipline, and 64% expect students to prefer digital formats.
- **Students:** The print textbook is popular with students as well. Just over half say their preferred course materials format is a print textbook either with (24%) or without (32%) a bundled additional digital component. E-textbooks alone are the preferred format of only 7%, while e-textbooks bundled with additional digital content are preferred by an additional 6%.

### **Stores think students are comfortable with technology, but have reservations**

- Two-thirds of stores think students are at least moderately comfortable and capable at using technology to complete course assignments, and many of these believe they are very or extremely comfortable (37%). Few outright doubt students' comfort with technology, but 23% felt unable to answer the question.
- Confidence about student comfort with technology varies considerably by Carnegie classification for institutions. Stores reporting students are "very" or "extremely" comfortable ranged from 20% at two-year institutions to 50% at doctorals.

### **Digital course materials tend to be bundled or available as an option, not exclusively digital**

- Digital content has assumed a prominent place in store inventories. Half of stores estimate that adopted titles with a digital component or option constitute between 20% and 50% of the titles they rent or sell. The remaining stores are about equally divided on either side of this range.
- It's a different story with exclusively digital course materials. Four in 10 stores estimate that digital titles for which no print option is available make up 10% or less of their adopted titles, and 93% say they make up less than 20%.
- Most stores (55%) sell or rent digital course content independently with cardboard access codes only, and 30% independently sell cardboard codes with immediate authorization or access. One in four sells or rents digital content directly through publishers, while other partners include CourseSmart (25%), Campus eBookstore (16%), and RedShelf (15%). These partners are more commonly reported by four-year than by two-year institutions.

### **Digital course materials initiatives are mostly pragmatic**

- Asked whether the store has set goals or begun initiatives related to digital course materials, 26% said that they had not. Among the rest, the most common initiatives tended to be practical operational concerns: providing necessary materials at the start of each semester (49%), assisting with course materials options and alternatives (41%), and offering affordable digital content (37%).
- Still, more ambitious activities can be found, such as testing new or innovative vendor partners (22%) and leading a new digital course content conversation on campus (19%). Leading such a conversation was much more frequently reported by doctorals (38%) than at MAs (21%), BAs (15%), or AAs (8%); and was twice as common at public institutions as at private ones.
- One-third of institutions have already implemented initiatives around digital course content, and another 18% plan them within the next 12 months.

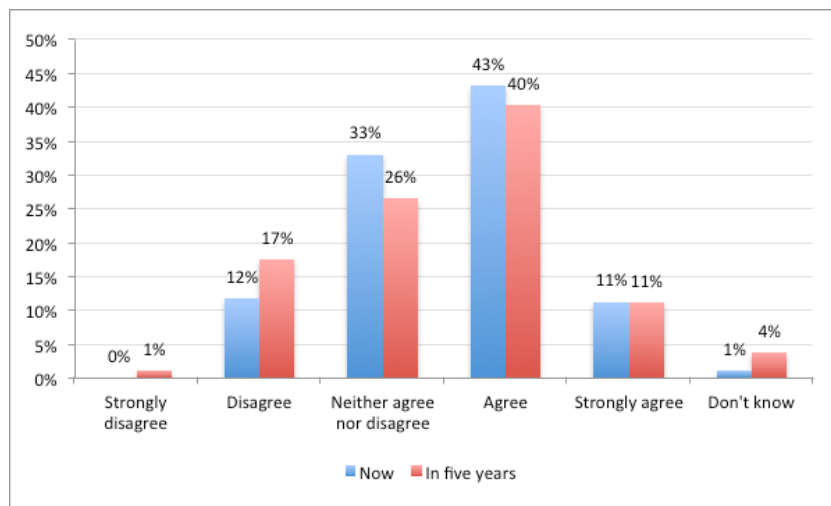


### Stores use many sources to learn about digital course materials

- Vendors are the single most often cited source for learning about new digital course materials (70%), but stores also rely widely on non-vendor sources including NACS (64%), faculty (58%), industry peers (52%), and C&A Market EXpo (CAMEX, 34%).
- Somewhat surprisingly, students (16%) play a small role in this learning process, but still a slightly larger one than the library (11%).

## IV. TOWARD THE FUTURE

Figure 4 - Students on My Campus Find the College Store an Indispensable Resource for Course Materials



### Qualms about student perceptions color the future

- Declining course materials sales and stiff outside competition seem to have left many stores with misgivings about the future. Today a modest majority (54%) agree or strongly agree that students see the store as an indispensable resource for course materials, and one-third neither agree nor disagree (Figure 4). Looking forward five years, combined agreement drops slightly to 51%, but the neutral position drops to 26%, leading to a combined disagreement gain.
- Pessimism and optimism are not evenly distributed, however. Agreement about students finding the store indispensable in five years actually rises from current agreement at MA (+5%) and BA (+8%) institutions. Associate's institutions see a 7% drop, but the most pessimistic are the doctorals, whose agreement about future indispensability drops a remarkable 17 points, from 62% to 45%.

### Most stores expect publishers to go digital

- Publisher moves to the digital realm haven't been lost on stores. Two-thirds agree that publishers believe digital will be a primary format for course materials within the next five years. Most of the rest are neutral; only 14% disagree.
- Though majorities of institutions in all Carnegie classes think publishers see digital as a primary format in five years, agreement is especially strong at doctorals, where fully 85% agree. BA institutions agree least (56%).
- None of this means that college stores see a clear winner or leader in the digital race. Asked which publisher is leading the way in digital course materials, 28% of stores say they don't know. Cengage (28%) gets the most votes, followed by Pearson (23%), and McGraw-Hill (17%).





## CONCLUSION

The college store is only one party in a complex ecosystem of entities that make, market, and consume course materials. The changes we described in our introduction are far from complete and are likely to accelerate as they move toward resolution. Trends that likely will affect stores include:

- **Unbundling of higher education services.** Digital technologies are making it possible to isolate and deliver services that traditionally have been integrated in one place. From instruction to career advice, formal and informal educational services are being served up by a vigorous entrepreneurial marketplace, sometimes in partnership with the institution and sometimes bypassing it.
  - Unbundling introduces more parties into the educational experience and dilutes the college store's ability to be a part of the process.
- **Intensifying concentration on student success.** For both economic and political reasons, institutions in a wide swath of higher education are reorienting themselves from a culture of access to a culture of success. New services and products that address not what, but how students learn are flooding the higher education scene. How they will reach students is unresolved, however.
  - The college store could play a role in delivering or brokering this new category of educational products.
- **A market landscape of giants and minnows.** Internet delivery of learning content has fundamentally changed the scale of competition and rivalry throughout the learning content ecosystem, favoring those who can master huge scale (giants) and those who prosper by being quick, nimble, and focused on well-understood customers (minnows).
  - Facing giants like Amazon, college stores will have to improve their "minnow" behaviors: strengthening existing relationships, forming new ones in areas like student success and IT, and enhancing their ability to leverage student information and POS data.
- **Courseware rising, textbooks falling.** It's hard to find a plausible scenario for recovery in print textbook sales. Enrollments are flat, publishers are going digital, administrators want lower prices and more adaptive content, and students are rebelling against high prices.
  - Even given durable faculty and student loyalty to print textbooks, expect a decisive shift toward digital in three to five years.
- **Standardization of materials.** Cost pressures, the need to demonstrate learning outcomes, changing content formats, and the large and growing use of contingent instructors are all feeding a trend toward standardized course assignments that break from traditional faculty autonomy.
  - It will become increasingly important for the college store to be in the room with the new decision-makers—whether a faculty committee or an academic executive—in this environment.
- **Ever-growing student consumer power.** Nearly three in 10 students surveyed by NACS' Student Watch™ Fall 2014 Study say they didn't buy at least one recommended course material—and in fact, these students average 3.5 non-purchases. Some borrow, some pirate, and some do without. Exploding options both for mode and source of content acquisition give students a strong hand in the content materials game.
  - Relationships with, and information about, the student consumer will be critical to the college store's ability to respond.

With these trends in mind, it's worrisome that our survey finds stores focused more on operational services and working relationships than on strategic outreach, and in many cases, either frozen out of strategic course materials discussions, or at institutions where none are taking place. **College stores that wish to remain in the learning content business need to better know and understand their students, their faculty adopters, and the key players in the emerging, not the historical, content ecosystem.** The rise of student success as a strategic priority could be a powerful catalyst for shaking executives out of course materials apathy, but **the store will have to have a learning content vision of its own and a persuasive case for being a partner at the table.** Likewise, stores might situate themselves as advisors about, and brokers of, new courseware products and learning services, but they will need a deep understanding of those areas even in the midst of great market confusion.





## Critical Questions for College Stores

1. Are you prepared to discuss with your campus administrators and faculty your store's course materials sales, reasons for changes and trends, and strategies for addressing the changing needs of your students and campus in the years to come?
2. What initiatives and goals do you have in place to ensure your connections with faculty increase in number, deepen in nature, and remain productive?
3. Does your campus and/or store have goals around digital content or course materials, in general? What is your vision for the store's role in the campus' course content future?
4. Are you and other members of your staff consultative partners to faculty? If not, how can you start to provide services of that type?
5. What is the level of interest in digital course materials (e.g., e-textbooks, digital supplements, online adaptive products) on your campus? What is the trend?
6. How are you defining digital products in your store and campus conversations? How are you tracking the products for adoptions, sales, and other measurement purposes? "Digital" is too complex to be a single bucket anymore!
7. To what extent do you know and understand your student consumer and faculty adopters? Do you have sales, use, or other data on either/both to support business decisions and development of support services?
8. What is the status of student success services on your campus? Is there a role(s) for the store to play in the campus or department-level initiatives to provide support to students in achieving their academic goals?

## ABOUT THE NACS STORE SURVEY

The NACS store survey was commissioned by the NACS Foundation and developed by Richard N. Katz & Associates in cooperation with NACS and OnCampus Research®. The survey was sent to NACS member stores in fall 2014. Responses were received from 190 stores, and largely came from store managers or directors (Figure 5). The largest response count was from two-year institutions (AA, 62), followed by four-year non-doctorals with graduate programs (MA, 59), doctorals (DR, 34), four-years without graduate programs (BA, 26), and others (9). Analysis was conducted by Richard N. Katz & Associates in early 2015.

Figure 5 - Respondent Role in the Store (N=188)

