



## AGGREGATIO PARTICIO: LEARNING CONTENT DISTRIBUTION, WHOLESALING, AND AGGREGATION

**The role of the distributor is shifting, and new business models, products and their functionality, and decisions by institutions and students on how to achieve their respective teaching and learning goals will largely determine the new players and characteristics of learning content distribution. Publishers are pursuing paths that strengthen ties directly to student and institution. Traditional players are reinventing themselves, while both start-up and entering “giants” threaten to claim the role.**



### Key Points:

1. The role of the distributor is shifting from logistics management of physical objects to curation, identity and access management, privacy and security management, and marketing and outreach to students. The balancing act for the hybrid distributor is managing the longstanding commercial relationship with college stores and the emerging one with students.
2. As students make increasing use of a rising number of distribution channels for learning content, the ability of the college store in negotiations with distributors is likely to grow weaker.
3. Potential substitutes threaten the existing niches occupied by distributors:
  - a. Rise of the business-to-consumer (B2C) distribution model
  - b. Emergence of student portals—designed to support student learning needs such as coaching, advisement, test preparation, and tutoring
  - c. New academic content licensing models
  - d. Rise of massive-scale course aggregators—such as MOOC platform providers EdX and Coursera
  - e. A shift from buying and owning to subscribing and streaming
4. Key players include very large publishers in this space, traditional distributors like Ingram, and an emerging class of digital content distributors. Those providers with tools that facilitate faculty adoption or student discovery and acquisition will likely win the day.
5. Innovations and technologies that distributors need to track and experiment with include: subscription licensing and pricing; adaptive or personalized learning materials tied to publishers' information systems; courseware with licenses that restrict sharing, lending, renting, and resale; and learning analytics that can help teachers and students but are tethered to the publishers.

# Mapping the Learning Content Ecosystem

## SCORECARD

AGGREGATIO PARTICIO: Learning Content  
Distribution, Wholesaling,  
and Aggregation



### Supplier Power

- Key suppliers are academic publishers and the condition of the industry is not strong
- Organic source of growth (print textbooks) is waning
- Student self-sourcing and changes in faculty use of materials reduces demand for products—weakening hold on distributors



### Buyer Power

- Strength of student as buyer continues to rise in the digital age
- Increasing options—both paid and not—increase student power even more
- College stores and other retailers' power as buyer is declining due to:
  - Growth in number of distribution channels
  - Rise of business-to-consumer direct marketing and sales
  - Rise in student awareness of purchase and rental options



### Rivalry Level\*: 2



Rivalry centers on competition between business models and who will be served directly—retailer or end consumer.

### New Entrants

- Relatively small threat of new entrants due to high capital investment and specialized technological capabilities required
- Some current industry players transitioning to fill new needs of digital distribution environment
- Amazon and other online retailers of that caliber are greatest threats to watch



### Substitutes

- Threat of substitutes to be considered and monitored include:
  - Business-to-consumer (B2C) distributors
  - Emergence of student portal service providers
  - Academic content licensing models that exclude distributors
  - Evolution of MOOC platforms as content distributors
  - Influence of “subscribing and streaming” economy
  - Rise of peer-to-peer student exchanges



\*Rivalry is an indication of competition in the segment from 1-lowest to 5-highest; both among current players and between them and new entrants.



## Distribution, Wholesaling, and Aggregation: History, Mission, and Value Proposition

Content distribution and wholesaling is nearly as ancient an endeavor as publishing. Content distributors and wholesalers play a number of important roles. These firms:

- 1. Aggregate content and manage complexity.** Today, more than 20,000 publishers operate in 132 countries. In the U.S. alone, there are at least 147 academic publishers, 187 e-book publishers, 24 print-on-demand service providers, and 21 distributors and wholesalers.<sup>73</sup> Collectively these publishers create more than 30 million new titles a year. This content then must operate in sync with the needs and timetables of thousands of academic libraries and college stores who in turn are the emissaries and agents for thousands of students and faculty. This complex match making requires sourcing and supplying global markets as well. A small number of specialized distributors aggregate both supply and demand. These firms ensure that the right learning content reaches the right student in time for the right course. This is a complex piece of choreography that goes on behind the scenes at college stores and one that depends in part on distributor order entry, supply chain, and logistics quality. In increasingly digital markets, this depends on digital curation, content management, rights management, and identity and access control.
- 2. Reduce risk.** Until the evolution of the modern book distributors, book publishing and retailing were enormously risky enterprises. The great risk for publishers was the risk of over-production and the need to both carry physical inventory or to absorb losses from unsold inventory. Bookselling too was dogged by inventory risk. Even in 1920, the inefficiency of the market was driving book sellers out of business in large numbers. One prominent publisher remarked: "Is there any other retail merchandising business in the world compelled to carry so large an assortment of items in stock, and a stock that is constantly being added to?"<sup>74</sup>
- 3. Manage logistics.** The academic enterprise at the heart of the learning content ecosystem operates on a precise calendar. Distributors are essential to keeping libraries' collections current and to ensuring that course materials are available to students when those students need them. Distributors like the Ingram Content Group point with justifiable pride to their world-class million square foot distribution center or to their technology infrastructure for managing digital content. Managing logistics is the essence of the distributor's value proposition and their primary tool in managing the complexity of many-to-many transactions.
- 4. Make markets.** By definition, distributors have a large reach and are able to extend and leverage a bookstore or library's awareness of the content landscape and extend the visibility and range of publishers' products. And in several important instances, distributors' logistical prowess allows them to operate the used course material secondary market.
- 5. Provide capital.** By carrying the cost of warehousing—and in some cases the cost of the content inventory—distributors' capital is required to ensure that sufficient inventory is there to fulfill the retailers' needs in meeting student and faculty demand.
- 6. Match products and markets.** In the academic library context, wholesalers and distributors are increasingly filling the gap that is created as academic libraries have downsized over the past two decades. While there is surely a wolf-guards-the-henhouse irony at play, modern academic distributors use sophisticated analytics and predictive models to package digital bundles of content titles for libraries to accept or reject on approval. These bundles are personalized to the college or library based on the institution's size, enrollment make-up, curriculum make-up, and other factors.
- 7. Leverage buyer power.** There are very few distributors/wholesalers and they aggregate the demand from thousands of colleges and universities. As such, they are a check on the largest publishers and enjoy considerably more leverage than would any individual college store or library. Today, five academic publishers alone account for sales in excess of \$20 billion.<sup>75</sup>

<sup>73</sup> Publisher's Global, see <http://www.publishersglobal.com/>. The Ingram Content Group website claims that the distributor works with more than 30,000 publishers.

See <http://www.ingramcontent.com/pages/company.aspx>.

<sup>74</sup> Charles, E. Butler, "Address to the American Booksellers Association," in *Publishers Weekly*, May 11, 1920. Mr. Butler was President of the American Booksellers Association. Available at: <https://books.google.com/books?id=rV42AQAAAMAJ&pg=PA1634&lpg=PA1634&dq=is+competition+between+book+distributors+intense&source=bl&ots=IWJVjldBY&sig=HHNGfUQi1zt961WZILSqD-jS6Qg&hl=en&sa=X&ei=LitXVZbxM8PmsAXGoIDQBq&ved=0CCwQ6AEwAg#v=onepage&q=competition%20between%20book%20distributors%20intense&f=false>.

<sup>75</sup> *Publishers Weekly*, "The World's 56 Largest Book Publishers, 2014." Available at:

<http://www.publishersweekly.com/pw/by-topic/industry-news/financial-reporting/article/63004-the-world-s-56-largest-book-publishers-2014.html>.



**8. Manage digital repositories.** As more and more learning content goes digital, the format of that content becomes more diverse and therefore more difficult to manage. Issues like access and rights management, backup and recovery, and version control require new skills and resources. Many of today's leading distributors grew from origins in the database publishing sphere and not from print distribution.

## Disruption of Learning Content Distribution, Wholesaling, and Aggregation

The digitization of learning content has not—in itself—been a disruptive force in learning content distribution. Today's learning content distributors generally are sophisticated and savvy about the logistics of moving both physical and virtual objects. A number of second order effects, however, are changing the dynamics within this element of the ecosystem. In particular, the digital revolution's empowerment of the end consumer has real and substantial disruptive potential even in a sphere already dominated by very large firms and high entry barriers. A variety of second-order threats to incumbent distributors can be imagined. Possible threats include the:

- **Rise of the business-to-consumer distribution model** and of the student service portal concept.
- **Growing importance of digital formats and re-balancing priority** between digital content competencies and longstanding capabilities that focus on print-on-paper learning content.
- **Growing student affiliation with Amazon** via the Amazon Campus program.
- **Success of the largest publishers' 100% sell-through model** via institution-wide licenses for entire publisher learning content libraries. This might include the integration of learning content into courseware by large publishers.
- **Evolution of MOOCs into a learning content delivery channel.**
- **Rise of OER adoption.**
- **Rise of learning content B2C subscription providers** (e.g., Spotify for Learning Content).
- **Emergence and growth of peer-to-peer exchange networks** via Facebook or otherwise that in combination with mobile payments de-couple students from both wholesale and retail institutions.

All of these threats are conceivable and many of the underlying disruptive forces are either underway or visible on the horizon. Which of them will be potent is not yet clear. It is clear that private equity is pouring enthusiastically into firms whose value propositions depend on disrupting content distribution with new pricing, bundling, licensing, or other models. That said, this corner of the ecosystem is occupied by large and sophisticated players, and they have constructed wide moats of relationship, technology, and capital to secure their niches.

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And of course disruption often finds “a third way” that is a blending of new and old models via alliances, mergers, and acquisitions. Such blending often provides incumbents with an accelerated path to innovation while providing “edupreneurs” with the capacity to achieve scale quickly. Chegg's recently-announced distribution partnership with Ingram Books demonstrates exactly how digital and print-on-paper marketing and logistics competencies can be blended via alliance.

## Competitive Dynamics

### Rivalry within Content Distribution and Wholesaling

The rivalry within the content distribution element of the ecosystem is more about the competition over business models than it is about firm-to-firm rivalry. Most learning content distributors are large, well-capitalized, and have competitive staying power. Historically, distribution rivals typically arose from three points of origin. One set of distributors, of course, accompanied the emergence of printing and traces its roots to 16<sup>th</sup> century Europe. In the 1960s, distributors accompanied the emergence of database services like Dialog



(originally Lockheed, now distributed by ProQuest), Thomson-Reuters, Lexis Nexis, and others. Most recently, a variety of online direct-to-student distributors have emerged to support the new and used learning content market. These relative newcomers include: Amazon, Barnes & Noble, Chegg, Half.com, Rafter, ValoreBooks, and digital only providers like Follett's BryteWave, RedShelf, XanEdu, and Vital Source.

The real rivalry within learning content distribution is over who a distributor serves directly in an increasingly digital supply chain. In a print-on-paper world, distributors create huge value by alleviating the costs and complexity of managing inventory and of providing needed discipline to the supply chain. In a digital world of instantaneous delivery and vastly reduced inventory costs, traditional distribution sources of value shift. And in a world in which learning content can now be distributed at scale directly to the end consumer, the role of the distributor shifts from logistics management of physical objects to curation (version control, data integrity management, digital tools), identity and access management (authorization, authentication of licensed users), privacy and security management, and of course marketing and outreach to students. The balancing act for the hybrid distributor is managing an emergent commercial relationship with students while continuing to foster the longstanding commercial relationship with college stores. This transitional tension is the source of a likely brisk period of merger, acquisition, and partnership activity as distributors evolve to cover print, database, and e-textbook product options and to offer both business-to-consumer and business-to-business models.

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### Bargaining Power of Suppliers

The key supplier to learning content distributors are academic publishers. **The overall condition of the publishing industry in popular, trade, and academic arenas is not strong.** Revenues of the world's 10 largest book publishers in 2013 totaled \$42 billion. This represented a revenue gain of 3.7%. That said, nearly \$1.35 billion of that group's \$1.49 billion year-over-year gain was realized by Reed Elsevier. Without Reed Elsevier, the world's nine largest book publishers grew at 0.3%.<sup>76</sup> And 2013 was not an off year. Cengage Learning filed for bankruptcy in July 2013 and emerged in April 2014. McGraw-Hill Education was sold to Apollo Global Management, a private equity firm in spring 2014. According to *Publishers Weekly*, there is little evidence that the largest publishers are attempting to grow organically by expanding into new markets. Rather, there is a significant amount of merger and acquisition activity. This is typical of mature, slow growing industries.

In a nutshell, the publishers' organic revenue growth model is under siege. Because publishers realize revenue only via the first sale of a book, they must continue to "improve" editions to differentiate themselves from the used versions of their own products. This strategy guarantees upward pressures on costs and prices despite students' \$1.25 trillion in accumulated loan debt and faculty's apparently limited engagement in the new and improved supplements they offer. For a considerable time, students have been voting with their feet. NACS' Student Watch™ data suggests strongly that students are spending less on learning content every year—despite price increases. They are accomplishing this by renting, borrowing, downloading, buying foreign editions, or eschewing assigned readings altogether. Moreover, the volume of reading being assigned by faculty members is shrinking, and more and more faculty are relying on learning content available on the open web or in open educational resources. None of this bodes well for publishers and, of course, weakens their hold (and raises their dependency) on distributors.

With this said, **the largest academic publishers have no intention of abandoning the academic marketplace.** They are aware of the competitive conditions described and see the transformation of their product portfolio as their most viable path forward. Pearson Education—the world's largest publisher with 2013 worldwide revenues in excess of \$9.3 billion—has for years been transforming itself into an education company. Central to the execution of this transformation has been the company's investments and acquisitions in an ecosystem that spans the universe of student services. This ecosystem includes the

<sup>76</sup> *Publishers Weekly*, "The World's 56 Largest Publishers, 2014," June 27, 2014. Available at: <http://www.publishersweekly.com/pw/by-topic/industry-news/financial-reporting/article/63004-the-world-s-56-largest-book-publishers-2014.html>.





company's creation of Pearson College, a degree-granting institution in the U.K. In content delivery, Pearson and the other academic publishing giants are breaking learning content into chunks, or learning objects. They are creating collections of learning objects that are fully curated, and can be driven into courses by instructional designers and faculty. These materials are often "adaptive" and are tied to analytics engines and performance dashboards that allow students and faculty to monitor and improve their rates of progress and success. The successful transition from a learning content model centered on textbooks to one centered on courseware would make it possible for very large publishers to contract directly with colleges and universities for access to entire libraries of courses and/or learning objects (for the do-it-yourselfer). Such a transition would significantly strengthen publishers' power and weaken that of distributors and potentially retail stores.

### **Threat of New Entrants**

#### **The threat of new entrants to the learning content distribution element of the ecosystem is small.**

Distribution requires a high capital investment and considerable specialized technologies. Distribution also requires relationships on both sides of the supply chain—with booksellers and publishers—that do not arise overnight. Perhaps more important, uncertainty regarding both the pace of faculty members' conversion of learning content to digital and of the end state of the academic learning content market likely will compel prospective newcomers to focus on some aspect of distribution—as Chegg is doing with marketing. If indeed distribution is moving from a B2B to a B2C industry and if their product is going digital, few firms are likely to invest in the physical plant needed to handle the distribution of printed learning content. It is more likely that firms will arise that attempt to substitute for aspects of value currently provided via integrated distribution services. Online "store" providers such as Akademos, Ed Map, and MBS Direct are examples among current in-industry players.

The elephants in the distributors' corner of the learning content ecosystem, of course, are the B2C and social networking giants. In the popular book segment, Amazon has become a publisher, distributor, and retailer establishing an unrivaled commercial relationship with tens of millions of consumers. Amazon's trusted and massive consumer access gives that firm nearly unprecedented pricing power. Its capacity to make purchase recommendations based on the analysis of mountains of end consumer data also makes the firm an Amazonian threat. Not least, the Amazon Campus initiative creates the potential for Amazon—using campus course enrollment data—to become aware of students' learning content needs at the same moment the student becomes aware of those needs. The firm's pricing power, its capacity to act on enrollment information, its Kindle hardware platform, its next-day delivery, and its ties to the campus for local distribution make it a potent new entrant. Other new entrants of this caliber include B2C giants such as: Apple, Google, Facebook, and LinkedIn. They have the consumer relationships, privacy, security and commerce capabilities, and cloud storage infrastructures to support students, if they choose. Apple and Google have dominant roles in the e-book platform arena. Google too is moving to one-day or same-day delivery capabilities, and LinkedIn is acquiring online training company lynda.com.

### **Bargaining Power of Buyers**

There are two distinctly different buyers in the learning content ecosystem, and their competitive strength relative to content distributors is moving in opposite directions. **The strength of students as learning content buyers has risen remarkably in the digital age.** College and university students of a generation ago had little choice but to buy course materials at the college store and paid the publishers' suggested prices for these materials. While this learning content was never cheap, it was substantially cheaper than today's learning content, and a greater number of students were either affluent or enjoying G.I. educational benefits. The spectacular increase of textbook prices in the past two decades along with the emergence of digital alternatives has stimulated the rise of newcomers and substitutes in content distribution. The rise of the Internet and e-commerce has added newcomers like Chegg, Rafter, Half.com, and Amazon to the used book market. Some publishers sell direct to students and pure digital companies like VitalSource while others are adding to students' options. The bottom line is that the market for new and used learning content in a variety of forms is providing an increasing number of options and substitutes for students. Some of these options include legal and illegal download sites and peer-to-peer exchanges. Students are using these expanded options to drive down their total learning content costs—to the detriment of publishers, college stores, and old-guard distributors.



The second group of buyers in this mix is, of course, the college store and other academic retailers.

**The bargaining power of college stores is declining** precisely because of the: (1) growth in the number of distribution channels; (2) rise of B2C direct marketing and sales; and (3) rising student awareness of learning content purchase and rental options. Canny negotiating between college stores and Amazon—with its enormous reach and well-established brand—has the potential to re-affirm the centrality of the college store in the learning content ecosystem. This said, the Amazon Campus opportunity can cut two ways, and success for the college store will depend on terms and conditions that create positive linkages between Amazon and the college store in the eyes of student consumers. If such links are established, the store will accrue some of the market benefits and cachet of Amazon's technical and customer relationship management prowess. If such links are not established and nurtured, Amazon alone will gain student consumer loyalty and contract-governed revenues will likely pass directly to the campus. Under such a scenario, campus business officers and provosts could—longer term—wonder why they don't simply replace all merchandise sales via a partner like Amazon.

As students make increasing use of a rising number of distribution channels for learning content, the ability of the college store in negotiations with distributors is likely to grow weaker. This is of particular concern as distributors either attempt to shift from a B2B distribution model or—as in the case of Chegg and Ingram—enter into alliances that give them B2C capabilities. Simply put, if a wholesale distributor like Ingram ever needs to choose between the needs of its partner Chegg (which has expected revenues of \$300 million and whose 2015 first quarter digital content sales rose 89%) or the college store, the outcome is not likely to benefit the college store. Large B2B distributors that are not now offering direct-to-consumer services are likely to explore alliances like the Chegg-Ingram alliance. And while MOOCs have not yet become a potent

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force in the commercial learning content ecosystem, their capacity to enroll tens or hundreds of thousands of students puts them in a prime position to contract directly with large distributors. Fully online programs that span geographies also strengthen the potential influence of distributors at the expense of the college store.

### **Threat of Substitutes**

At least five important potential substitutes threaten the existing niches occupied by distributors in the learning content-e-learning ecosystem.

**Rise of the business-to-consumer (B2C) distribution model.** In the learning content ecosystem's long history, the distributor or wholesaler provided the link between the large number of publishers and the even larger number of stores. Managing the relationship with the consumer—in this case, faculty members as learning content adopters and students as content consumers—was the business of the college store and/or library. This model is a business-to-business (B2B) model. The emergence and proliferation of networks, devices, digital content, digital literacy, express delivery options, and e-commerce have changed the economics of distribution. Today it is possible and profitable to sell learning content directly to consumers as witnessed by Amazon's success with popular book sales. Proving out the application of the B2C model at large scale has fueled the emergence of relatively newer firms like Chegg and Rafter that have taken on the large-scale rental, purchase, and sale of textbooks. In some cases, these firms compete with both college stores and B2B-based older distributors. In other cases, they partner with established distributors to divide B2C roles like marketing, logistics, order fulfillment, or inventory management.<sup>77</sup> As Amazon moves to gain direct access to students via Amazon Campus, they too hope to facilitate a transfer of student buying allegiance and to displace the B2B model and its associated distributors. And as learning content goes increasingly digital, firms like Akademos and MBS Direct are stepping in to offer campuses virtual storefronts to manage both the faculty adoption and the student order fulfillment processes.

<sup>77</sup> Sarah Buhr, "Chegg Strikes Distribution Partnership with Ingram Books, Announces 15% Boost in Earnings from Digital Services," in *Tech Crunch*, August 4, 2014. Available at: <http://techcrunch.com/2014/08/04/ingram-books-strikes-distribution-partnership-with-chegg/>.



**Emergence of student portals.** Second, many of the newcomers are building their own ecosystems designed to support a student's many needs—coaching, advisement, test preparation, tutoring, and so forth—in the hope of becoming attractive “student portals.” To the extent that they are successful in acculturating students to this model, they loosen the grip that distributors currently enjoy on used book buybacks and one of the key ties between students and their college store.

**New academic content licensing (or course fee) models.** Third, very large publishers—recognizing both the rise of online and distance learning and the revenue threats posed by rentals, piracy, used books, OER, and the open web—are developing new institutional academic content licensing approaches designed to capture 100% sell-through and to displace the distributors, used book aggregators, and others (and to head off Amazon).<sup>78</sup> What NACS calls “the new content licensing model” becomes extremely salient if the textbook itself (or its derivatives) is ultimately integrated with or subsumed into courseware. While there are many obstacles in the path of this potential development, the large and hard-to-manage adjunct faculty workforce and the pressure to improve student success will buttress the arguments in favor of this approach. Graduate level distance education programs that make extensive use of adjunct instructors are likely to find the imposition of course material fees both appealing and politically palatable.



**NACS Resource:** “Academic Content Licensing White Paper,” available in [The Hub](#) (NACS member login required) or upon request to [education@nacs.org](mailto:education@nacs.org)

**Rise of massive-scale course aggregators.** Fourth, as some higher learning programs (e.g., general education, professional certificates, MBAs) go online at scale, MOOC platform providers such as EdX, Coursera, FutureLearn, Udacity, and Udemy have the potential to evolve as large-scale learning content creation and dissemination companies. As the line between courseware and course materials blurs and disappears, MOOCs may either compete or partner with distributors. To the extent that the politics and/or business models of MOOCs prefer OER or even self-published materials, they could threaten commercial publishers, distributors, and retail bookstores.

**From buying and owning to subscribing and streaming.** Fifth, there are new firms like Bookboon, new practices like Amazon's Kindle Unlimited program, and evolving “chunk” libraries like Pearson's Collections that make learning content available via subscription or by “the snippet.” New bundling and pricing schemes are not yet widely available for learning content, but are likely to follow paths blazed in other content industries. In industries or areas like academic library acquisitions, film, television, software, and recorded music, subscribing and streaming seem to be overtaking buying and owning. This trend reflects both the superior economics of cloud computing and growing concerns about digital privacy and security. Again, the subscription model is best leveraged by digital content and under the B2C model, although institutional licensing is really a B2B subscription alternative. To the extent that newcomers are able to aggregate bundles of academic titles and rights to license those bundles to consumers, such newcomers could threaten established distributors.

**Rise of peer-to-peer student exchanges and m-commerce.** Last—and more speculative—the development and proliferation of smart devices, apps, mobile commerce, and social networks have created conditions that will enable peer-to-peer transactions of all kinds. This technological convergence will likely power a host of new content distribution substitutes. Imagine student-centered or even student-operated peer-to-peer networks that have been optimized for the buying and selling of learning content. Apps could gather—like CNET, Kayak, or ePinion—reviews and prevailing price information from the local college store, Chegg, Rafter, and others to help student sellers set attractive alternate prices. Geolocation technologies could bring buyers and sellers together just as they bring Uber cars and passengers together. ApplePay, Bitcoin, Square, or any number of transaction apps could facilitate a cashless purchase and sale. In such a scenario, there is no institutional player, except perhaps as a host of an exchange site. This might be Facebook or any other virtual student haunt. Even more speculatively, it is now easy to imagine how imbedded RFID technology could make it possible for an entrepreneurial student to “rent” his or her course materials when they are not in use. Available materials could announce themselves to a social commerce site and students could operate a fee-based lending library inside their dormitory commons or other shared spaces.

<sup>78</sup> Edith Starzyk, “Academic Content Licensing: Concepts and Considerations for a New Course Content Model.” Oberlin: National Association of College Stores, April 2014.

Available by request to [education@nacs.org](mailto:education@nacs.org) or in [The Hub](#) for NACS members.





## Key Players

Many of academia's largest and most important publishers remain large enough to maintain their own marketing and sales organizations. **Very large publishers like Pearson are themselves becoming distributors** via their "custom" learning content products. That company's ability to curate learning content at the "chapter" level, to manage copyright clearances and royalty payments, and to employ reader analytics and adaptive learning techniques puts them in a position to create and distribute unique and highly customized hybrid e-textbooks and course packs.

When or if publishers rely on distributors, it is chiefly to distribute inventory risk and manage logistics. **Ingram Book Company** is one of the big kids on the block, offering immediate access to more than two million titles. Ingram is a wholesale provider for more than 71,000 retail book stores and libraries globally. The **Follett Higher Education Group** focuses on e-commerce, digital offerings, and textbook rentals. College-level learning content wholesaling and retailing are core areas of this \$2.7 billion, privately held company. Follett serves more than five million students at its more than 1,600 physical and online stores. The Chicago Distribution Center (CDC) of the University of Chicago has provided distribution services since 1991 and serves nearly 100 prominent university presses. The Chicago Digital Distribution Center (CDDC) has been offering digital printing services and the BiblioVault digital repository services to book publishers. Other players to watch include: Akademos, Amazon, Chegg, MBS Direct, and Rafter. As more of higher education's commercial learning content goes digital, companies like RedShelf and Vital Source are likely to rise in

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Providers with tools that facilitate faculty adoption or student discovery and acquisition will win the day. Businesses that fashion the most "intimate" relationship with students and faculty will prosper.

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influence. And it is worth understanding the academic distribution world of the libraries. In this world, there has been ongoing consolidation. Moreover, firms like ProQuest and EBSCO are competing not only based on catalog size, price, and logistics, but increasingly on content management and digital tools for both libraries and for researchers. College store operators should note with interest the possible value of building tools that bind faculty members to the store. Akademos, for example, claims that their Textbook Adoption Tool<sup>SM</sup> is the only website to aggregate traditional, OER, and digital/e-books to help faculty find and compare high quality, more affordable texts. But similar services are coming to market soon from other companies (at the time of this writing). Akademos' "affordability index" rates textbook affordability by list price, peer ratings, and reviews. It is likely that as competition within the ecosystem intensifies, those providers with tools that facilitate faculty adoption or student discovery and acquisition will win the day.

And of course **Amazon**, now representing that "whether you are a university looking for a provider to manage textbook distribution on campus, or an independent bookstore looking to expand the scope of retail services offered to your students, Amazon Campus can tailor a suite of services to meet your needs."<sup>79</sup>

## Technologies and Innovations to Watch

It seems likely that the big race in learning content distribution will be won on the value disciplines of customer intimacy and operational excellence that were described by Michael Treacy and Fred Wiersema.<sup>80</sup> As learning content goes online the publisher, distributor, or bookseller who is able to fashion the most "intimate" relationship with an institution's students or faculty will prosper. This will of course include expanded marketing outreach but will hardly stop there. Customer intimacy in the digital age is to a very great

<sup>79</sup> Amazon Campus website. Available at: <https://www.amazon.com/gp/campus/info>.

<sup>80</sup> Michael Treacy and Fred Wiersema, "Customer Intimacy and Other Value Disciplines," in *Harvard Business Review*, January-February 1993. Available at: <https://faculty.fuqua.duke.edu/~moorman/GeneralMills/Section2/Section2Documents/CustomIntimacy.pdf>.



extent about data mining and analytics. Developing a deep and nuanced understanding of students' and faculty members' needs is the keystone in a digital-first service architecture. Beyond that, of course, one must have operations that are prepared 24/7 to execute quickly, correctly, and in "hassle-free form" on those needs. To the extent that faculty members need skilled and efficient advice on learning content titles, quality, and prices, it will no longer be competitive to rely solely on staff subject matter advisers. Today's faculty members do not view the college store as a source of sound advice on learning content options. It's likely that only by creating or contracting for a shared app like Akademos' Textbook Adoption Tool<sup>SM</sup> will the college store become better understood and appreciated by the faculty they support. And only by knowing their students' course material needs at the point of registration—and acting on these needs—will stores, distributors, or publishers become students' provider of choice.

Learning content distributors, like publishers, need to track and experiment with a number of innovations and technologies. College store leaders should be vigilant of these as well. They include:

- **Subscription licensing and pricing.** Just as many will be a "race for the student," many will engage in a "race to the provost" to create institution-wide licenses to portfolios of learning content. Subscription pricing and bundling have the capacity to greatly simplify sales and support activities around learning content.
- **Adaptive or personalized learning materials** may be tied to publishers' information systems making them harder for 3<sup>rd</sup> parties to distribute.
- **Courseware.** As mentioned, tomorrow's "course" may be the new textbook. Courseware licenses—unlike book ownership—can restrict sharing, lending, renting, and resale.
- **Learning analytics** that can help teachers tailor personal interventions or help students understand—in real time—where added effort (or coaching) is needed will also tether course materials to their publishers.
- **Learning outcomes.** Publishers and distributors will be expected to map the learning outcomes delivered by the products they represent with those specified by the college, university, district, or system they are selling to.
- **Testing and assessment materials** have become far more than problem sets in the back of the book and may require technical integration with the original publisher of the related learning content.

As mentioned, the current linkage between a student's completion of a course and the learning content that was assigned is weak and speculative. In the future, learning analytics will not only serve to make learners more successful, they will be used to make learning content more effective. This is made possible by the very large number of students engaging in the content and in assessments. Smart learning content will illuminate where students are struggling and why. Sometimes the material itself adds to the struggle. New content will create, expose, and close feedback loops around learning content effectiveness. And again, this functionality may tie learning content to its original publisher.



## Critical Questions: Learning Content Distribution, Wholesaling, and Aggregation

1. How would you characterize the relationships between your store and industry distributors? Who on your staff manages those relationships and monitors changes in this space?
2. What conversations are happening on campus related to content licensing or other models that might 1) exclude the store or other players in the distribution chain and/or 2) benefit from expertise that store staff can offer?
3. How is your store strengthening its relationship with students around learning content, course materials, and digital learning products to mitigate the impact of student self-sourcing? Is your store serving as a course materials/learning consultant for students? For faculty?
4. Which Potential Substitutes and/or Technologies and Innovations to Watch present potential opportunities for your store? How will you evaluate and prioritize each? How do you get started?
5. Is your store an active participant of the learning content and learning analytics discussions happening on your campus? If not, why? And how do you become involved?
6. Who are the key players on your campus with whom you need to establish and maintain relationships?

## Further Readings

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