

**THE DIGITAL  
TEXTBOOK REPORT  
2014  
JUNE JAMRICH PARSONS**

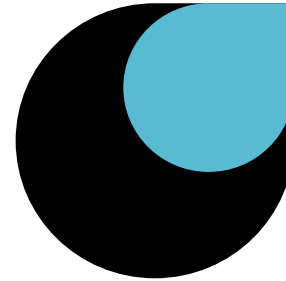
Presented at the Text and Academic Authors Association (TAA) Conference  
Baltimore, MD  
June 2014

## THE TEXTBOOK MARKET IS HUGE

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**\$14**  
BILLION

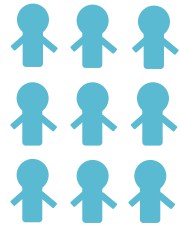
U.S.  
**TEXTBOOK  
MARKET**



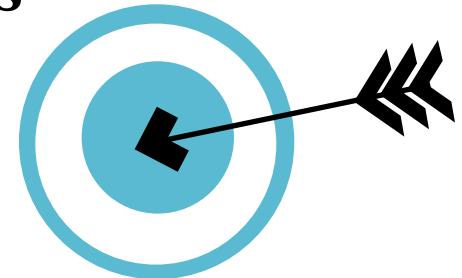
IS IT A  
**TEXTBOOK  
BUBBLE?**

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**21.8 million**  
**COLLEGE**  
**STUDENTS**



DISRUPTORS  
**TAKE**  
AIM



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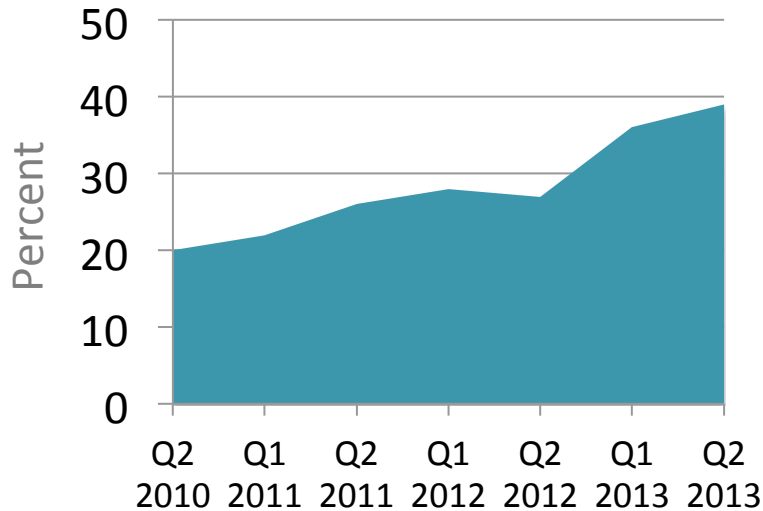
**\$5**  
BILLION

U.S. COLLEGE  
**TEXTBOOK  
MARKET**

**9.5**  
MILLION

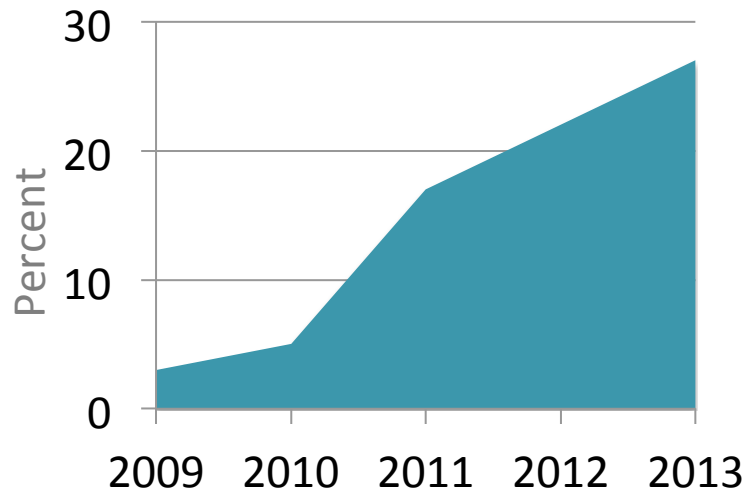
**TEXTBOOKS  
SOLD IN  
2012**

# STUDENTS ARE BECOMING FAMILIAR WITH DIGITAL



## STUDENTS PURCHASED eTEXTBOOKS IN PAST 2 YEARS

Book Industry Study Group 2014 Report



## OVERALL eBOOK SALES

Association of American  
Publishers

## BUT MANY STUDENTS STILL CLAIM TO PREFER PRINT

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**6 out of 10**

**STUDENTS**

**PREFER PRINT**

Voxburner, 2014 U.K. ages 16-24



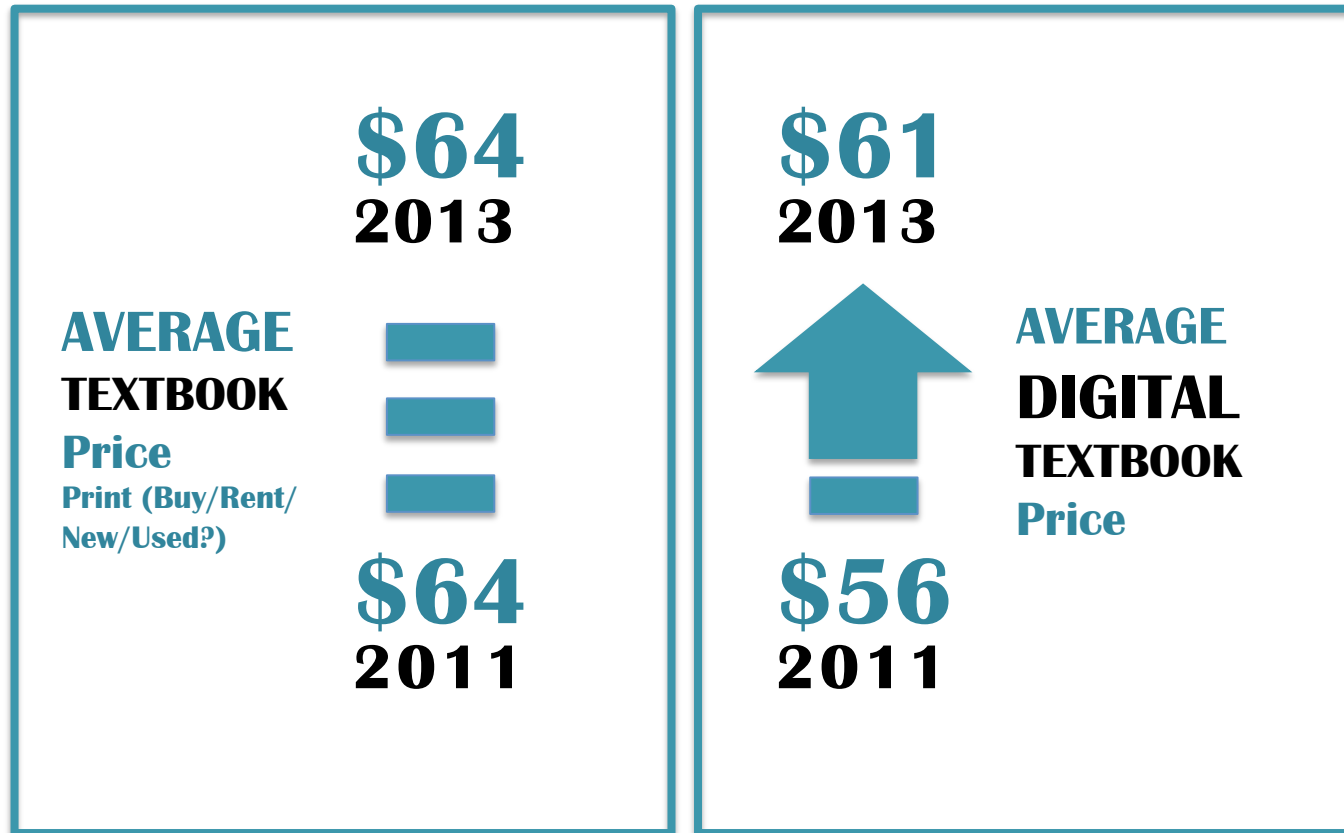
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## WHY?

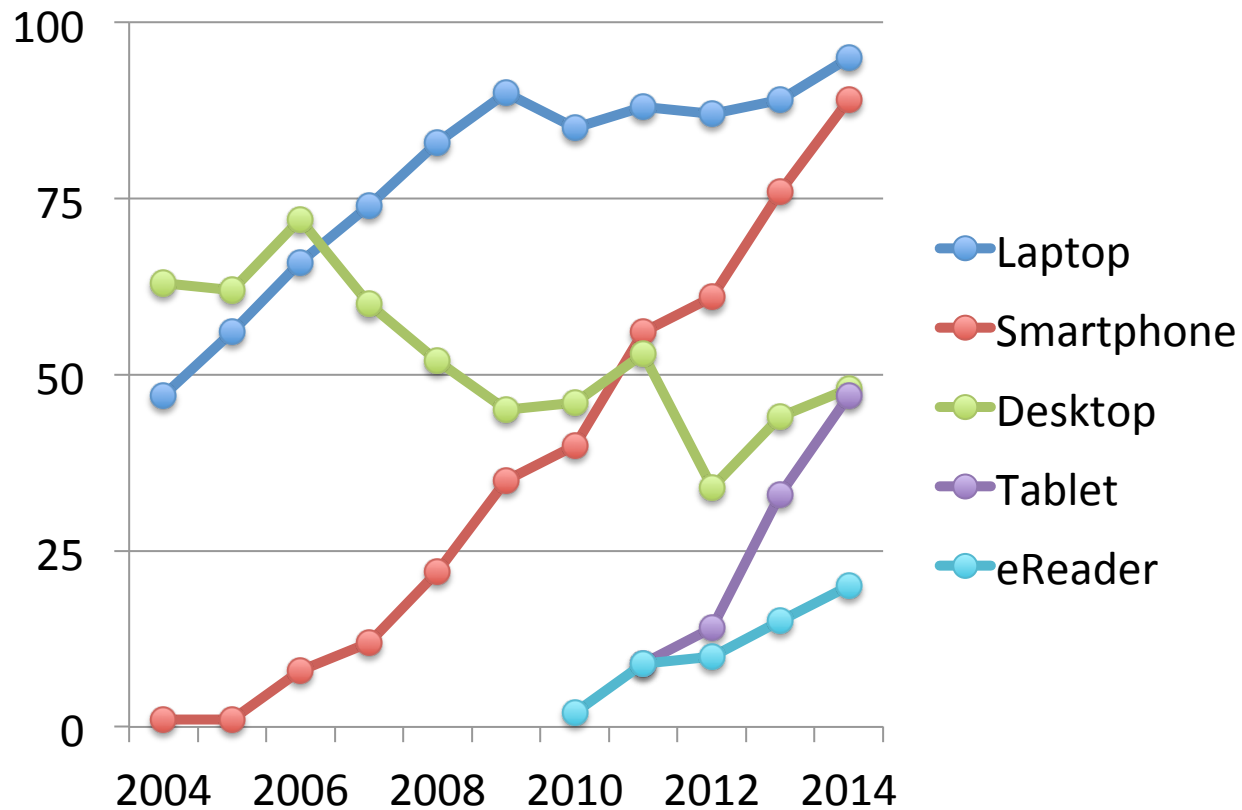
**\$\$ FOR USED BOOKS**



## THE PRICE OF DIGITAL IS APPROACHING THE PRICE OF PRINT

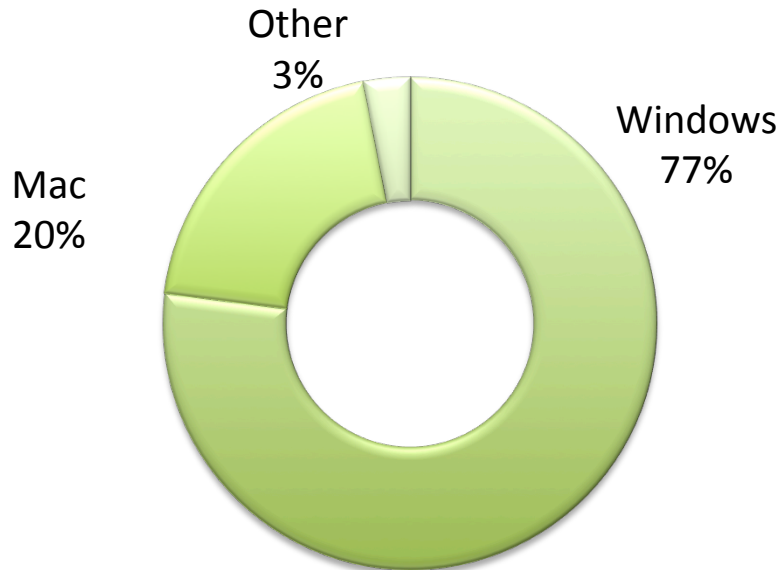


## UNDERGRADUATES OWN A VARIETY OF DEVICES

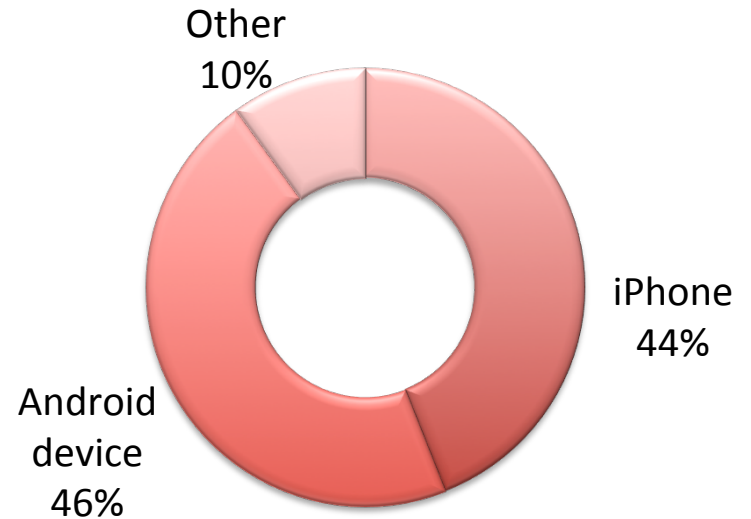


# STUDENTS USE SEVERAL PLATFORMS

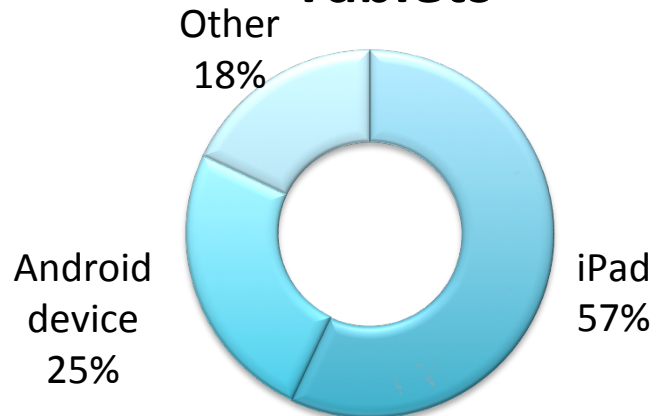
## Laptops



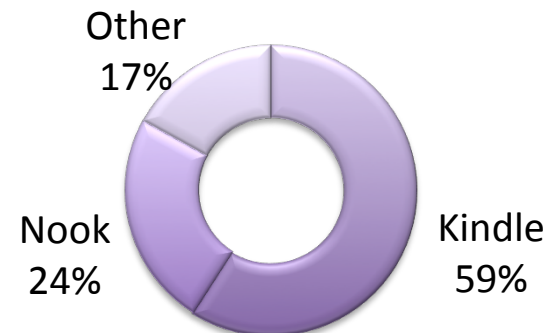
## Smartphones



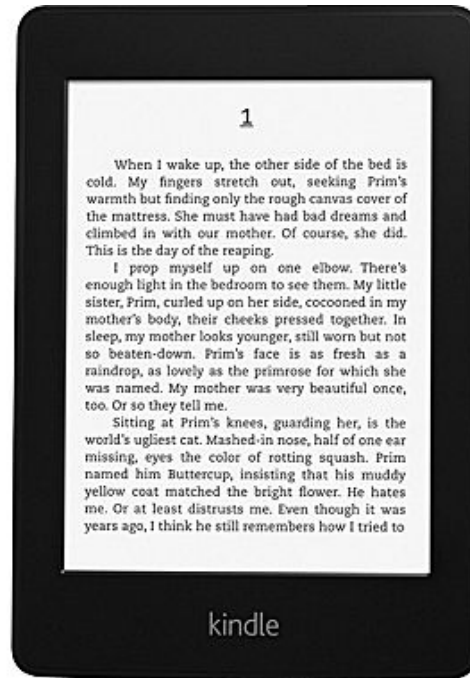
## Tablets



## E-Readers



# DIGITAL FORMATS ARE STILL DEVELOPING

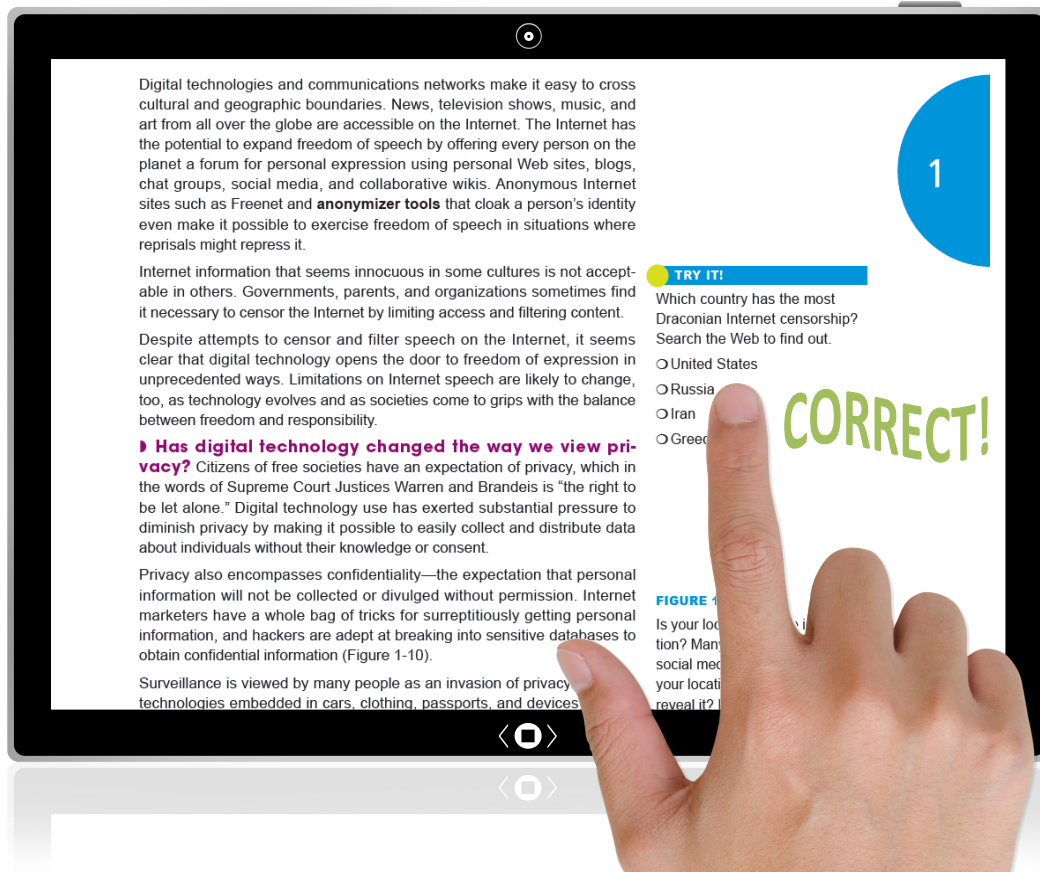


## FIXED LAYOUT OR FLOWING



# INTERACTIVE OR NOT?

# DOES IT STORE STUDENT DATA?



# CAN IT SEND TO AN LMS?

ePub 3.0 is HTML 5 and CSS 3. Kindle, Android, iOS, OS X, Nook, Kobo, Windows, DRM, images, tables, sound, interactivity, video. Flowing format is most common.



Several versions, but the most widely used supports tables and images, and is fixed format



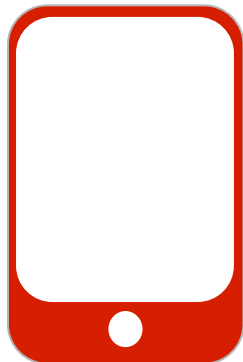
PDF

Supports images, tables, sound, and video. Open standard. No DRM. Web browser.



HTML

Proprietary version of ePub3. iBook reader app for iOS and OS X Mavericks.



iBook

Image, table, sound, interactivity, video. Flowing.



Kindle

Adds interactivity.



HTML + Javascript

## POPULAR DIGITAL BOOK FORMATS OFFER VARIOUS EDUCATIONAL FEATURES

# THE TEXTBOOK PUBLISHING INDUSTRY IS CHANGING

BARGAINING POWER  
OF SUPPLIERS



THREAT OF  
SUBSTITUTE  
PRODUCTS OR  
SERVICES

Instructor-created

MOOCs



PEARSON

INDUSTRY RIVALRY



WILEY

USED



BARGAINING POWER  
OF BUYERS



PIRATE

DON'T BUY



THREAT OF NEW  
ENTRANTS



Boundless





**IN THE PAST, THE PRIMARY COMPETITION FROM TEXTBOOK PUBLISHERS CAME FROM OTHER TEXTBOOK PUBLISHERS.**





## THREAT OF NEW ENTRANTS

THE MICHELSON  
TWENTY MILLION MINDS  
FOUNDATION

Boundless



**NEW ENTRANTS ARE CHALLENGING  
TRADITIONAL MARKET LEADERS.**

## NEW ENTRANTS ARE MAKING HEADWAY

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**170K**  
**DOWNLOADS**



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**300K**  
**DOWNLOADS**



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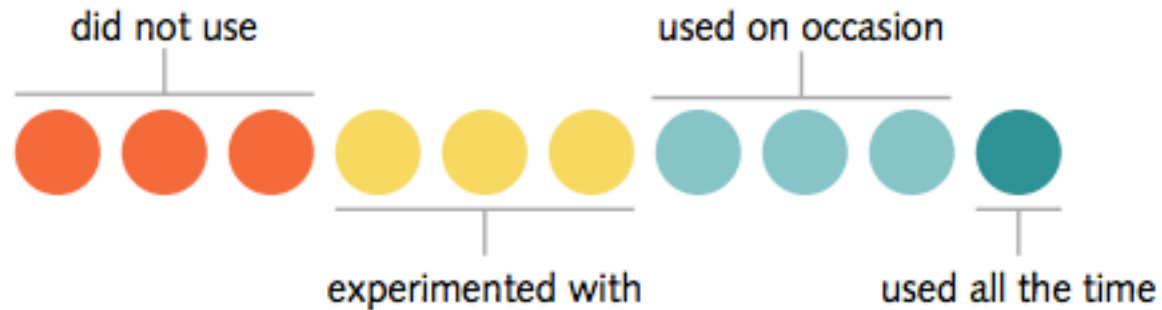
**1M** **Boundless**  
**DOWNLOADS**

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**42M** **bookboon**  
**DOWNLOADS**

# “OPEN” AND FREE EDUCATIONAL CONTENT IS MOSTLY EXPERIMENTAL . . . FOR NOW.

For every 10 students...



Educause Center for Analysis and Research  
Undergraduates and IT, 2013

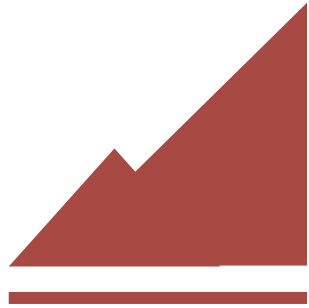
# **A REVOLT SPURRED BY SOARING TEXTBOOK PRICES HAS MADE BUYERS A KEY FACTOR IN THE SHIFTING TEXTBOOK INDUSTRY**



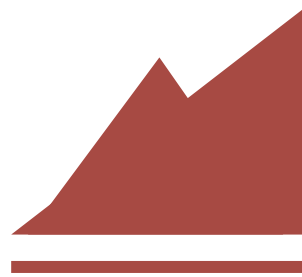
# THE PUBLIC PERCEPTION IS THAT TEXTBOOK PRICING AND PUBLISHER PROFITS ARE OBSCENE

PRICES 1984-2014

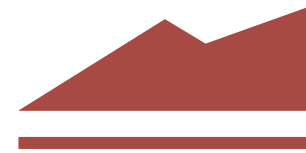
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**800%** Really????  
**TEXTBOOKS**



**575%**  
**HEALTH  
CARE**



**250%**  
**CPI**

PROFIT MARGINS 2010

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**25%**  
**McGraw-Hill**

**15%**  
**WILEY**

**10%**  
**PEARSON**

**BECAUSE OF THE HIGH COST OF NEW TEXTBOOKS,  
MORE AND MORE STUDENTS RENT THEM**



**\$1200**  
**TEXTBOOK**  
**COSTS/YR**



**20%**  
**RENT**  
**TEXTBOOKS**



**1.7:1**  
**NEW:USED**

**56%**  
**WANT TO RENT**  
**IN FUTURE**

## REVENUES FROM RENTALS ARE SOARING

Academic Year	New Rental Units	New Rental Sales	Used Rental Units	Used Rental Sales
2011	1,482,881	\$69 M	1,642,284	\$63 M
2012	3,217,487	\$146 M	4,076,895	\$140 M
2013	4,276,910	\$194 M	7,031,335	\$266 M

**INCREASE**      **+188%**      **+181%**      **+328%**      **+322%**



## STUDENTS SHOP FOR THE BEST PRICE



# Biological Psychology, 11<sup>th</sup> Edition

**James W. Kalat**

**©2013, 736 pages**

Hardcover retail price **\$279.95**

CengageBrain \$223.49

Cengage rental \$44.49

eBook \$55.49

Textbook(s)	List Price	Amazon	AbeBooks	Half.com (eBay)	Chegg	BookRenter	Amazon Rental	ValoreBooks	CourseSmart	Student Exchange ?
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### Biological Psychology

by James W. Kalat | ISBN: 9781111831004 (view all prices)

Sell It

**\$279<sup>95</sup>**

LIST PRICE

**\$109<sup>99</sup>**

Buy It

**\$114<sup>00</sup>**

Buy It

**\$98<sup>96</sup>**

Buy It

**\$33<sup>99</sup>**

Rent It

**\$29<sup>74</sup>**

Rent It

**\$33<sup>25</sup>**

Rent It

**\$19<sup>80</sup>**

Rent It

-

Rent It

-

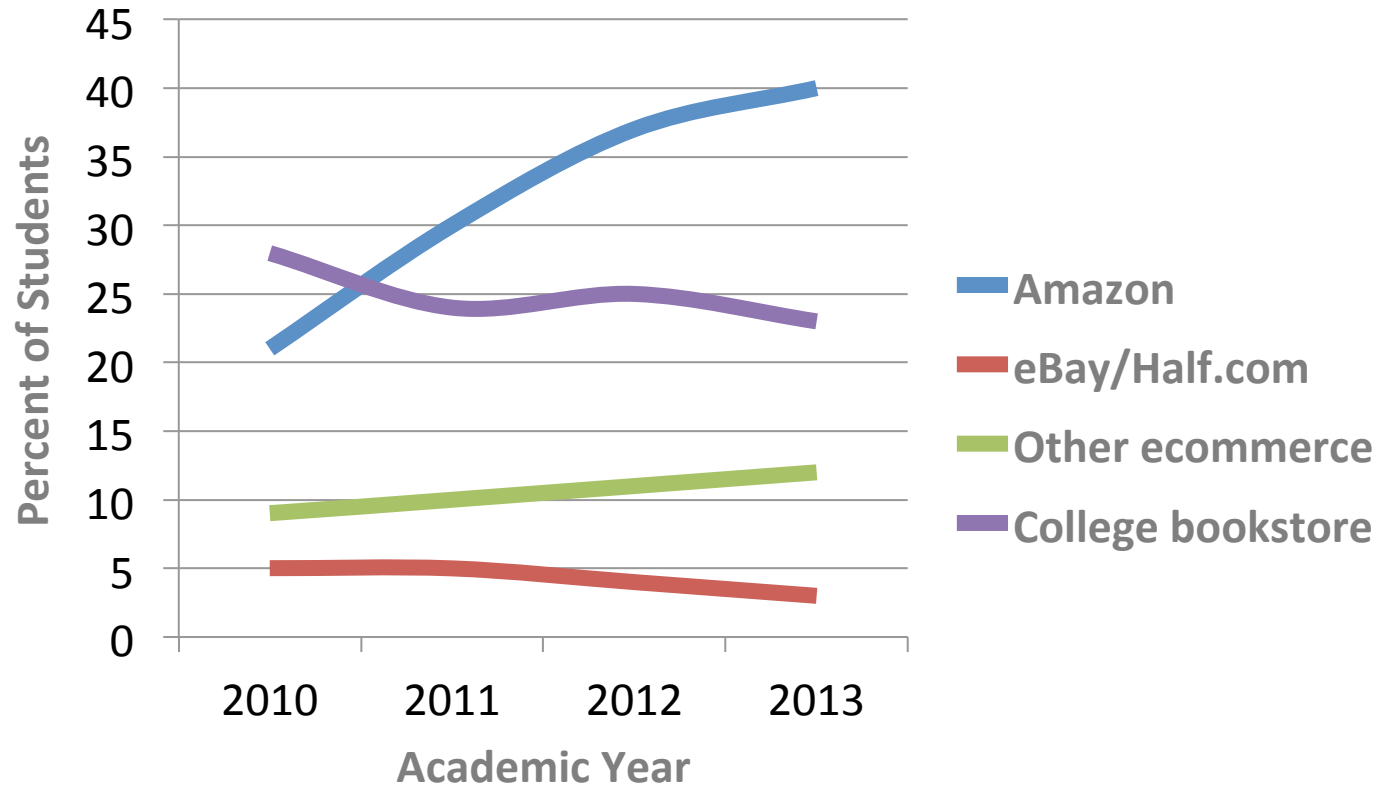
Check



SlugBooks



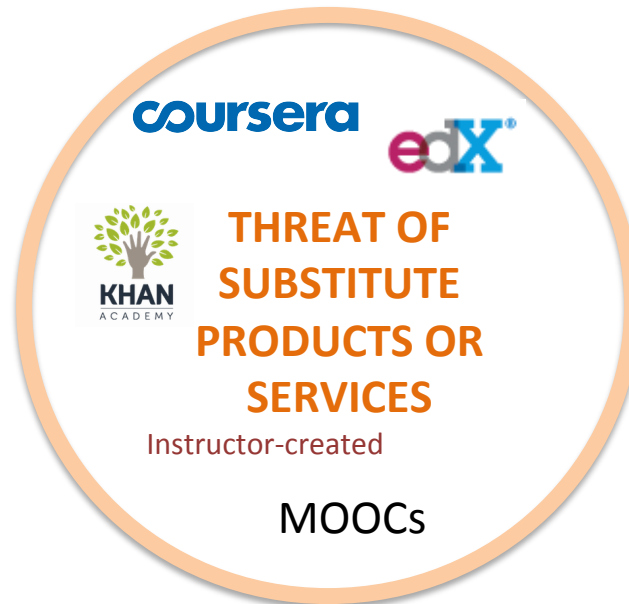
# STUDENTS INCREASINGLY BUY FROM ETAILERS, NOT COLLEGE BOOKSTORES



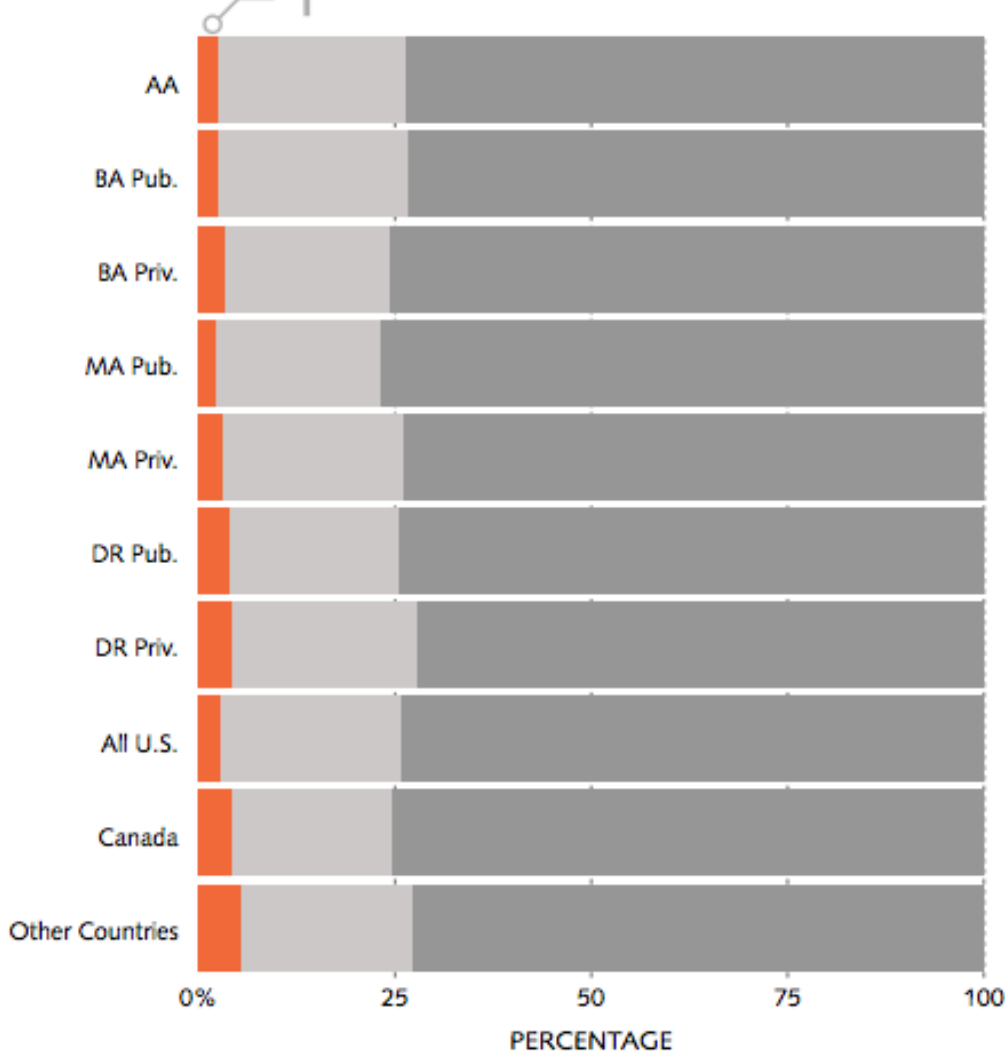
**AUTHOR CONTRACTS TYPICALLY CONTAIN A CLAUSE THAT CUTS THE ROYALTY RATE IN HALF FOR SALES MADE TO RETAILERS, SUCH AS AMAZON AND CHEGG, AND WHOLESALERS**

Eight percent (8%) of Net Sales of the Textbook sold in bulk quantity at special discounts with special covers, or other special sales incentives to professional groups, industry, retailers or wholesalers (hereinafter “Specials”).

**EVEN MORE TROUBLING IS THE POSSIBILITY THAT TEXTBOOKS  
WILL BE REPLACED BY OTHER CONTENT DELIVERY METHODS**



About 1 out of 3 students who took a MOOC completed it; about half of those students received a digital badge or certificate.



## THE HYPE ABOUT MOOCS IS FADING, BUT SOME SIMILAR TECHNOLOGY MAY BE THE DEMISE OF TEXTBOOKS

“MOOC is the new  
textbook.”

David Finegold, Rutgers



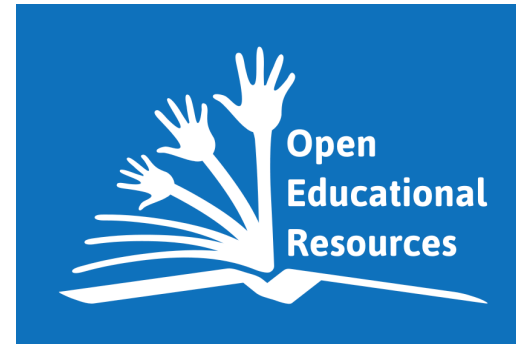
# THERE ARE WARNING SIGNS

**6 out of 10**   
**STUDENTS**   
**MIGHT NOT BUY** 



**KHAN**  
ACADEMY

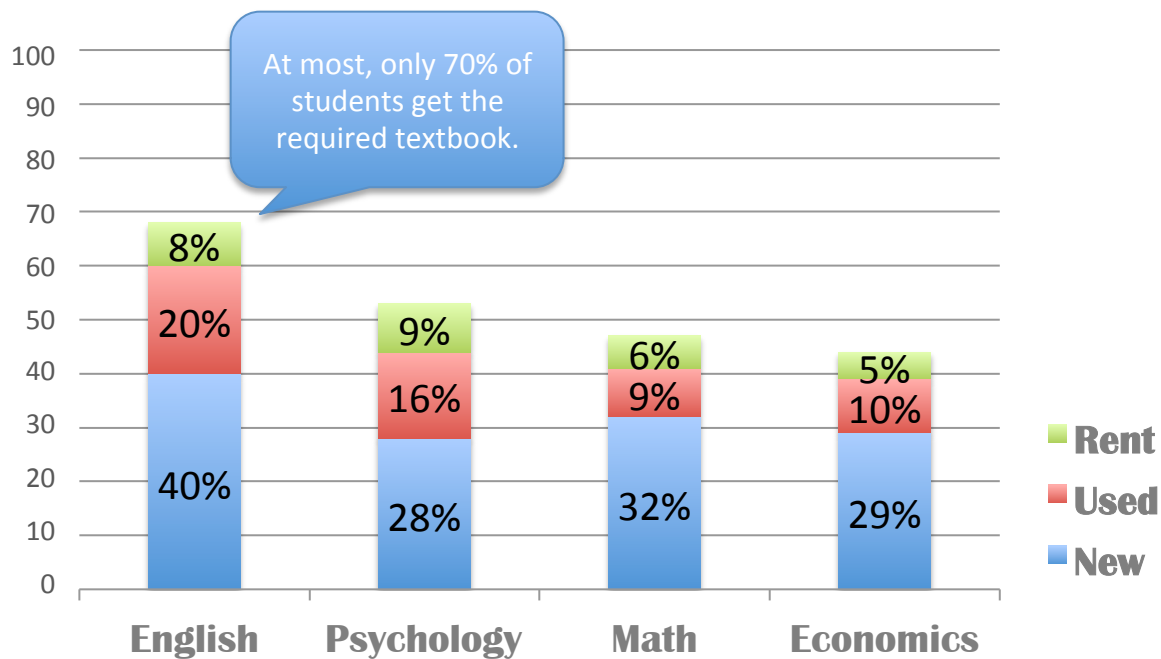
**5,500**  
**INSTRUCTIONAL**  
**VIDEOS**  
**100,000**  
**PRACTICE PROBLEMS**



**THE NUMBER OF**  
**Instructors WHO**  
**DO NOT REQUIRE**  
**TEXTBOOKS**



## A SIGNIFICANT PERCENTAGE OF STUDENTS DO NOT BUY OR RENT THE REQUIRED TEXTBOOK



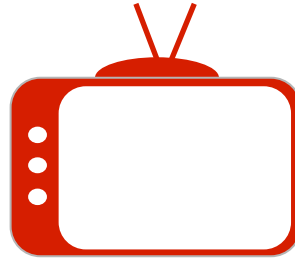
Source: Nielsen PubTrack Higher Ed, stats from one major publisher.

Outline, objectives, progression, facts,  
issues



Content

Videos, photos, illustrations, animated  
diagrams, audio, narration, accessibility,  
games, simulations



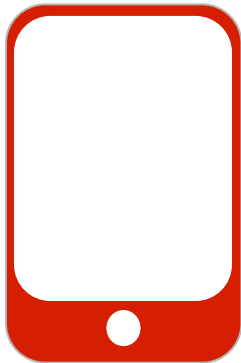
Media

S2I, S2S



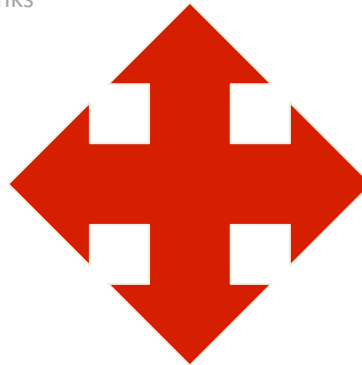
Communication

Note taking, computer-scored assessment,  
projects, assignments, links to ancillaries



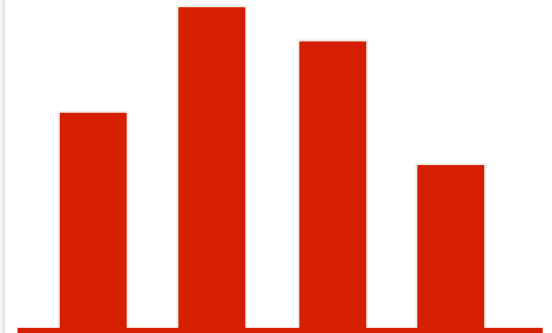
Interactive

Syllabus, calendar, student roster, test  
banks



Management

Track student progress, grading,  
remediation



Analytics

## ELEMENTS OF SUCCESSFUL TECH-ENHANCED LEARNING SYSTEMS

# 6 REASONS TO USE A TEXTBOOK

## (PRINT OR DIGITAL)

1. The textbook is a defacto contract between the instructor and students; it encompasses the main body of knowledge that students are expected to learn. In other words; it gives students a good idea of what's on the test.
2. Textbooks provide an organized framework for learning, unlike a collection of random articles accessed from the Web.
3. Textbooks save you time. The author has gathered the materials for you, so you don't have to wade through a bunch of Google results.
4. Textbooks give you the straight story. Sure there's lots of information on the Internet, but much of it is misleading, incomplete, biased, or false.
5. Textbooks improve your grade. They contain exercises, activities, and quizzes. 78% of students believe (and the evidence supports it) that they will get lower grades if they do not have their own copy of the required text.
6. Textbooks are a bargain. Each hour a student spends sitting in class costs about \$42; each hour spent with a textbook costs about \$2.50.



June Jamrich Parsons is an author, educator, and digital book pioneer. She is coauthor of the 2012 TAA McGuffey Award-winning textbook *New Perspectives on Computer Concepts* and the 2014 Texty Award for the *Practical Computer Literacy* series. She co-developed the first commercially successful multimedia, interactive digital textbook; one that set the bar for platforms now being developed by educational publishers. Her career includes extensive classroom teaching, product design for eCourseware, textbook authoring for Course Technology and Cengage Learning, and Creative Strategist for MediaTechnics Corporation. She holds a doctorate in instructional technology, a CDP (Certified Data Processing), and is a member of the Association for Computing Machinery and a Fellow of the Text and Academic Authors Association (TAA).