

27 November 2007

# The Mercury News

MercuryNews.com

## Rental services take sting out of costly textbooks

By Lisa M. Krieger

Faced with escalating textbook prices, college students are applying a lesson from Econ 101 to the book-buying experience: competition.

This is the time of year when students finish final exams and schlep their used books over to the campus bookstore, only to discover that the shiny, near-new Calculus text that cost \$120 only four months ago is now worth \$24.95.

But increasing numbers of students are opting to rent, not buy, through a new Santa Clara-based, Netflix-style textbook rental company.

Others are organizing online book swaps. And online price comparison sites are growing in popularity.

Some students are opting out of textbooks altogether. The Foothill-De Anza Community College District encourages faculty to post course materials online, as a substitute for commercial textbooks.

"The more options that are out there, the better for students," said Danny Katz of California Public Interest Research Group.

Book publishers say they welcome the competition - but caution that it could have the unforeseen consequence of pushing up textbook pricing still further.

As rented and other used books grow in popularity, fewer new books are sold. To recoup their investment, publishers say, they must boost the price of each new book.

"The single biggest factor behind the increased price of new books is used books," said Bruce Hildebrand of the Association of American Publishers.

"Everybody's looking for a bargain," Hildebrand said. "But the used book market is so efficient that the ability to sell new books goes down. So the student saves money up front, but in the process, raises the price of all books."

Critics dismiss that argument, saying that free enterprise could transform the entire industry. Until recently, they charge, the textbook market was about as open and free-wheeling as the bread business in Cuba.

Books set back the average American college student about \$900 a year, according to the federal Government Accountability Office. Prices have risen an average of 6 percent annually for the past two decades - twice the rate of inflation.

The reason is that the buyers - that is, students - don't choose the titles. Professors do. So publishers don't compete for price but for the attention of professors.

Furthermore, most professors assemble their reading lists without regard to price. Publishers aren't required to release wholesale price lists to faculty members - and some even offer faculty incentives for selecting certain texts.

"Colleges serve as the uncompensated marketing arm of the commercial textbook publishers," Hal Plotkin, vice president of Foothill-De Anza's board of trustees, complained to a state Assembly subcommittee last year.

Comparison shopping is tough, because book lists are rarely posted by faculty until school starts.

And to make matters worse, used books are devalued because publishers often update books each year - offering a new edition of *Worldly Philosophers*, for example, even though the critiques of Immanuel Kant haven't changed since the 1780s.

Publishers also "bundle" pricey CDs, workbooks and other bells and whistles with textbooks - a practice akin to Honda adding GPS and aluminum racing pedals to every Civic.

"It doesn't function like a normal market," said CalPIRG's Katz.

Publishers refute that charge, arguing that pricing information is readily available. "PIRG is saying that faculty are too dumb and lazy to find out what a book costs," Hildebrand said. "In fact, the process is totally transparent."

They say that the supplemental materials aren't extra frills but are requested by faculty to help students succeed.

To help solve the problem of high book prices, new textbook rental Web sites such as [Chegg.com](http://Chegg.com) and [Bookrenter.com](http://Bookrenter.com) offer students cheaper alternatives. After the quarter, semester or summer term, students simply mail back a book to the company in a pre-paid package.

Students can use highlighters to mark up rental books - in moderation. And if they love a book, they can keep it, for a price.

Chegg, founded by Santa Clara-based Osman Rashid and Aayush Phumbhra, has more than 250,000 titles stored in a Chicago-area warehouse, ready to be quickly shipped. What it doesn't have, it can quickly get, Rashid said.

Students from 420 universities, including Stanford, Santa Clara University and San Jose State University, use their services, the company says.

"It's pretty helpful if I know I'll just get rid of the book," said Celeste Tom, 22, of Oakland, who is studying biology at Mills College.

She rented "Fundamentals of Conservation Biology" from Chegg for \$35 - half the cost of the \$70 price tag if new, and much cheaper than the normal \$55 if used.

Parents, whose credit cards often bear the brunt of education, represent a large share of book rental customers, according to Chegg's Rashid.

Karen Silva of Redwood City priced out books for her daughter Rayan, a freshman at Cañada College. "Psychology was \$110; math was \$110. Holy Mackerel!"

Renting, she said, "has saved me a bundle - and I don't have to stress out and try to sell them."

The demand by students shows that there is a need for more competitive pricing, Rashid said.

"I understand students' pain, because I went through it myself," said Rashid, who studied electrical engineering and business at the University of Minnesota before moving to Silicon Valley. "I remember holding my head when I discovered it would cost me \$450 for only three books."

And where are those books now? "They're sitting in a box in my garage," he said.