

Economics

Supply and Demand of the Textbook Marketplace

DEMAND CHAIN

The primary individuals who choose college textbooks (faculty) are not the people that pay for those textbooks (students).

Academic custom assigns faculty the right to choose the textbooks and other course materials that are required or recommended for their courses. Faculty have many options when adopting a title for a course, all of which influence the textbook supply and demand chain. These include:

1. Whether they require, recommended, or suggest a text
2. Chose a course pack bundle
3. Use a title for two or three consecutive terms
4. Adopt a new edition with no significant changes from the previous edition
5. Order a custom made book (faculty select articles or chapters from books and the store arranges for these to be custom bound)
6. Copyright protected or out of print, or (the store must seek permission to use or duplicate these materials and pay royalty fees to the publisher)

SUPPLY CHAIN

Step 1. Publishers produce books, which they typically distribute to wholesalers, who sell new and used books to college bookstores. Five publishing firms dominate the college textbook publishing (Thomson, McGraw-Hill, Wiley, Houghton- Mifflin and Pearson) and account for about 80 percent of all college textbooks published.

Step 2. sees textbooks distributed via a relatively small number of wholesalers (four wholesalers dominate this market: Follett, Barnes and Noble, Nebraska and College Bookstores of America) to The College Store. The College Store also purchases books directly from publishers whenever possible.

Step 3.
Books sold to students.