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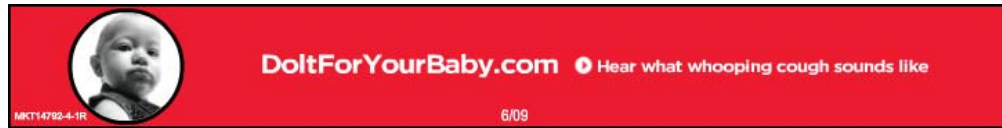
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Textbook Publisher to Rent to College Students

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Katy Batdorff/The Grand Rapids Press

A sign at the Grand Rapids Community College bookstore in Grand Rapids, Mich., informs students of an alternative to buying textbooks.

By TAMAR LEWIN

Published: August 13, 2009

In the rapidly evolving college textbook market, one of the nation's largest textbook publishers, [Cengage Learning](#), announced Thursday that it would start renting books to students this year, at 40 percent to 70 percent of the sale price.

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Katy Batdorff/Grand Rapids Press

Emma Hill helped her brother Tim go through books at the Grand Rapids college bookstore.

Students who choose Cengage's rental option will get immediate access to the first chapter of the book electronically, in e-book format, and will have a choice of shipping options for the printed book. When the rental term — 60, 90 or 130 days — is over, students can either return the textbook or buy it.

With the growing competition from online used-book sales, digital texts and new Internet textbook-rental businesses like [Chegg](#) and [BookRenter](#), other publishers and college bookstores are also edging toward rentals.

[Follett Higher Education Group](#), which manages more than 850 college bookstores, is starting a pilot rental program this fall at about a dozen stores, including those at the [State University at Buffalo](#), [Grand Rapids](#)

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[Community College](#) in Michigan, and [California State University](#) at Sacramento. The stores will offer about 20 percent of their titles for rent, charging 42.5 percent of the purchase price.

With college textbooks often costing more than \$100 apiece, students spend an average of \$700 to \$1,100 a year, representing one of their biggest expenses after tuition and room and board. Many students try to save by buying used books or ordering books from overseas, where they can often cost half the domestic price. Many students also resell textbooks at the end of the academic year, feeding the used-book market.

Besides giving students a new option, rentals give both publishers and textbook authors a way to continue earning money from their books after the first sale, something they do not get from the sale of used textbooks.

“Our authors will get royalties on second and third rentals, just as they would on a first sale,” said Ronald G. Dunn, president and chief executive of Cengage, formerly Thomson Learning. “There’s a tremendous amount of activity around rentals now, but we’re the first higher-education publisher to move in this direction.”

Cengage’s rental business will begin with several hundred titles this year, and then expand, Mr. Dunn said.

“The Internet has really changed everything in terms of our abilities to reach customers in different ways,” he said. “Our strategy has been to offer as many choices as we can, in terms of price points and different kinds of products. So if they choose not to buy the printed book, they can rent it, just as we already offer them the choice to buy an e-book, or a chapter.”

[McGraw-Hill](#) is taking a different route into rentals, through a partnership with Chegg, a fast-growing online textbook-rental business. Under an agreement that is to be announced soon, McGraw-Hill will supply 25 of its books to Chegg, in return for a portion of the rental revenue.

Ed Stanford, the president of McGraw-Hill Higher Education, would not disclose what share of each Chegg rental his company would get.

“It’s an opportunity to explore a different model that we think has some real promise,” Mr. Stanford said. “We’re not a retailer of our textbooks, so we’re not trying to play the retail role. But we are also talking to large college bookstores who are interested in rentals as an option. It’s of great interest to us as a way that we could begin to share the revenues after the first sale.”

A few college bookstores have been offering rentals for years, and many more are moving in that direction.

“There’s a changing climate in the industry, with all the pressures on the costs of higher education,” said Elio Distaola, of Follett. “The reason we’re doing the rental pilot is just to see the viability of the program.”

[Barnes & Noble College Booksellers](#), too, is starting a pilot rental program at three of its 624 college bookstores this fall.

“I think it could very well end up being a standard offering,” said Patrick Maloney, the executive vice president. “We’re renting books at 35 percent of the list price, and it’s only for hardcover texts, because paperbacks would get beaten up too fast. The schools assist us with collecting the books at the end, as they do with library books. The other option,



The quotable John Hughes

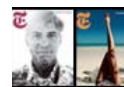
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taking the student's credit card and billing it if the book wasn't returned, didn't seem very user-friendly."

Mr. Maloney said the rental program would have been offered at more colleges and universities, if more faculty members had been willing to commit to using the same textbook for at least two years.

"We had a lot of discussions with schools, but in one case, they wanted to get 10 faculty members to sign on, and they couldn't get any," Mr. Maloney said.

Since a federal report four years ago found that textbook prices nearly tripled from 1986 to 2004 — rising an average of 6 percent a year, twice the inflation rate — Congress and state legislators have been working to contain textbook costs.

The [Higher Education Opportunity Act](#), passed last year, included \$10 million for grants to support textbook rental pilot programs; according to Charles Schmidt of the National Association of College Stores, more than 20 college bookstores have applied for grants.

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