

How to Compete in the College Textbook Market

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Today, by size and by revenue, the American college textbook market is dominated by seven giant multinational companies—Thomson, Pearson, Jones & Bartlett, Houghton Mifflin, McGraw-Hill, Norton, and Wiley. Through mergers and acquisitions during the last decade, these giants have absorbed dozens of smaller textbook and educational media companies. Through corporate branding, even the names of those small but profitable companies have tended to disappear. Critics of the educational publishing industry decry this trend, which they say leads to decreased variety and choice, as publishers selectively kill their internally competing titles and focus all their resources on blockbusters and "sure things" in the largest markets. But these major-market strategies also open doors through which smaller publishers can succeed.

Smaller educational publishers can:

- innovate,
- specialize,
- serve small or niche markets,
- support new or experimental courses,
- take risks in emerging markets,
- provide local-, state- or region-specific course materials,
- treat unusual or rare subjects,
- offer point-of-view alternatives, and
- otherwise satisfy customers whose special needs the big publishers do not address.

In these ways, small publishers can operate in parts of the overall market that large publishers actually are more than willing to give up. Larger publishers have even been known to carry a smaller publisher's books if the books will make the host publisher's list look more complete or enticing.

What Smaller Publishers Sell

Small publishers in the college market include firms begun as family businesses by faculty members who self-publish textbooks, software, websites, or course supplements. These products—geared to second-language learners, foreign-language learners, information technology initiates, adjuncts, distance learners, professional development coordinators, teachers or students of esoteric or technical subjects, older community college students, students with disabilities, etc.—may fill gaps in the curriculum coverage of larger publishers. Small publishers also include professional practitioners who provide training materials in technical fields that larger publishers do not serve in sufficient depth or detail.

For example:

- **TeachingPoint** (www.teaching-point.net) in Florida successfully markets textbooks, supplements, and course aids for el-hi and adult education teachers. According to founder Doug Matthews, the company's products—teacher's editions with classroom sets, teacher subscriptions, and student workbooks that correlate with local curricula and state and national educational standards—zero in on helping new teachers and teachers assigned out of field.
- At **Larson Texts, Inc.** (www.larsontexts.com) in Pennsylvania, Tim Larsen publishes course materials and software in mathematics and science across all educational levels. The company's products are used by more than 5 million students annually—a level of success that has given rise to two spin-off divisions, Meridian Creative Group (specializing in K-12 course materials) and TDLC.COM (specializing in online college course materials).
- **Alexander Publications** (www.alexanderpublications.com/) in California successfully specializes in field references, training manuals, and software for electric utilities. Books such as the *Lineman's & Cableman's Handbook* and *Field Manual for Powerline Workers, Live Line Work Practices*, and *Underground Distribution* comprehensively serve electric utility workers and administrators nationwide.

These companies, like so many other publishing ventures, all began as sole proprietorships or family businesses. They overcame obstacles to acceptance by establishing authority and credibility as textbook authors and publishers, creating pedagogically and technically sound content, producing professional-looking books, developing a potential customer base through solid market research, and surviving cash flow crises. With all that accomplished, I believe marketing and price are keys to success.

In other words, I think smaller educational publishers can best compete successfully by developing excellent products, precisely targeting the right customers, and underselling the giants.

Price is a significant factor in instructors' adoption decisions, and instructors and students alike are in widespread rebellion against the cost of buying textbooks today. Many instructors even forego ancillaries and supplements to reduce their students' burden. Therefore, the accepted entrepreneur who can deliver a high-quality product that meets a particular need at a low or reasonable price has an advantage over competitors.

Marketing Moves

In higher education, unlike in trade or mass markets, entrepreneurs have ready access to their individual customers. They can develop databases or rent mailing lists of faculty members as textbook adopters and contact them directly. According to the Bureau of Labor Statistics, there are more than 800,000 college instructors in the United States at any one time, on average. Add college instructors in Canada and other English-speaking countries, and instructors in other countries who consider works in translation for their courses, and you have quite an ample market. Reaching this market involves a variety of activities, however.

Small publishers marketing to colleges rely mainly on catalog sales, ecommerce, direct mailings of postcards and flyers, listings in online bookstores, contacts with influential decision-makers, and word of mouth.

As prospects grow, trade exhibits, professional association

exhibits, distribution, and sales representation become more important. Small publishers need to establish a presence at meetings of relevant academic organizations and professional associations, at trade shows attended by academic and reference librarians, and at campus or college bookstores. To do this, they can use exhibiting services to show books at association meetings and trade shows, and the publishers can participate in cooperative catalogs, mailings, exhibits, and ads, such as those offered by PMA and SPAN.

Selling to libraries and bookstores typically requires representation by wholesalers and possibly a distributor. Bookstores, including most campus bookstores, order through wholesalers such as Baker & Taylor and Ingram, for example, or through the National Association of College Stores. College stores stock only the textbooks that faculties order, however, whoever the publisher is and whatever the size. So for both large and small publishers, it all comes back to winning adoptions, spots on "required" reading lists, and, to a lesser extent, spots on "recommended" reading lists, which generate orders from librarians but not generally from bookstores.

Although big publishers do extensive sampling and giveaways to win adoptions, and they field large sales forces to canvass potential adopters, small publishers can compete by identifying specific potential adopters and decision-makers to go after. Big publishers also have big budgets for promotion, advertising, and sales, but, again, small publishers can compete by being ultra-selective and by participating in cooperative marketing ventures. Besides, affordable quarter-page ads in the annual meeting programs of relevant professional associations—and representation in book exhibits at those meetings—might be all the advertising that a small publisher needs.

Cooperating to Compete?

Because of advances in technology, small publishers now have access to vendors who can affordably produce and manufacture 1-, 2-, and 4-color books and print them on demand. This ability puts small publishers more on a par with the giants, who must accommodate ballooning plant costs that are never entirely offset by economies of scale

and who typically must carry large inventories. Competition from big textbook publishers is formidable nevertheless, especially when they pay instructors large sums of cash for adoptions or pay ersatz "royalties" for departmental customizations, as reported in June 2003 in *The Chronicle of Higher Education*. Independent textbook publishers might do well to organize, as independent bookstores have done, because the times have never been better for small publishers to succeed in the textbook market.

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