

E-books go to college

A group of U.S. publishers has put together another big digital push – and they're eyeing Canada

November 2008

Quill & Quire

By Cheri Hanson

Electronic textbooks may soon get a big boost in Canada. A U.S.-based online marketplace for digital college textbooks is setting its sights on Canadian students, faculty, and booksellers as it aims to become the iTunes of e-text sales.

CourseSmart was created by five big U.S. textbook publishers – McGraw-Hill, Pearson Education, Cengage Learning, John Wiley & Sons, and Bedford, Freeman & Worth Publishing Group – and launched in beta format last year. It has now grown to include about 4,300 titles, priced up to 50% below the list price of a new textbook.

Any publisher is eligible to supply digital versions of post-secondary print textbooks to CourseSmart, which then sells the material to students directly from the Course-Smart website or through college and university bookstores. Students can either download the text directly to a computer, viewing it with a designated Course-Smart reader, or access it online through a web browser. And they don't buy the books, they rent them: purchased titles "expire" after an established period of time – typically 180 days for a one-semester purchase or 360 days for two semesters. (Books can be "renewed" for the full price of the original e-text.) Students can print hard-copy pages as well, and can "return" e-books accessed through the online-viewing model within two weeks, though ones that have been downloaded are non-returnable.

In the U.S., CourseSmart's selection represents one-third of the most in-demand textbooks on the market, says Frank Lyman, executive vice-president of marketing. While Lyman won't discuss sales, he says students at more than 1,800 schools have downloaded CourseSmart texts.

Canada, of course, likely represents a tiny portion of that. Accounting for market differences and title overlap, Lyman estimates that CourseSmart's current inventory would cover 20% of in-demand Canadian titles. But he admits that the platform is not fully developed for publishers and students north of the border: "We've just begun to address ... the Canadian market."

The founding publishers launched the platform in an effort to jump-start e-book sales and to enable faculty members to evaluate potential course texts online. “The publishers felt that if they had a critical mass of content in a common format, they’d get a lot more momentum for student sales,” says Lyman. “It’s a complex task. It’s got a lot of moving pieces.”

Adding campus bookstores to the mix has arguably increased that complexity. CourseSmart currently sells e-texts through 100 U.S. college bookstores (called “affiliates”), but Lyman says many stores initially viewed the model with suspicion, worried that the platform would cut them out of the transaction entirely. “We spent a lot of time trying to build these relationships.” As affiliates, participating bookstores earn 5% of CourseSmart’s net sales on all e-titles that students purchase through their physical or online stores. Titles that students “renew” do not generate any additional profits for campus stores.

In Canada, the Concordia University Bookstore and the UBC Bookstore tested CourseSmart for the first time this fall. At Concordia, students can either purchase an e-text through the store website or by bringing a tag to the cash register. Once the sale is completed, the receipt provides an access code that students enter at the CourseSmart site. Concordia Bookstore director Lina Lipscombe has some reservations – the 5% affiliate fee “is much, much, much smaller than the 20% that we’d net if we were to sell a new book or a used book,” she says – but she concedes that ultimately, campus bookstores need to provide students with choices. “If I don’t do it, somebody else will.”

Selection is also an issue. The Concordia system was up and running in mid-August, but only four CourseSmart titles matched fall student book lists. (By mid-September, the store had sold only five digital copies, all of one text: Theory and Practice of Counselling and Psychotherapy, a Nelson Education title that retails for \$97.95 in hard copy and \$57.82 through CourseSmart.) At the UBC Bookstore, director Debbie Harvie identified just five CourseSmart titles that matched fall course lists. She also worries that CourseSmart’s leasing policy is less attractive to customers. “We’re trying to find other models where the student actually owns the material,” she says.

Still, both Lipscombe and Harvie expect their digital offerings to increase. “There’s definitely a shift to digital,” says Lipscombe. “It’s not going to be a major shift, but slowly the numbers and the percentages of students who don’t mind using a computer to read a textbook will grow.” And Harvie expects to offer 50 to 100 digital books by January 2009. “I think

two to three years from now, we might be selling 25% of our books in digital," she says.

In the publishing sector, most larger Canadian and foreign-owned academic presses have been experimenting with electronic publishing for at least a decade, particularly online study guides, digital reading packages, and customized electronic course materials. "That's the future, and that's where we're going," says Colleen O'Neill, the higher education executive director at the Canadian Publishers' Council.

Increasingly, publishers also need to create multiple digital files to accommodate not just e-texts, but also learning management platforms such as Blackboard, and to create a level of "granular" detail that enables digital searches. "We end up having to provide not just one sort of electronic format of the book in our repository, but many," says Patrick Ferrier, president of higher education at McGraw-Hill Ryerson. "There is a large infrastructure that we're in the midst of building to handle all that."

Electronic textbooks do not represent a major revenue stream for McGraw-Hill Ryerson, but sales of digital products and services – including a proprietary mix-and-match electronic study tool called iStudy – increase by double-digit percentages each year, says Ferrier. "The growth of this part of our business is many times the growth in our print business."

"The demand for digital content and resources has never been greater," agrees Steve O'Hearn, president of higher education for Pearson Canada. "Over the past two years, we have seen an increase in demand for and usage of our online homework, assessment, and tutorial solutions. We anticipate the demand for these types of product will grow."

But some scholarly presses and smaller publishers are still waiting to see how the electronic textbook market shakes out – including which formats, viewing tools, and sales models will ultimately rule. "We're relatively small, so we haven't done it yet," says Keith Thompson, publisher of Thompson Educational Publishing. The press currently offers some support materials, but hasn't made the leap to full electronic textbooks. "It's a matter of being overwhelmed with work," says Thompson.