

# **Bookstore Program Review 2013-2014**

## **Program Description**

The Bookstore offers required textbooks, supplies and other essential materials needed for student success. In addition, the Bookstore carries a complete line of snacks and beverages, greeting cards, emblematics and other gift items. Over the last several years numerous external and internal forces have created new challenges for the operation that require new methods of retailing such as creating an Information Station, greater use of on-line tools such as Verba Software and greater attention to specific services and sales categories. A reduction of students enrolled in classes, an ever expanding array of on-line choices for purchase and rentals and changing sales strategies for the publishers has severely encroached on the Bookstore's ability to sell textbooks directly to ECC students.

## **Goals**

### **Strategic Initiative B**

Strengthen quality educational and support services to promote student success.

### **Strategic Initiative F**

Support facility and technological improvements to meet the needs of students, employees and the community.

The goal of the Bookstore operation is to keep pace with the change in student purchasing behavior so that the Bookstore becomes a knowledge center and to expand non-textbook sales categories. The textbook industry has seen a rapid change in its business model over the past decade. Publishers, impacted by the sudden rise of on-line sales of used and rented textbooks and the friendly sales and trading of textbooks in social media have developed new ways to maintain financial viability. This includes digital downloads of their products and selling directly to students. Large used book companies have gone out of business. While the sale and procurement of used books is still a worthy effort, many other issues have developed forcing the Bookstore further out into the marketplace and away from the traditional publisher-centric pricing structure. The Bookstore will need to move from passively selling textbooks to students to one that is actively providing an array of textbook options along with the current market-based opportunities students are demanding.

## **Evaluation Process**

The Bookstore evaluates sales data in juxtaposition to FTE (internal) and changes in buying patterns such as the growth in internet sales, rentals, e-books and social networks (external)

which can only be measured indirectly. Other internal variables impacting sales and foot traffic include changes in funding such as EOP&S and Scholarships.

**Changing Conditions**

As the Bookstore begins to recalibrate its business model to fit the post-recession atmosphere, it does so with a change in operating systems. In the fall semester of 2013 the Bookstore replaced Sequoia Retail Systems, a product the Bookstore had been using since 1994, with a product purchased from Missouri Bookstore Services. The change in systems brings forward twenty years of innovation that the new product contains that will take the Bookstore staff time to integrate into the day-to-day procedures and processes.

**Book Sales**

When measured against FTE, the drop in book units has been as dramatic as the drop in total dollars. Publishers, responding to runaway inflation on textbooks over the past two decades, have been slowly lowering prices and developing incentives (bundling) in order to attract students back to their products. The result of which suppresses used book sales. Over the years numerous used book vendors have gone out of business. Students, not swayed by the publishers’ incentives, continue to find material for class on-line, even if it is not exactly the book required. The millennial student understands how to be a savvy shopper.

**ECC TORRANCE**

<b>Year</b>	<b>FTE</b>	<b>Books/Units</b>	<b>Books/FTE</b>	<b>Total Sales</b>	<b>\$/FTE</b>
2010-2011	19,491	101,795	5.22	5,999,896	307.83
2011-2012	18,398	90,338	4.91	5,469,051	297.26
2012-2013	18,200	85,472	4.70	5,446,529	299.25
2013-2014	18,470	79,227	4.29	5,228,094	283.06

**ECC COMPTON**

<b>Year</b>	<b>FTE</b>	<b>Books/Units</b>	<b>Books/FTE</b>	<b>Total Sales</b>	<b>\$/FTE</b>
2010-2011	6,626	17,453	2.63	1,149,590	173.50
2011-2012	6,423	16,616	2.58	1,085,638	169.02
2012-2013	6,000	14,704	2.45	1,030,004	171.67
2013-2014	6,060	13,255	2.19	963,235	158.95

**Change in Publisher Business Model**

As students migrate away from purchasing new textbooks in on-campus college bookstores, they also impact the decades old model of Publisher/Bookstore relationship. Publishers now sell

directly to students in a variety of formats, they have developed loose-leaf bundles which lower the cost of a book but remove the possibility of a secondary used book option and they have expanded the number of custom textbooks. The publisher response to the changing market has significantly cut into the used book market, a traditionally profitable venture for both students and the Bookstore. Publishers now sell a digital download of many of their books, directly to students, causing erosion in our on-line textbook sales.

### On-Line Activity

Year	Total Textbook \$	On-Line \$	%
2010-2011	6,443,412	773,459	12.0%
2011-2012	5,826,054	737,999	12.7%
2012-2013	5,759,177	659,778	11.5%
2013-2014	5,423,532	515,058	9.5%

### Change in Used Books

Year	N Units	U Units	%
2010-2011	76,877	29,896	28.0%
2011-2012	70,885	24,602	25.8%
2012-2013	69,495	22,113	24.1%
2013-2014	68,663	18,864	21.6%

### Five-year Financial Picture

The Bookstore staffing model was conceived in the late 1990's at a time when the Bookstore began developing the Convenience Stores and eventually overseeing all aspects of vending and food service. In 2008 the Bookstore ceased all Convenience Store operations and Food Service connection leaving the Bookstore inefficiently staffed with too many cashiers (7) and a lack of specificity in the Bookstore job descriptions relevant to the increasing on-line nature of the business. During the 2009/10 year the Bookstore relocated to the East Lounge of Student Activities. Many of the non-essential sales categories were significantly reduced to accommodate the smaller space; as a result some of those categories have not regained their pre-move sales levels. During the 2012-2013 year five Bookstore employees were transferred to other areas on campus and an additional staff member transferred during the 2013-2014 year allowing the Bookstore greater efficiency and helping to ensure financial stability. The ratio of sales to staffing has remained relatively unchanged over the last five years.

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
<b>Sales</b>	6,191,329	6,476,533	6,531,971	7,129,574	7,514,126
<b>Payroll Expense</b>	906,606	1,000,370	1,137,731	1,174,075	1,123,404
<b>Benefits Expense</b>	335,320	381,724	416,736	399,343	375,352
<b>Sales/Payroll &amp; Benefits</b>	4.97	4.69	4.2	4.53	5.01

### Wave of the Future

The Bookstore must respond to the rapidly changing market by building in greater flexibility and placing greater emphasis on non-textbook categories. Beginning in the 2013 spring semester, the Bookstore will begin an in-store rental program. We will begin testing the model in the 2012 fall semester. The Bookstore will continue to focus on non-textbook sales categories in order to increase traffic and awareness.

### ECC Art Sales

Year	FTE	\$	%
2010-2011	19,491	41,997	2.15%
2011-2012	18,398	58,297	3.16%
2012-2013	18,200	61,986	3.41%
2013-2014	18,470	70,809	3.83%

### ECC Snack and Beverage Sales

Year	FTE	Units	Units/FTE	\$	\$/FTE
2011-2012	18,398	89,969	4.89	102,836	5.59
2012-2013	18,200	96,072	5.28	98,565	5.42
2013-2014	18,470	101,659	5.50	107,141	5.80

### COMPTON Snack and Beverage Sales

Year	FTE	Units	Units/FTE	\$	\$/FTE
2011-2012	6,423	12,982	2.02	9,208	1.43
2012-2013	6,000	11,190	1.87	9,124	1.52
2013-2014	6,060	14,554	2.40	1,025	1.69

### Conclusions and Recommendations

The Bookstore will continue to see a drop in the percentage of in-store purchases of new textbooks to other opportunities. The loss of enrollment will not be recovered anytime soon. The larger economic conditions may also create an extra burden for the Bookstore. The Bookstore will focus on the following course of action:

- Improve and expand on-line sales
- Begin in-store rentals
- Expand non-textbook sales
- Employ current staffing more efficiently
- Expand the role of the Bookstore to include an Information Station structure
- Greater involvement with faculty