

Bookstore Program Review 2011-2012

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 used 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. In the 2008-2009 Program Review the Bookstore was focused on maintaining a strong used book focus. During the last several years a number of variables have forced an alteration of course of action. 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

Over the last several years, the Bookstore has been severely impacted by a perfect storm of events—a deep recession, a drop in enrollment, a change in the publisher’s business model, the rise and evolution of e-readers, rentals and digital options and shift in pricing models—that requires swift action. The Bookstore must rapidly respond to market conditions in ways unimaginable a decade earlier.

Change in Purchasing

As common wisdom would suggest, the Bookstore has experienced a change in how students purchase books and decrease in the number of books purchased against FTE. Not only has the number of books to FTE gone down over time, so has the dollar value per item. This phenomenon has never been seen before in the college bookstore industry. Typically, a factor of inflation would be present. As the publishers move away from expensive bundles to on-line options, the real cost to students goes down and the ability to resell the books as used dries up.

ECC TORRANCE

Year	FTE	Books/Units	Books/FTE	Total Sales	\$/FTE
2008-2009	20,472	126,294	6.17	7,169,799	350.22
2009-2010	20,533	107,063	5.21	6,267,383	305.24
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

ECC COMPTON

Year	FTE	Books/Units	Books/FTE	Total Sales	\$/FTE
2008-2009	5,000	17,363	3.47	1,359,242	271.85
2009-2010	5,303	17,992	3.40	1,257,673	237.16
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

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.

On-Line Activity

Year	Total Textbook \$	On-Line \$	%
2008-2009	7,639,101	326,792	4.3%
2009-2010	6,876,851	498,313	7.2%
2010-2011	6,443,412	773,459	12.0%
2011-2012*	5,826,054	737,999	12.7%

*On-line Rental 2482 books: value \$41,182 Commission \$5,123

Change in Used Books

Year	N Units	U Units	%
2008-2009	90,480	40,038	30.7%
2009-2010	75,133	37,373	33.2%
2010-2011	76,877	29,896	28%
2011-2012	70,885	24,602	25.79%

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. The Bookstore is currently 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.

	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Sales	6,531,971	7,129,574	7,514,126	8,634,656	8,177,594
Other Income	47,000	66,968	(127,964)	573,232	65,475
Cost of Goods	(4,745,422)	(5,165,505)	(5,282,658)	(6,322,959)	(5,111,545)
Payroll Expense	(1,137,731)	(1,174,075)	(1,23,404)	(1,243,124)	(1,136,180)
Benefits Expense	(416,736)	(399,343)	(375,352)	(350,578)	(218,549)
Other Expenses	(592,805)	(593,394)	(635,692)	(641,767)	(811,654)
Profit/Loss	(313,723)	(135,776)	(141,946)	649,458	251,950

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	\$	%
2008-2009	20,472	59,303	2.90%
2009-2010	20,533	36,754	1.79%
2010-2011	19,491	41,997	2.15%
2011-2012	18,398	58,297	3.16%

ECC Snack and Beverage Sales

Year	FTE	Units	Units/FTE	\$	\$/FTE
2009-2010	20,533	85,118	4.15	100,730	4.91
2010-2011	19,491	85,960	4.41	99,137	5.09
2011-2012	18,398	89,969	4.89	102,836	5.59

COMPTON Snack and Beverage Sales

Year	FTE	Units	Units/FTE	\$	\$/FTE
2009-2010	5,303	8,239	1.55	7,253	1.37
2010-2011	6,626	13,155	1.98	9,762	1.47
2011-2012	6,423	12,982	2.02	9,208	1.43

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

