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News

Rent, Read and Return

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Students frequently rent DVDs to watch in their dorm rooms, but soon they may start checking out something much heavier and pricier: textbooks.

Saying they offer an alternative to the textbook industry's bloated prices, a growing number of companies are renting new and used titles at reduced prices. Among them are [Chegg](#), [BookRenter](#) and the Follett Higher Education Group, which will test drive a rental service at campus bookstores this fall. They join a number of colleges that have already [started their own on-campus programs](#).

With all of them, the concept is essentially to pay to check out textbooks as if they're out of a library -- only there are more copies and titles, and they can be used for longer periods of time. Through Chegg, for instance, a student searches for a book and rents it for up to a certain number of days, such as up to a quarter or a semester. Users are promised discounts of 65 to 85 percent off the list price, but if they don't return a book on time, they are charged full price. The same punishment applies to doodling in the margins, since the books are meant for reuse. As a disclaimer on Chegg warns: "Highlighting in the textbook is OK -- to a certain extent. Writing in the book is not accepted."

With a selection of more than 2 million titles, Chegg.com is one of the largest book-rental services on the Web. It grew out of CheggPost, a Craigslist-like site for college students founded in 2003 by Aayush Phumbhra and Osman Rashid. It didn't work out, but the then-Iowa State University students saw that their peers were buying, selling and trading textbooks more than any other item. That discovery prompted them to focus exclusively on books, launching Chegg in fall 2007. (The name refers to the cyclical "chicken-and-egg" dilemma; that is, you can't get a job without a college education, but can't get an education without a textbook.)

Since then, the site has gone on to make \$10 million in revenue last year and more than that amount this past January alone, according to company officials.

Chegg also [plants a tree](#) for every book rented. A spokeswoman, Tina Couch, cites that environmental impact, plus the convenience of renting, as the main draws for students to use Chegg rather than, say, buy a used copy online for the same price. "Even if you look at the cost of buying a new book or a used book, renting is still less expensive, it's convenient and you don't have to worry," she said. "If you buy a used book, you can't go back and sell it for more money."

At least one publisher has noticed Chegg. In an arrangement that will go live in August, McGraw-Hill Companies will provide the site with new books and share an undisclosed portion of the revenue, according to Couch. Until now, Chegg has been purchasing books on its own and through affiliate programs. *(Note: This paragraph has been updated from an earlier version of the article to correct an error.)*

Rental companies are banking on the premise that professors and students will want to use the same book for several semesters. That demand will remain even if new editions are published, says Laura Sneddon, marketing manager for BookRenter.com, which, like Chegg, offers about 2 million titles and began in 2007. "Even though some of the time those books can be updated very often, it doesn't mean that every school nationwide is switching to a new version," she said.

But that logic may not apply to science titles, since much of their information quickly goes out-of-date, said Elio DiStaola, a spokesman for the Follett Higher Education Group. In contrast, books in the humanities and social sciences will probably have a

longer shelf life. "Would any student want a book in medicine or technology that's two years old?" he said.

This fall, Follett will begin a pilot rental program of its own at a dozen institutions, including Grand Rapids Community College, the University of Texas at Arlington and the State University of New York at Buffalo. New or used copies of one-fifth of the texts used in classes will be available for rental at 42.5 percent of the retail price. If a student doesn't return a book at the end of the term, he or she will be charged the full price, plus a penalty fee.

Follett, which manages about 860 stores in North America, is hoping to keep students' dollars in campus bookstores. "We feel in this climate that not only is it really competitive, but it has seen a trend of less and less students buying any of the required course material, whether it's through other channels or peer-to-peer sharing of texts or checking something out of a library," DiStola said.

Barnes & Noble College Booksellers, which operates more than 600 campus bookstores nationwide, did not return multiple requests for comment.

Studies have shown that **textbook prices are rising faster** than the rate of inflation, but not as much as tuition and other higher education costs. **Last year's Higher Education Opportunity Act** mandated that institutions report annually how much they spend on essentially reducing the costs of textbooks and other instructional fees. It also required textbook publishers to expand the information they provide about pricing and changes from past editions. Most significantly for companies like Follett and Chegg, **a bill** outlining the U.S. Education Department's budget, crafted in February, mandated that \$10 million be reserved for a "new college textbook rental initiative" to "provide competitive grants to colleges to expand opportunities for students to rent college course materials."

But rental is not part of the solution, cautions Eunice Clark, executive director of the Used Textbook Association, a group of higher education booksellers who advocate for used titles to be sold in campus bookstores. Outside companies take revenue away from the university stores where students would otherwise shop, she said, and on-campus renting severely limits professors' choices. "The reality is they adopt a book and they find out it's not what it all was, so they want to change for next semester," she said. "Rental for [all of] higher education is not a workable thing."

Charles Schmidt, a spokesman for the National Association of College Stores, said that 2 percent of the group's stores offer some kind of rental service and more are likely to come. He, too, warned that the savings touted by companies may not be as great as they seem. If a student rents a book at a discounted price, the savings would be minimal, he said, considering he or she could have sold a bought-new copy back to the bookstore to make up the difference. Plus, he said, there is some value in keeping a book well past the semester's end: "A book such as [organic] chemistry is the type of book that a student is probably going to want to keep in their education, and possibly in their professional life or graduate student life."

"Buyer -- or renter, in this case -- beware," he said.

— **Stephanie Lee**

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