

INSIDE HIGHER ED

Alternative Textbook Providers on the Rise

As major textbook publishers grapple with new strategic directions, alternative providers focused on lower-cost materials seize the opportunity to grow their market share.

By [Lindsay McKenzie](#)

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It's a turbulent time for the college textbook industry. Low student enrollment, tight company budgets and changing business plans have hampered growth

at major educational publishers such as Pearson, Cengage and McGraw-Hill Education.

While the biggest publishers are struggling to get their finances in order, smaller providers are experiencing rapid growth and report record textbook selections by faculty members. A focus on lower-cost materials and open educational resources has helped them to win business away from their larger competitors, leaders of these companies say.

FlatWorld, a small publisher that charges between \$24.95 and \$39.95 for its digital textbooks, gained 2,000 new faculty adoptions in the 2019-20 academic year, an increase of 10 percent over the previous year. The publisher has 135 titles in use at over 1,500 institutions in the U.S.

The company's relatively low textbook prices are a "conversation opener -- they get people interested," said Alastair Adam, CEO of the publisher. But price alone is "not sufficient" to drive adoption, he said. The textbooks and course materials being offered must be at least as good as, or better than, what faculty members were already using to entice them to switch.

Major publishers have cut back on their on-the-ground college sales teams to save money in recent years, says Adam. But faculty members can feel frustrated by "talking to a different rep all the time," he said. A focus on customer service has helped propel FlatWorld textbook adoptions. The company employs around 25 sales representatives who visit campuses and forge relationships with individual faculty members and department heads.

Oliver Gadsby is chief executive of Rowman & Littlefield International, a publisher that produces textbooks for upper-level undergraduate and graduate students in the social sciences and humanities. R&L doesn't only publish

academic titles, but higher education textbooks are becoming a greater focus for the company because of positive sales, said Gadsby. Most R&L textbooks are priced between \$65 and \$85, he said.

The CEOs of Cengage, Pearson and other publishers have said publicly that they are trying to reduce the number of print textbooks they sell so that fewer books enter the used book market. Instead, these publishers are promoting book rental programs and digital subscriptions that enable students to access, but not own, content.

Gadsby said these moves limit student and faculty choice. There are plenty of students and professors, particularly in the humanities, that want the option of buying print textbooks, he said.

“We still care about creating enticing, rich content with good page design,” he said. “We believe those things still matter.”

A Rapidly Changing Market

In an investor call earlier this year, Pearson executives reported that sales of their digital courseware were **significantly lower** than anticipated. The company is investing heavily in courseware as part of its shift to a **digital-first strategy**. Speaking to *Inside Higher Ed* in July this year, John Fallon, Pearson's CEO, said the publisher planned to charge \$40 for an ebook, \$60 for a rented print textbook and \$65 to \$80 for digital courseware products such as Revel, MyLab or Mastering. RedShelf, a company that distributes publisher course materials, reports that prices of ebooks and courseware are falling. The average digital courseware product was priced at \$87.67 per student in 2019, down from \$97.42 in 2018.

Cengage and McGraw-Hill Education also plan to invest heavily in digital courseware. The two companies plan to merge, possibly expanding the number of products included in Cengage's **Unlimited** subscription offer, priced at \$179.99 a year. But the planned merger has garnered **criticism** from student advocates who fear decreased competition will result in higher prices. Leaders of the two publishers say they will make affordable products a priority.

To prepare for the merger, Cengage is downsizing in an effort to reduce its operating costs. A round of **layoffs** and office closures began last week. A Cengage spokesperson did not confirm how many employees or which roles were affected.

Uncertainty in the market is both a blessing and a curse for smaller providers, said Kim Thanos, CEO of Lumen Learning, a company that combines open educational resources with custom learning tools.

"The advantage is that we have openings in places that we wouldn't have before, but it's a difficult time to try and read the market," she said.

Lumen Learning has doubled its revenue in the past year, said Thanos. She says the company has reached a tipping point where the faculty using its products are no longer considered "early adopters." The company was founded seven years ago.

When departments review Lumen products for adoption, it's less a question of trust and more a question of how well the product stacks up against materials from big publishers, she said.

A Growing Industry Around OER

Companies that profit from OER, such as Lumen Learning, have been criticized by some open education advocates who believe students shouldn't have to pay to access free content. A keynote panel at the Open Education Conference last week in Phoenix, Ariz., was canceled after people **started to object** to the number of for-profit companies represented on the panel, including Cengage, McGraw-Hill, Lumen Learning and Macmillan.

And the founder of the 15-year-old Open Education Conference, David Wiley of Lumen Learning, **announced there** that he no longer planned to organize the conference, which some analysts attributed at least in part to the **fracturing of the coalition** around open educational resources.

Brian Jacobs, founder and CEO of panOpen, a company that also builds tools around OER, said discussions around commercial entities profiting from OER are important to have. PanOpen, like Lumen Learning, takes curated OER and enhances it with support and technology for a fee.

PanOpen is popular with faculty who have concerns about OER quality or who want additional features such as homework and quizzes, said Jacobs. The company recently announced institutional partnerships with the **Houston Community College** system and **California State University**.

"It's up to institutions and faculty to set the standards of good OER citizenship -- what it means to be a good actor in this space," he said.

OpenStax, a nonprofit that has published 40 popular OER textbooks, has partnered with both for-profit and nonprofit providers to distribute its content. These partners, known as OpenStax Allies, have helped drive OpenStax adoptions and support the publisher through "mission support fees," said David Harris, editor in chief of OpenStax.

OpenStax has grown “tremendously” over the past year, said Harris. The publisher’s textbooks were used by more than three million students this year, up from 2.1 million students last year.

Adoptions aren’t being driven by sales representatives, and OpenStax doesn’t have any. But the publisher does have a customer service support team that assists faculty with any questions or queries about the textbooks. The publisher relies on word of mouth and its ecosystem of around 50 partner companies, said Harris. As awareness of OER grows, Harris hopes adoptions will continue to rise.

“The wonderful thing about this market is that it responds to value and good service. If you have those things, you’re going to be successful,” he said.

Read more by *Lindsay McKenzie*

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