



## Message From the President



Ahh! Summer has begun, now it is time to start thinking about fall! Not just fall book rush, but also our 2011 Fall RMS-BA meeting. We will be meeting once again at the Embassy Suites Spa and Re-

sort in Loveland, October 4-6. Everyone enjoyed this facility when we meet there in 2009 and it has all of the amenities that we need in order to host a successful show. Loveland provides a convenient, central location for both stores and vendors. When we meet there in 2009 it was one of our most successful shows and our most attended conference in a number of years.

The RMSBA board meet on May 18 and as always, are working on putting together excellent educational and a first rate trade show. If you have any suggestions for the meeting, trade show or education session, please let me now asap.

At the meeting we also discussed a few improvements to be made to the rmsba.org website, so watch for those coming soon! The board took time to review the strategic plan to do's that came out of our strategic planning session in May 2010. I feel very good about what has been accomplished to date, where we as an association are going, and the items we will strive to accomplish this year in help insure a viable association going forward.

I hope that each or your stores had a successful spring semester and are now enjoying your summer!

Have a great summer,

Allison

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## Scholarship

### No budget for the annual meeting?

RMSBA offers scholarships to store members for the annual meeting.

Log on to RMSBA.org for more information and to download an application!

Industry Issues Report  
RMSBA board Meeting  
May 18, 2011

**The new part of Chegg:** CrA+mster: A student aid where you can receive papers and answers to questions in less than 2 hours

**Charging student accounts for books and supplies as an additional option for customers.** CSU had an incredible program that has a lot of people excited.

**Rewards Cards and Programs-** Do they work? As a part of Customer relationship management (CRM) many schools are combining their current marketing strategies with a rewards program for their customers. They have customers sign up for a card, track purchases, and earn points for purchases. You can target promotions and treat customers a little more special.

**Retailers are going Paperless!!!!** with cash-register receipts, offering electronic copies of receipts sent via e-mail or by using smartphone apps. To encourage their use, Sears offered a \$400 gift-card prize on Facebook for shoppers who use its digital receipts. College stores could save money and become more environmentally friendly by offering this service to students. This seems like a natural progression with the advent of mobile-phone purchases.

**Apple identified as most admired company in the world** by Fortune Magazine but also named the least green company Greenpeace. Apple's quarterly earnings have grown 95% to 6billion. Are they a good partner for campus stores?

**Service style products in the bookstore generating traffic:** Ink-o-dem, RIS ink, computer break/ fix

**Computer/ iPad/ ipod rentals:** Is this a good traffic building opportunity?

**B&N added an App store and e-mail program to its nook**

**Facebook's Group Changes-** Photo albums and Questions elements were added, and prospective members must now get approval before they can be added to a group, allowing for greater administrative control. Facebook also plans to add another feature, Facebook Deals, that could compete with Google Offers. The addition will allow users to share shopping experiences with others and save money in the process. Deals could appear on a news feed or in ads, and Facebookers can buy the deal with a credit card, share it with their friends, or just "like" it. The social network will test the new feature in some of its larger markets before opening it up for everyone else.

## Location-based shopping:

### Screenshot of Shopkick app (Shopkick Inc) for iPhone.

Several apps this year let shoppers use their smartphones not just to shop online, but also to interact with stores in the **real world**. Shopkick (iPhone, Android, Free) gives users points (called “kickbucks”) when they walk into participating stores (partners include Macys, Crate & Barrel and Target), pick up merchandise (by scanning the barcodes with their smartphone cameras) and make purchases. Kickbucks can then be redeemed for rewards like gift cards and merchandise. TheDealMap (iPhone, Android, Free) serves up an interactive map that shows users sales and promotions near where they are shopping. The app offers a variety of filters to customize the types of deals users want to see, such as restaurants, hotels and kid-oriented promotions.



**Markdowns: When too much of a good thing is too much.** How do you identify when to mark things down, what to mark down and why?

**Textbook Rentals and web sales taking off:** Everyone is getting their hands in rentals, and customers seem to appreciate the added options.

**Ebooks: 40%** of iPad owners have not read an e-book on the tablet device, dispelling the assumption iPad owners use the tablet primarily for e-books. Media and publishing forecast firm Simba Information reveals that more iPad owners (45%) said they turned to a traditional computer to read their e-books. Women are also now the biggest consumers of e-books, surpassing men for the first time.

**THE NOOK MAY SOON have a sibling.** Barnes & Noble has plans to unveil a new e-reader this month.

**TEXTBOOKREBELLION.ORG**, FOUNDED by the Student Public Interest Research Groups and Flat World Knowledge, publisher of free and open college textbooks, is promoting its quest for "affordable alternatives" to expensive textbooks. In its latest marketing, the group actually redirects the blame for textbook prices away from college stores.

"Crazy expensive textbooks, rapid-fire new editions, and unnecessary add-ons ... it's bad," read an e-mail from the group. "Rebel for a cause and sign the petition. This is your chance to speak up. Professors, bookstores, and administrators aren't to blame. Much about the business CAN change."

**E-BOOK SALES CONTINUE** to rise rapidly. As evidence, Penguin's e-book sales doubled in the first quarter of 2011, when compared to last year, according to the company's interim management statement.

## E Textbooks

### Five Trends Are Driving E-Textbooks

5/13/11

By: Rob Reynolds Campus Marketplace May 13, 2011

The future is unquestionably digital. In the CAMEX 2011 session Course Materials: Online, Mobile, and Partnering Solutions, Reynolds pointed to five trends fueling the spread of e-textbooks.

- 1) "What's also significant is within those categories—for-profit distance education in particular—they prefer digital over print to almost 80%. What that means is your areas of higher ed that are showing significant growth in terms of number of students and number of institutions prefer digital. As a result, publishers and others are pushing more digital out."
- 2) The growth of mobile technology—While many assume every student owns a smartphone, actual ownership still hovers around only 25% of the age group. But Reynolds said what's significant is not present levels as much as the velocity of the trend's growth. He predicted the percentage of students using smartphones would double to 50% within two years.

Surprisingly, as of last year, the BlackBerry—not the iPhone—was the still most popular smartphone among students. "It's the cheapest smartphone you can buy," Reynolds noted, because users often get one free when signing up for a service plan. "When you look at mobile, it's not all Apple unless were talking about tablets."

But in the tablet category, no other manufacturer can yet touch Apple's iPad. "No device has ever had greater penetration or more disruptive growth in a one-year period," Reynolds said, predicting the iPad will reach 20% penetration on college and university campuses "very soon." At that level, it's a device that will have to be dealt with in terms of learning materials.

- 3) Students' preference for online retail—According to surveys by both NACS' OnCampus Research and MBS, online retail is students' preferred purchase pattern. In 2010, about 56% of students surveyed said they purchased some or all of their books from online stores, which suggests a natural transition to digital content.

"As you move online, you're already partway to digital," Reynolds said. "If I go to a physical store, a physical place, I expect a physical product. If I go to a virtual place, getting a virtual product there makes perfect sense." He added there was a 5% increase in the number of students purchasing all of their textbooks online last year, and he expects a similar jump for 2011.

4) Social networking—Facebook, the single largest photo-sharing site and the second-largest site for online videos in terms of hours watched and videos uploaded, expects to hit one billion users within the next 12 months. With the prevalence of Facebook and other social media among the college-age demographic, Reynolds said it's apparent that "what's driving student behavior is a big shift to digital" in all aspects of their lives.

5) New competition from digital-first publishers—Print-on-demand options, discounted prices for e-books, and digital-first publishers such as Flat World Knowledge are all competing with traditional publishers and pushing them into digital. Big-name competition may enter course-content publishing as well.

"If you talk to publishers and bookstore owners on the trade side, one of the things that everybody just agrees is that Amazon, Google, and Apple are going to own 70% of the e-book business," said Reynolds. "We just have to deal with that."

In terms of solutions, think open-source textbook initiatives, which are often regional or state-driven, as "one of the great opportunities for campus bookstores." Many of these programs are still loosely formed and don't have partners for distribution or for print-on-demand. Involvement could let college stores help their institutions save money while giving service to students.

It is predicted 10% of textbooks will be open-source by 2014. With 10% of the market available free, prices on the remaining products will be forced to drop. As textbooks simply go the way of other media, he added that a quarter of the textbook market in higher education will be digital no later than 2015.

Reynolds sees the possibility of schools working with publishers on subscription models under which course content will either be preloaded on a school-supplied tablet or other device, or preformatted for whatever tablet or other device the student brings to campus with them.

He advised college stores to look for content partnerships, promote open-content sources to students, and get involved with digital-first publishers and print-on-demand. "POD is a huge thing and it's a great opportunity," he said, "because POD will allow us to play in free as well as in digital with some of these new models."

Lastly, he recommended that stores view themselves—and use their web sites and other media to brand themselves—as knowledge sources and information sources, not simply a place to conduct a transaction.

**Amazon files lawsuit against NACS:** Online retailer Amazon filed a federal lawsuit in Seattle, WA, May 3 against NACS, asking a judge to declare that Amazon's textbook advertising is accurate and not misleading. This action is in response to NACS challenging Amazon advertising claims before the National Advertising Division (NAD) of the Better Business Bureau.

In February, NACS asked Amazon for information on its pricing policies and Amazon refused. NACS then requested that the NAD review Amazon's college textbook pricing and advertising policies. At issue are Amazon's claims in its advertising that students can save up to 30% on new textbooks and up to 90% on used textbooks. "NACS filed the NAD action because it is concerned about students receiving accurate information," the press release said. "NACS believes that the allegations in its letter to the NAD are accurate." In NACS' letter to the NAD, NACS contends that Amazon's sales model makes it almost impossible for it to substantiate the savings claims in its advertising.

"Amazon has attempted to corner these students with its savings claims of 'UP TO 90%' and 'UP TO 30%,' and by also touting textbook buyback of 'UP TO 60%,'" said the complaint letter from NACS to the NAD.

Amazon argues that the words "up to" makes it clear to the consumer that the discount claims are not. The Lanham Act prohibits a number of retail activities, including trademark infringement, trademark dilution, and false advertising.

NACS will speak directly to claims in the lawsuit after it receives official notification of the complaint.

### **5/6/11 update!**

The National Advertising Division (NAD) of the Better Business Bureau dismissed an inquiry NACS filed challenging Amazon's advertising claims, which NACS believes is exactly the outcome desired by the online retailer.

The dismissal came less than 24 hours after Amazon filed a lawsuit asking a judge to declare that its advertising claims are true and not misleading.

"I believe that the lawsuit is simply an effort by Amazon to move to a more friendly forum for a review of its advertising," NACS General Counsel Marc Fleischaker said.

NACS requested in March that the NAD review Amazon's college textbook pricing and advertising policies after Amazon refused to provide the information to support its claims. The NAD requires that both parties keep the review process confidential until a decision is rendered. The lawsuit, however, took the matter out of the NAD's hands.

"In response to NAD's inquiry, the advertiser (Amazon) informed NAD that litigation had already commenced concerning the claims in question," said the dismissal letter from the NAD. "Having confirmed that the challenged claims are now the subject of pending litigation, NAD administratively closed the inquiry."

Fleischaker said the lawsuit is asking for a review of Amazon's advertising on legal grounds that were not raised by NACS in its filing at the NAD.

"We initiated a confidential process and Amazon was apparently convinced they could not prevail in that process. So they abused the confidentiality and filed a lawsuit, seeking a declaration that their advertising complies with the Lanham Act," Fleischaker said. "Interestingly, we never even cited the Lanham Act in our letter to the NAD."

The Lanham Act prohibits trademark infringement, trademark dilution, and false advertising.

“Amazon suffered no harm from our filing of the NAD complaint and would only have been hurt had the NAD decided that their advertising was not in fact substantiated, and Amazon agreed to change it,” Fleischaker noted. “Because the NAD process is voluntary, it has no enforcement authority.”

Amazon filed its federal lawsuit in Seattle, WA, May 3, asking a judge in its home state to declare that Amazon’s textbook advertising is accurate and not misleading. At issue are Amazon’s claims in its advertising that students can save up to 30% on new textbooks and up to 90% on used textbooks.

“NACS filed the NAD action because it is concerned about students receiving accurate information,” said a press release from NACS.

It’s NACS’ contention that Amazon’s sales model makes it almost impossible for it to substantiate the savings claims in its advertising. Amazon argues that the words “up to” make it clear to the consumer that the discount claims are not available for every textbook title bought or sold through Amazon.

NACS has 30 days to respond to the lawsuit.

“We expect to file a motion to dismiss the Amazon complaint and will decide how to proceed on the false-advertising claims at an appropriate time,” Fleischaker said. “We are disappointed that NAD decided that it could not proceed because the matter is now pending in court, but in no way do we expect that to be the end of the story.”

### 2011 Membership Dues

We are collecting membership dues now for 2011!  
Log into [www.rmsba.org](http://www.rmsba.org) for more information or contact Michael Jastorff.

MichaelJastorff@bhsu.edu  
605-642-6279

**Why not pay your dues TODAY?**

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### Update your Information!!!



**Please make corrections to your  
store's data on [www.rmsba.org](http://www.rmsba.org).**

**Contact Marlin Kinzer if you need a  
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