Bookstore
Assessment Report, 2012

Expected Outcome: Access and affordability

Improve access to and affordability of educational materials.

Assessment Method: Student Survey

The Auburn University Bookstore partnered with the Office of Communication and Marketing to design and conduct a Student Survey to determine course material purchase preferences and satisfaction with the AU Bookstore. The survey was conducted electronically in September 2011 via “This Week at AU”, the online official online student weekly newsletter. Students were given the option whether or not to respond to the survey. The statistics below are based on the response of the 259 students who completed the survey.

Findings:

1. In response to the first question, “In the last year, how many times have you visited the Auburn University Bookstore?” 222 survey respondents or 85.7% indicated they had visited the AU Bookstore between one and twenty-one times.
   a. 13.5% responded that they did not visit because they were a freshman and weren’t on campus the previous year.
2. 68% of the 259 respondents reported that they shop (as opposed to simply visit) at the AU Bookstore (Question #2)
   a. 24.7% of those respondents who do not shop at the Bookstore list Prices at the main reason for not doing so.
   b. Operating hours was selected as the second most frequently given reason for not shopping at the AU Bookstore with 10.4% of non-shoppers choosing this response.
3. 83% of respondents reported being moderately to extremely interested in purchasing course materials from the AU Bookstore in response to Question #3.
4. When asked the top two preferences (locations) from which to buy course materials, 67.3% of respondents reported the AU Bookstore as their top choice locally (brick & mortar store); 32.7% listed AU Bookstore as their 2nd choice. (multiple answers were possible for this Question #6)
5. 73.2% of respondents indicated that low prices are the main reason for choosing the AU Bookstore as their top choice locally (multiple answers were possible for this Question #7).

How did you use findings for improvement?

The Bookstore was pleased to learn that it is the location of majority preference for the purchase of academic materials and understands the need to make course materials accessible and affordable. The Bookstore took the following steps in response to the findings above:

1. Identified and implemented new technology to lower the cost of course materials.
   a. The Bookstore partnered with software company Verba, to implement two cost-saving features: Compete, which allows the bookstore to offer more competitive prices within the internet Marketplace, and Compare, which allows the Bookstore to provide immediate access for students to multiple online sellers, the Amazon Marketplace, etc., for textbook price comparison.

1 completed results are available at the Bookstore or OCM
The Bookstore tested its Compare and Compete product over summer term 2012 and moved to full implementation in fiscal 2013. Students can compare AU Bookstore prices with the Internet Marketplace at www.aubookstore.com.

b. The Bookstore met with members of the SGA and the Associate Provost to communicate the new price compare feature and communicated the innovative offerings through social media marketing, e-mail blasts, in-store signage.

c. The Bookstore sourced books outside of traditional distribution channels to procure textbooks at the lowest possible cost and pass along the savings to Auburn students.

d. Bookstore management met with the Associate Provost and Faculty Senate to address the textbook adoption process, specifically to identity means to pull cost out of the process.

e. The Bookstore continued to value price lower cost course materials and designates them as such (All-In Pricing) on the book shelf.

2. Offered extended store hours during the first week of class each term.

3. Reviewed the daily sales-by-hour reports to determine traffic patterns and identify unmet needs.
   a. The patterns indicate that the number of transactions, though variable, significantly decrease in the last hour the bookstore is open daily.
   b. Student demographics show that more than 85% of students live off campus.
      i. Anecdotally, the lack of close and convenient parking is a frequently cited reason by students for remaining off-campus after the main class period ends daily.

4. Opted to remain open late for campus visitors and students on days immediate traffic would dictate the need to do so. There is no scientific measurement from which to base this call – the presence and continued entrance of customers determine the need for extended hours, for example an increased volume of students shopping late for test materials during mid-terms.

Additional comments:
The Bookstore will continue to seek out and implement new and evolving technologies that will help make course materials more affordable. Sourcing textbooks online rather than through traditional channels allowed for lower cost books. The used book wholesale commission income used to lower prices in fiscal 2011 was unsustainable and thus discontinued.

Expected Outcome: The supply of academic materials will be sufficient for the volume of students wishing to purchase said materials from the AU Bookstore.

Assessment Method:
Analysis of supply and demand

Findings:
According to the data published in the AU Bookstore September 2012 Operating Statement, unit sales of course materials for fiscal 2012 rose by 1.96% or 1,630 units over fiscal year 2011.

The chart below indicates the aggregate textbook sell-through percent based on the units sold from the quantity the store provided for resale.*

<table>
<thead>
<tr>
<th>Terms of Fiscal 2012</th>
<th>Units Sold</th>
<th>Quantity Provided</th>
<th>Sell-through %</th>
<th>Number of units rented in-store</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 2011</td>
<td>53,315</td>
<td>66,634</td>
<td>80.0%</td>
<td>1,214</td>
</tr>
<tr>
<td>Spring 2012</td>
<td>55,438</td>
<td>71,529</td>
<td>77.5%</td>
<td>1,158</td>
</tr>
<tr>
<td>Summer 2012</td>
<td>10,548</td>
<td>13,020</td>
<td>81.0%</td>
<td>308</td>
</tr>
</tbody>
</table>

*Data pulled from Bookstore POS Inventory system reports.*

Though clearly textbooks remained unsold, certain titles sold out while other titles sat on the shelf.

In a perfect world, a sole source would provide 100% of course materials required and 100% of students would purchase said materials. The cost of over-ordering can easily reach well into the hundreds of thousands of dollars range, a scenario not supported by the budget and is not financially sustainable. The cost of providing fewer units than needed may result in a poorer academic performance by the affected student.

**How did you use findings for improvement?**

1. The Bookstore has worked with the Registrar’s office to gain accurate enrollment data resulting in improved order quantities.
2. Bookstore management will work with faculty on an enhanced online adoption feature (will roll-out in fiscal 2013) which should increase the timeliness & accuracy of available data, thus reducing shortages during rush.
3. A new Inventory/POS System will improve the collection and reporting of data, allow for CRM and loyalty programs. An initial evaluation of POS systems was undertaken in the spring of 2012. An RFP is targeted to release on or before August 2013.
   a. Improved order tracking and the ability to incentivize students to reserve, rent or purchase early will provide a broader timeframe for the Bookstore to ensure QTP meets demand.
4. Bookstore staff recommends that students utilize the RBD Library reserves to access core course materials during stock-out situations in addition to offering to special order the book.

**Additional comments:**

Support at the Provost and Faculty Senate level is required to ensure the success of the new online adoption procedure.

**Expected Outcome: Goods and services that promote successful academic achievement and Auburn Spirit will be provided for sale by the Bookstore.**

**Method: Student Survey**

The Auburn University Bookstore partnered with the Office of Communication and Marketing to design and conduct a Student Survey to determine course material purchase preferences and satisfaction with the AU Bookstore. The survey was conducted electronically in September 2011 via “This Week at AU”, the online official online student weekly newsletter. Students were given the option whether or not to respond to the survey. The statistics below are based on the response of the 259 students who completed the survey.

**Findings:**

1. The Bookstore offered course materials for every course adoption turned in by faculty. Auburn students were offered a savings of 10% off course materials for pre-orders/reservations placed prior to the start of the term.

---

2 completed results are available at the Bookstore or OCM
a. In reference to the Student Survey defined above, question #8 queried the awareness level of the discount offered by the Bookstore; 59.8% of the 259 respondents reported being aware of the discount.

2. The Bookstore provided educationally-priced technology products, for example, the MacBook Pro laptop for academic use.
   a. In reference to the Student Survey defined on page one of this document, question #13 queried the awareness level of educationally-priced technology products offered by the Bookstore; 64.1% of the 259 respondents reported being aware of the discounted pricing.
   b. The Bookstore met the goal of serving the technological needs of the campus community by the selection of technology products for resale, serving as the Apple Authorized Service Provider, and by re-establishing the distribution channel of Apple products to campus departments. However, anecdotal evidence suggests that the Bookstore needs to improve awareness of the Apple repair service.

3. The Bookstore offered a selection of value-priced HP Laptops to students in fiscal 2012. The HP Laptops were not in demand, didn’t sell, and were set for discontinuation in fiscal 2013.

4. A broad selection of apparel and gifts tailored to the campus community was available for purchase at the AU Bookstore.
   a. In reference to the Student Survey defined on page one of this document, question #10 asked students to identify their preference of the top three local stores for purchasing Auburn apparel and gifts; 59.4% listed the AU Bookstore as their top choice.

How did you use findings for improvement?

The director and assistant director for academic materials brought a proposal for an online adoption system to Associate Provost and Faculty Senate for approval. The online adoption system will improve the adoption rate in general and the on-time adoption rate, thus ensuring that Auburn students can take advantage of comparing the cost by course at Auburn University as well as the compare the cost per book from various sources.

The Bookstore will continue to seek out, implement and provide new and emerging technologies for students and operational success. The Bookstore’s POS/Inventory control system is dated and is not able to generate the style of reporting which will allow the Bookstore to tailor its’ offerings to individual customers. An improved System will be researched and an RFP issued during fiscal 2013.

Expected Outcome: The Bookstore will generate positive revenue for Auburn University

The cash balance for the Bookstore will reflect positive revenue at the end of fiscal year 2012

Method: Revenue analysis

Findings:

The AU Bookstore cash balance as reflected in Banner October 1, 2012 (close of fiscal year 2012) was $60,912.86. In addition,

- An administrative charge of $397,786 was paid to Auburn University by the AU Bookstore in fiscal 2012 (this reflects a 10% increase over the administrative charge from fiscal 2011).
- The Bookstore contributed $100,000 to the Student Government Association in a lump sum payment in fiscal 2012.
- Over $60,000 in merchandise was donated to academic departments, Freshman Orientation Program, The Summer Bridge Program, clubs & organizations.
Faculty and Staff were given a 10% discount off most merchandise sold in the Bookstore; reduce-priced products such as educationally-priced technology and sale merchandise were excluded.

How did you use findings for improvement?

The Bookstore sought to reduce operating expenditures through efficiencies, improved buying and inventory control.

Method: Benchmarking to Peer college stores.

The AU Bookstore participates in two operating surveys annually conducted by 1) The Large Store’s Group (LSG)\(^3\), a subset of the National Association of College Stores and 2) The Independent College Store Association (ICBA)\(^4\). The data contained in both publications is highly confidential and requires written authorization and approval by the Association Boards to release member data to non-store individuals. The Bookstore may only share data pertinent to itself. The data contained is compared to and analyzed against the AU Bookstores performance in several key categories such as:

- Total Net Sales
- Inventory Turnover
- GMROI (Gross Margin Return on Investment)
- Shrinkage Ratio

Findings:

The AU Bookstore compares favorably to peer institutions nationally. Looking at fiscal year 2012 data, the Bookstore ranked as follows in the categories stated above out of the 78 members in the LSG:

<table>
<thead>
<tr>
<th>Comparison Criteria</th>
<th>Performance</th>
<th>AU Bookstore Rank (out of 78)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Net Sales</td>
<td>$12,176,665</td>
<td>58th</td>
</tr>
<tr>
<td>Gross Margin Ratio</td>
<td>27.7%</td>
<td>26th</td>
</tr>
<tr>
<td>Inventory Turnover</td>
<td>5.4</td>
<td>28th</td>
</tr>
<tr>
<td>GMROI</td>
<td>2.08</td>
<td>21st</td>
</tr>
<tr>
<td>Shrinkage Ratio</td>
<td>1.32%</td>
<td>55th</td>
</tr>
</tbody>
</table>

How did you use findings for improvement?

The management team and buyers use this data to evaluate internal procedures identify key areas from improvement. All facets of Bookstore operations that can affect revenue, margin, loss prevention, turnover, and return on investment are considered for improvements, for example,

- Purchase Order Generation – data is reviewed for correct prices, quantities, ship dates, cancelation dates, etc.
- Receiving Procedures – Receiving is audited by department managers to ensure accuracy of quantities received, correctness of merchandise received, cost increases (if any), ticket generation for scanning merchandise at the register.

---

\(^3\) The LSG is comprised of institutionally owned and operated college stores of four-year universities with revenues of at least $8,000,000.

\(^4\) ICBA is comprised of institutionally owned and operated college stores of any revenue size. The associated Institutions of Higher Learning may be two or four-year schools.
• Merchandise Selection for Resale – Timeliness of shipments, seasonality, primary customer demand, essentiality of product, quality of goods, price, etc.
• Vendor Selection
• Inventory Control/Security Procedures
• Bookstore Training Procedures – Make staff aware of product stocked in the store, the use of technology products in both text and textbook departments; provide training on suggestive selling techniques.
• Cashiering Controls – ensure training and controls are in place for sales, returns and textbook buyback.

The above points have an impact on the shrinkage ratio. Management must ensure proper controls for the complete merchandise cycle to reduce shrinkage, whether paper errors or actual loss. Video surveillance is used to monitor each public and private entrance to the bookstore. Purchase orders and receiving documents are audited for accuracy. A store-wide annual inventory count is conducted every spring. The director has asked for a quarterly count of the course materials department for fiscal 2013.

Bookstore revenue is affected by marketplace changes such as the growth of e-commerce activity, new entrants to the marketplace, changing format and channels for course materials. Auburn University faculty utilize the Banner, the Learning Management System to communicate with Auburn students, develop and share custom content thus removing content form the traditional bookstore channel. In order to retain student business the bookstore:

1. Offered the following multiple course material options for fiscal year 2012 when available through content providers and publishers: New Books, Used Books, 3-Hole Punch Books, Access Codes, E-Book, In-Store Textbook Rental; Online Textbook Rental; “Custom Bundles,” Custom Published Materials.
2. Incentivized with a 10% savings on course materials for using the AU Bookstore textbook reservation program.
3. Identified and partnered with an affiliate rental company which offered an expanded rentable title base and kiosk based textbook rental program. Implementation took place August, 2012.
4. Improved marketing and communication of course material options to enhance awareness and purchase of lower cost options.
   a. New and used book rental prices were printed and attached to the textbook shelf tag (implemented August 2012).
   b. Printed shelf tags were fixed to textbook gondolas stating whether the book was value-priced, available to rent or available for purchase as an e-book.
   c. Educational brochures outlining course material options and their respective pros & cons were written and produced for distribution to freshman and their parents for Camp War Eagle Tiger Tables, summer of 2012.
   d. Bookstore staff was trained to suggest and at least make aware the lower cost course material options to students and families during book rush.
5. In keeping with the requirements of the HEOA the Bookstore pressured publishers to “unbundle” bundles so the individual parts could be made available for resale to students.
   e. Students were able to purchase only products needed for example, access codes, should they already own or acquire lower cost materials from other sources.

Additional comments:
Comparisons though favorable vary by year. The successful performance of the Auburn Football team has a significant impact of revenue, gross margin and GMROI. Similarly, a bad year negatively impacts financial performance.