



# Retail Experts

Industry tips and tricks from leaders in the bookstore business



**Featuring:**

**Chad Saunders**

*Vice President of Retail, University of Toronto Press*



**RENTAL**

# Retail Experts:

## Chad Saunders Snags Huge Market Share with Rental

The University of Toronto Press' successful program handles nearly 100 percent of rentals in the area



With about seven years at the University of Toronto Press, Vice President of Retail Chad Saunders is a relative newcomer to the campus store business. But with many more prior years of experience at major retailers throughout Canada including Walmart and Best Buy,

he understands the importance of catching market share.

That's why in 2011, Saunders helped UT Press become the first college retailer in Canada to offer textbook rental — a move that's made students happy and left the store the largest source of rentals in the area.

### How it Began

In addition to the duties you'd expect from a university press, the University of Toronto Press operates retail stores at four UT campuses and one lease store for OCAD University. With big box retailers, online stores, local competition and peer-to-peer sales, UTP holds about 48 percent market share for textbook sales in the Toronto area according to figures collected through customer surveys.

**"Rental is the most important thing a campus bookstore can do today to protect its market share."**

When Saunders came on, he began looking into ways to improve or expand on that market share. At the time, textbook rental wasn't in practice in Canada, but Saunders noted it continuing to develop in popularity south of the border. Recognizing it as a strong opportunity for growth and to improve services to students, he decided to implement a pilot rental program over the summer term at UT.

"We'd heard about success in different places in the US, and talked to a few people to learn about best practices," Saunders said. "It grew fast: we started with a pilot in the summer, which is usually the smart way to try things as the scale is small, it's well managed, low risk."

UT Press ultimately began utilizing MBS Rental for its pricing guarantees. It started small — they only offered six titles as new-only rentals to a small summer enrollment, and all rentals were set at 40 percent off the new list price.


### Evolving to Meet Student's Needs

Saunders admits the pilot wasn't incredibly successful from a sheer numbers standpoint, but it gave them a starting place to observe student behavior. The UT Press frequently surveys students, and did so to gauge what students wanted out of the rental program. Based on that feedback, they grew from just a few titles only available at 40 percent off.

"The first change was to rent new and used at different prices, and that's a no-brainer as the

## TEXTBOOK RENTAL BUYOUT

**Not sure if you should rent? Rent anyway. Now you have nothing to lose!**



**OPTION 1:  
Rent It &  
Return It**

Save up to **70%\***

Rent new or used books, highlight text, and make notes. After the term is over, return the book by the rental due date with no additional cost or hassle.

**OPTION 2:  
Rent It and  
Buy It Out**

Keep the book by paying the difference between the rental price and the purchase price.

[uoftbookstore.com/about\\_rentals.asp](http://uoftbookstore.com/about_rentals.asp)

\*Savings compared to new retail purchase price. Valid credit card required to participate in the Rental Program.

# Chad Saunders Snags Huge Market Share with Rental

profitability on used rental is more than new, and the guaranteed price is the same,” Saunders said. “Of course you can offer students a better price but you also make more profit per unit; that was an easy decision to make.”

**“By offering the convenience of in-store rental as we grow this business, we’re dramatically improving our market share; seems like a no-brainer.”**

Other changes the store made was the price point. Originally Saunders said they wouldn’t offer rental on a book if the discount was less than 40 percent to ensure students got a fair discount, but they were swayed by survey responses and careful observation of other programs.

“Some students set the bar much higher and wouldn’t rent any less than 80 off, but some students said they’d rent even if they only got 10 percent,” he said. “We figured people who aren’t going to rent for 10 percent off just won’t rent and that’s fine, so we offered a wider range to give that option to people willing to rent at a lower discount and widened the list. We rent about half our titles now and that’s a big positive.”

## 48 and 95

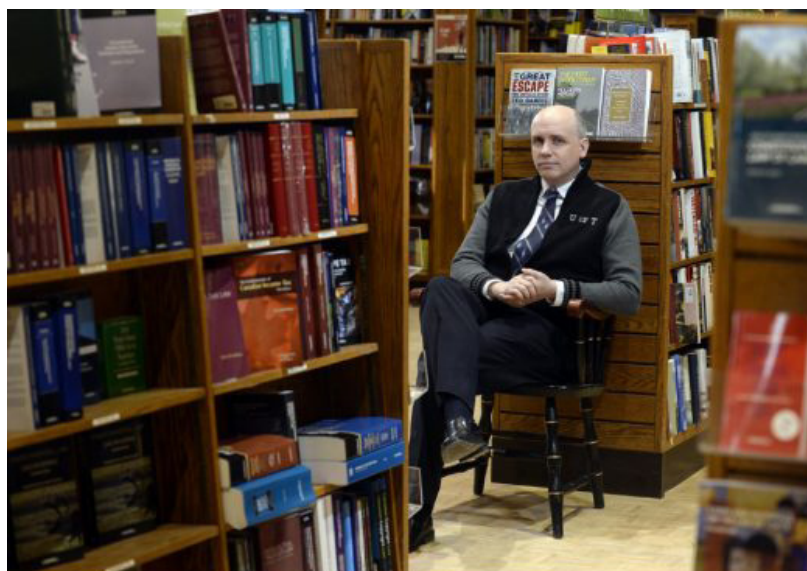
Based on UT Press’ measure of market share from its frequent student surveys, students have viewed the program as a big positive, too. While about half of all students in UT Press schools buy books from them, their market share skyrockets to a near-universal 95 percent for rentals.

“By offering the convenience of in-store rental as we grow this business, we’re dramatically improving our market share.”

To maintain this competitive edge, the store continues to evolve and develop its program. Through surveying, Saunders said his staff found that one comment deterrent to offering

a rental program was that students were unsure if they would want to keep a book until further into the term. To combat this, Saunders recently implemented a rental buyout model. Students who are on the fence about rental can opt to rent their book at the beginning of the term, and if they decide soon after that they’d rather buy it, they can pay the difference and keep the title.

Saunders recognized the risk of students effectively using the program as a store-funded financing program, but found in practice that few students opt to buy the title and it has led to measurable increases in students trying the rental program.



“If you’re not sure if you should rent, rent anyway because you’ve got nothing to lose. Our rental volume went up 40 percent overnight,” he said. “We know that 40 percent is driven by buyout because we did a trial at one store and saw that increase, and then rolled out at the others and it was consistent across the board.”

Otherwise, the UT Press rental program operates in a way that’s standard for the industry: rental and purchase titles come from a shared inventory where students are asked at the point of sale whether they’d prefer to rent or buy.

With that level of market share and ease of implementation, Saunders said the risk of non-



# Chad Saunders Snags Huge Market Share with Rental

returned books mitigates itself. Almost all non-returns can be charged to recoup losses, and any that aren't are more than covered by the program's overall profitability.

**"We rent about half our titles now and that's a big positive."**

"When we surveyed students and asked them what they wanted from us, before we had a rental program it was very high on their list — I can't imagine that's different anywhere else," Saunders said. "And in the US where online competition for rental is so aggressive, stores that don't have rental are giving away market share. You lose the business and get the negative cash flow that way. It seems like a total no-brainer to me. Rental is the most important thing a campus bookstore can do today to protect its market share."