

ENCP 735: EVP Project - Peer to Peer Textbook Marketplace

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Summary & Mission:

Our mission for this project is to create a peer-to-peer textbook marketplace for college students that reduces textbook prices and increases convenience for students who wish to resell their textbooks to recuperate some of the cost. This concept originated from a team member who buys and sells textbooks on the campus of the University of South Carolina. He has discovered over the past several years that many students will come to him to buy books and other course materials at the beginning of a semester instead of going to the campus bookstore. He was able to sell various materials for a cheaper price than the USC bookstore because he got used books from other students that were only trying to cover some of the cost of the textbook rather than profit from the transaction. From his experience, it is clear that there is a need for some other solution to the problems students are having. By developing this platform we hope to create a service that will allow a more convenient avenue to sell textbooks for college who wish to recuperate some of the cost of the textbook while providing a cheaper option to those searching for materials for their classes.

Project Goals & Objectives:

Discover Underlying Problems in the Market:

Before our team can develop a solution we need to better understand why many consumers are still looking to alternative sources for textbooks and class materials. By discovering the underlying problems we will be able to create a better solution.

Determine the Competitive Landscape:

The competitive landscape for textbook sales is ever-growing and there are many key players in this market. Between online sellers and campus bookstores, there is an overwhelming amount of competition for textbook resales. By better understanding these competitors, we will be able to discover which we will be competing with and how we can differentiate our business accordingly.

Discover Potential Blue Ocean:

Because this market is filled with competition, directly competing will almost certainly not end in our favor. Through our discovery process we are hoping to acquire enough information to find a potential blue ocean in the marketplace to innovate within that area.

Approach:

For this project, our team decided to use a design thinking approach to develop our service. We chose this process because we did not fully understand the problems within the textbook market and needed to determine exactly *what* we needed to create to solve them. This approach followed the typical design thinking process of empathizing with users, defining our problems, and

ideating potential solutions. Due to the short nature of our project life-cycle, the team was unable to create a prototype and test our own solution. During our empathizing phase, we sat down with twelve interviewees of varying age and demographic to learn more about their textbook usage throughout college. These interviews were insightful for our team and led to a number of potential problems that were part of the textbook market on both the purchasing side, as well as the selling side of the market. After our initial interviews we began defining the problems we wanted to learn more about and created a survey where we could gather more data. We administered a survey online to gain more insight into the uses and problems of textbooks at UofSC. These results were vital to our ideation and development of our business.

Competitive Analysis and Blue Ocean Strategy:

Three Tiers of Noncustomers:

Being able to understand the market does not mean only looking at the current customers but also classifying the noncustomers. The 1st tier of noncustomers or the “soon-to-be” noncustomers are incoming freshman. They are not aware of the second hand book market nor do they have connections to people who have already taken the class and do not want the book anymore. We believe that with the proper marketing and advertising these noncustomers could easily convert into customers.

The second tier of noncustomers focuses on “refusing” noncustomers. We have decided to place two different types of customers in this tier. “Store Loyalists” usually buy all of their materials in the same store and refuse to change. They want to process to be as convenient as possible by buying all of their books from the same vendor. The other type are those who use illegal downloads. From our survey we found that 26.7% of those surveyed have illegally downloaded PDFs to avoid buying books. These noncustomers use riskier means to avoid paying for textbooks at all.

The last tier are the “unexplored” who are in distant markets from the current one. When professors provide the necessary materials in lectures and notes, students do not need to buy ancillary materials for the course which makes ‘students not looking to buy extra materials for classes’ unexplored. In addition, local residents who are non-students are unexplored as sometimes professors use materials outside of the traditional textbook. Our EVP could expand and capture this market as well to transfer books from current students to non-students or vice-versa.

Strategy Canvas:

For textbook market, we measured performance of the competitors in terms of the following factors: new book options, shipping risks, universal course material availability, cheaper options, reselling opportunity and supporting students. Figure 5 in the appendix shows the Strategy Canvas. To create a blue ocean, we prefer to create strong support for college students, raise the

opportunity of reselling and offer cheaper options while eliminating shipping risks. In contrast, we reduce availability for universal course materials and eliminate new book options.

ERRC:

See Figure 6 in the Appendix. In the interview process, it was discovered that some students have had negative experiences with purchasing books online when it comes to shipping. The business model would take shipping so there are no risks. We would not be selling new books which attributes to lower prices for customers. With a focus on freshman and sophomores that tend to spend more on physical textbooks, we are eliminating the necessity to have the materials for all courses offered and focus on the general education classes that freshmen and sophomores tend to take. We are focusing more on providing cheaper options for students through promoting used book sales from peer to peer, and this will also provide an avenue for the students that desire a convenient way to sell their textbooks at the end of the semester. We would be creating a system that aids and supports students by providing a cheaper option for textbooks and allowing more student to recuperate some of the cost of textbooks by selling them at a more reasonable price than what online vendors offer.

Traction Channels:

We intend to get our service into the market utilizing the traction channels strategy. We have selected our top six channels to gain traction (See Figure 7): Offline Events, Existing Platforms, Viral Marketing, SEO, Social and Display Ads, Engineering as marketing. We believe that offline events near and around college campuses (not “on campus” but nearby) will allow for an easy way to gain traction in the market. We also believe that using existing platforms to our advantage will help to gain our first initial customers. In addition, providing incentives to use our service through viral marketing will help to gain more users from the start and place ourselves in a position to continue growth. While these ideas have not yet been utilized by the team, this strategy is in place for the moment we are ready to put our service into practice. Monitoring and testing the pay-offs to each of these traction channels will be straightforward. We can track and see how many unique customers we gain through each method and determine which methods are working best for our service.

Results and Future Work:

From the survey, we can see that college freshmen from the Darla Moore School of Business can be our primary potential customers. They generally have high expenditure on textbooks and are willing to get involved in reselling. Both access codes and illegal downloading showed significant influence on people’s purchase behavior. Therefore, these two factors would be essential factors in the future of textbook exchange market. Denoting that the two factors are highly related to the policy textbook publishers, further research should be conducted on textbook publishers upon their reaction to illegal downloading and their sales of access codes.

The results of the survey also show that there is a significant desire to resell books. Two thirds of students try to sell their books at the end of the semester and, of the students that do not sell their books at the end of the semester, 48% claim that they would if there was a more convenient avenue to sell a textbook to a peer. The prototype for Textbook Marketplace would include a website in which users sign up according to the university that they attend. On the website, there is the option to list a used book to resell or to select a listing of a used book that you need for a class. A key part of the Textbook Marketplace is the delivery mechanism. Based off the Amazon locker concept, there would be physical locations around campus for physical lockers where, once the payment has gone through, the seller would be instructed to place the textbook in a specific locker. Once that action is finished, the buyer would be notified with a code to open the locker that holds the book that they purchased.

Reflection:

The process used to complete this project was very involved for all members of the team. Witt served as the head of the team and the originator of the idea for this project. Yaokai served as an important role in our team helping with data acquisition and analysis as well as interviews. Edgar served a role where he performed many interviews and organized all of the data the team received from these interviews. Trevor focused primarily on gaining contacts for interviews as well as organizing our team when completing assignments and submissions for class. From start to finish we had many great discussions as a team and developed some interesting ideas and results for the project. We encountered many challenges and setbacks we did not originally anticipate: opposing results especially during our one-on-one interviews with students, inability to get in contact with any textbook publishers for more discussion on this topic. Because of some of these challenges, we might approach the project differently in a few ways. First, we would likely find a better way to get interviews with textbook publishers and other contacts. Our efforts to find these people and get in contact with them were unsuccessful and we might use more resources at the campus library or the school of business to find a better contact point. Secondly, we would ideally use more of our resources at the business school to look into the competitive landscape. As a team we were very unfamiliar with many of the resources available online to do a competitive analysis and, if we were to do this again, would seek advice on better ways to use our resources.

Appendix
Figure 1:

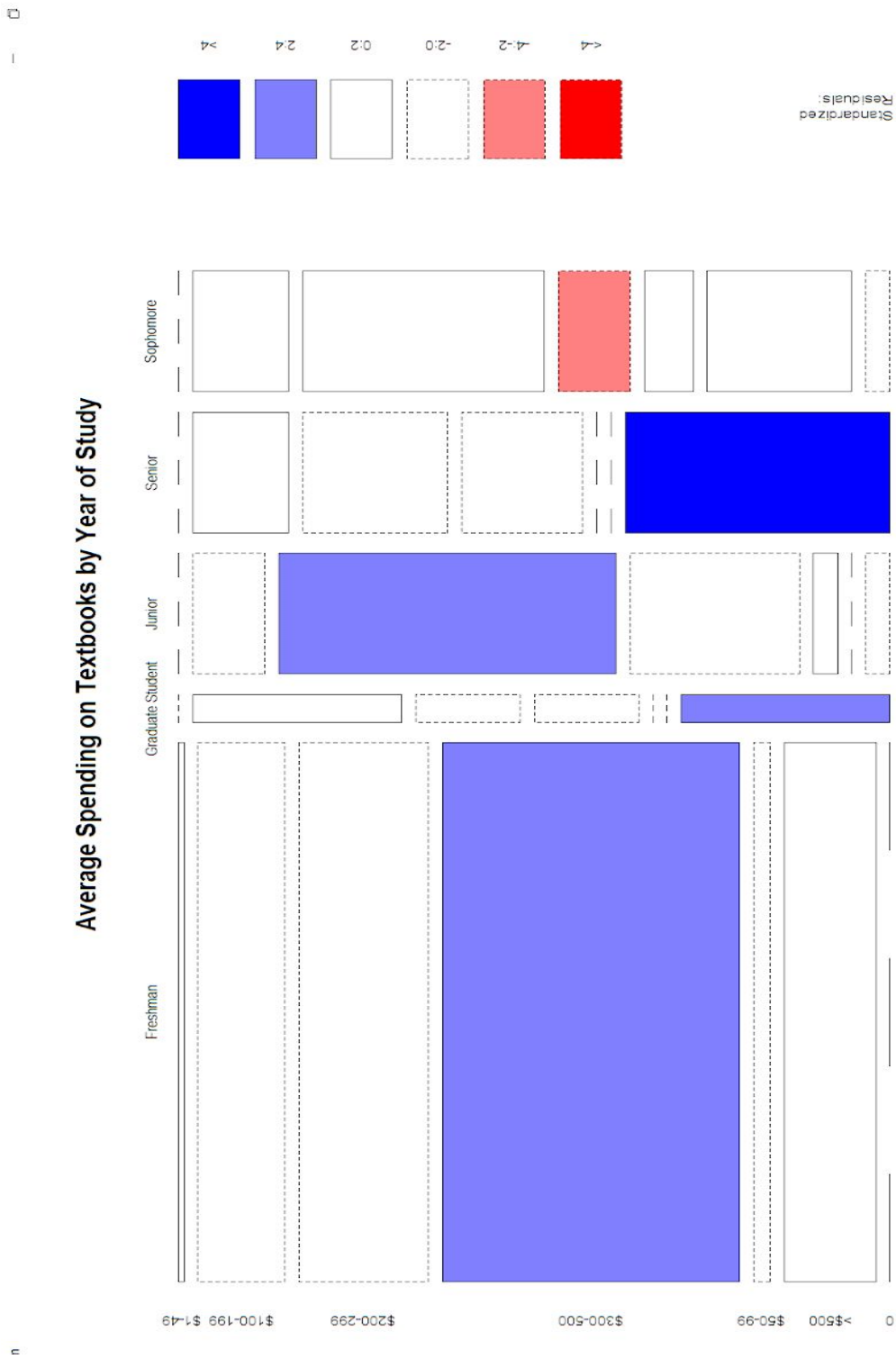


Figure 2:

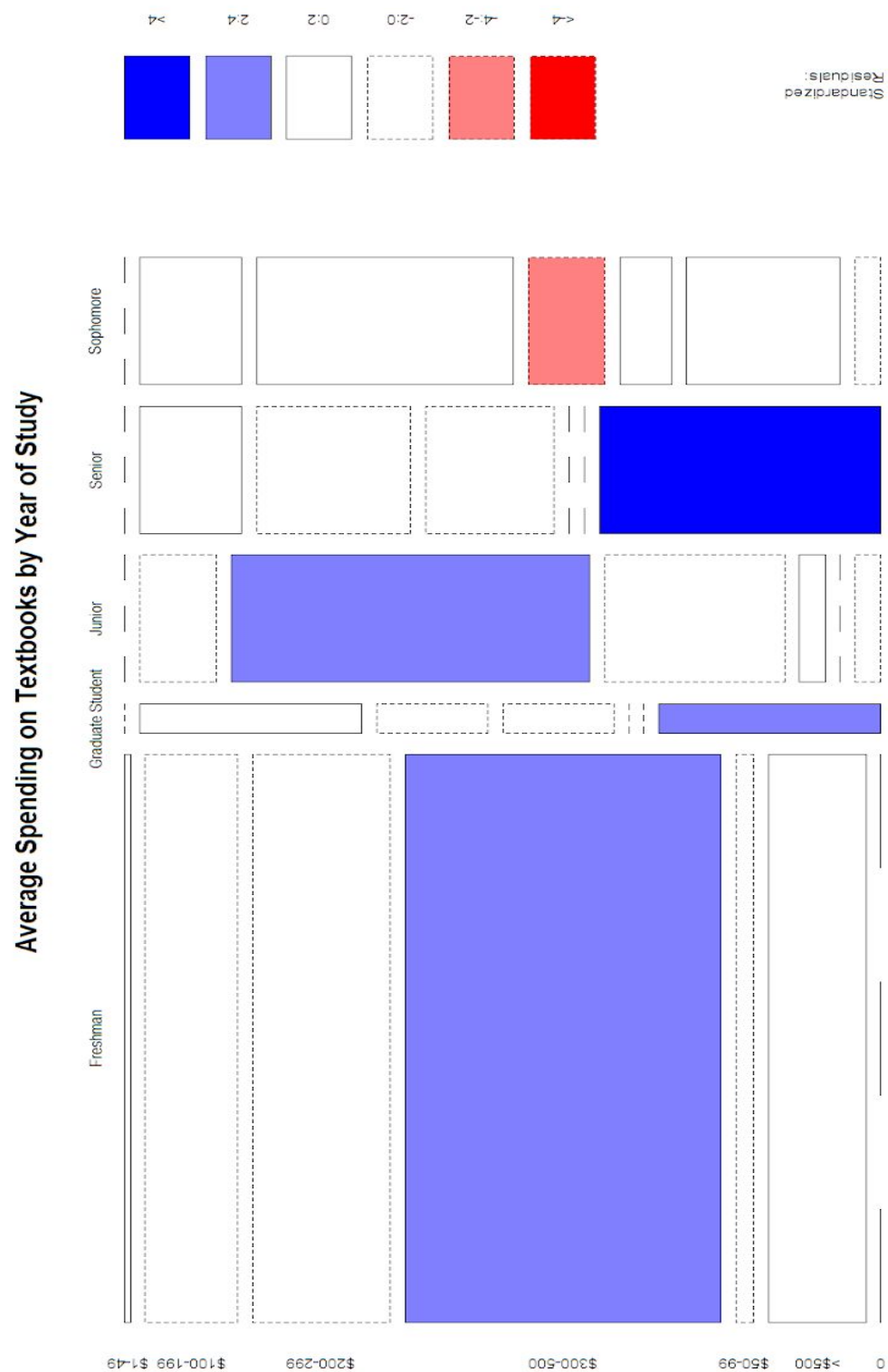


Figure 3:

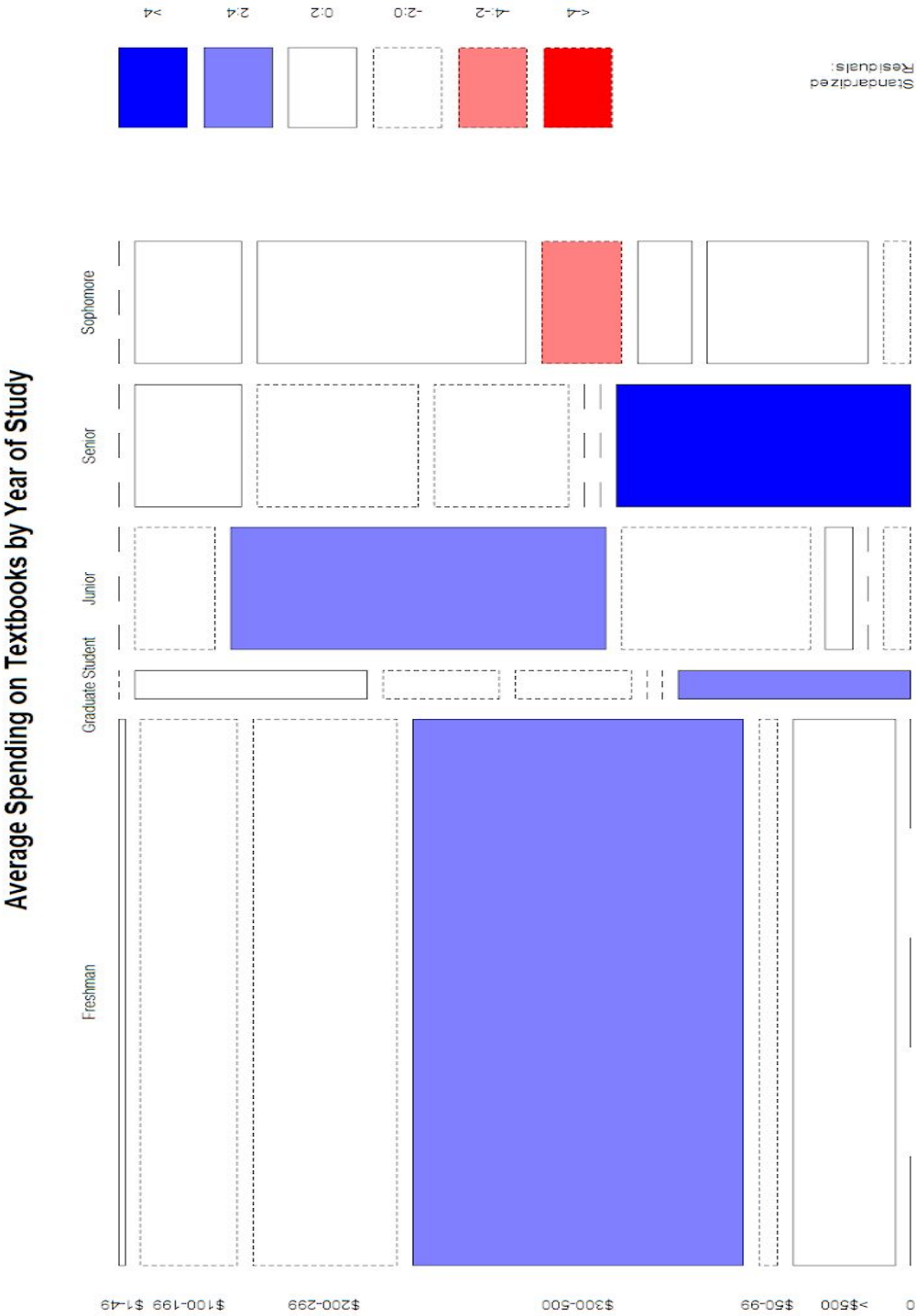


Figure 4:

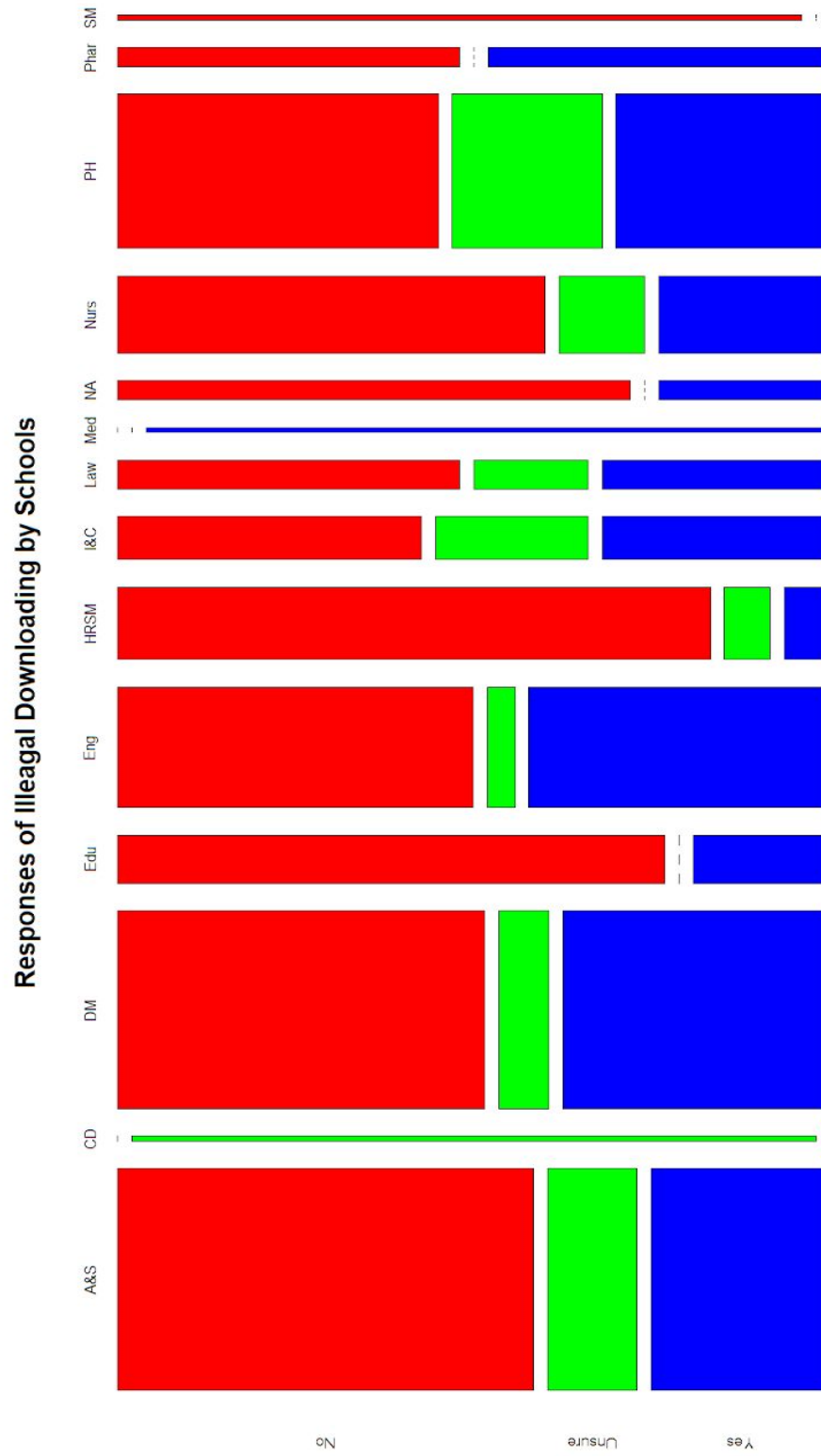


Figure 5: Strategy Canvas

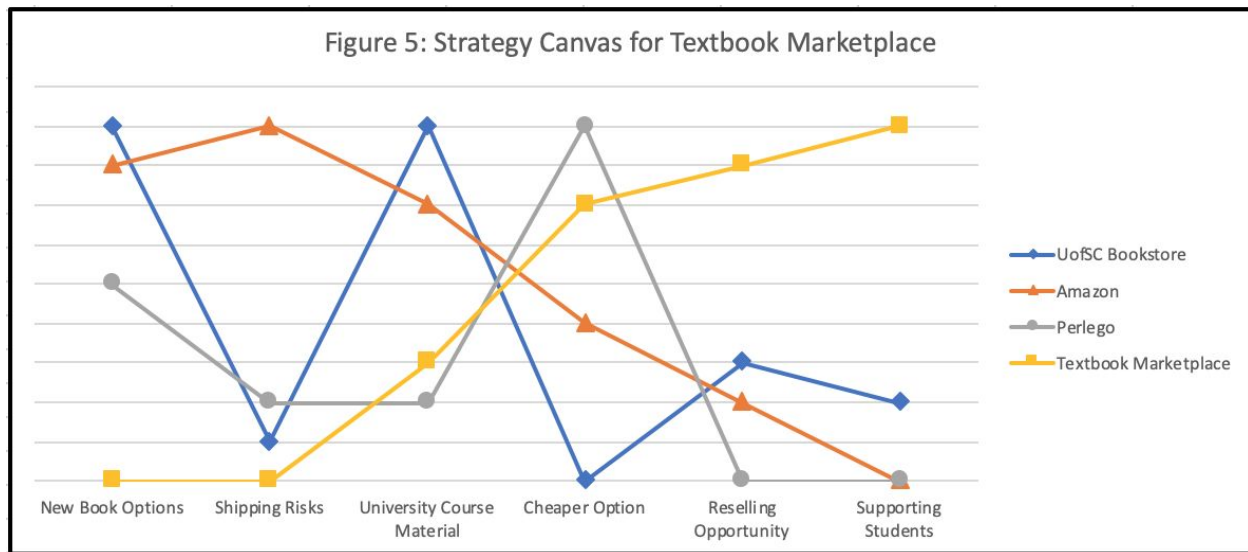


Figure 6: ERRC Grid

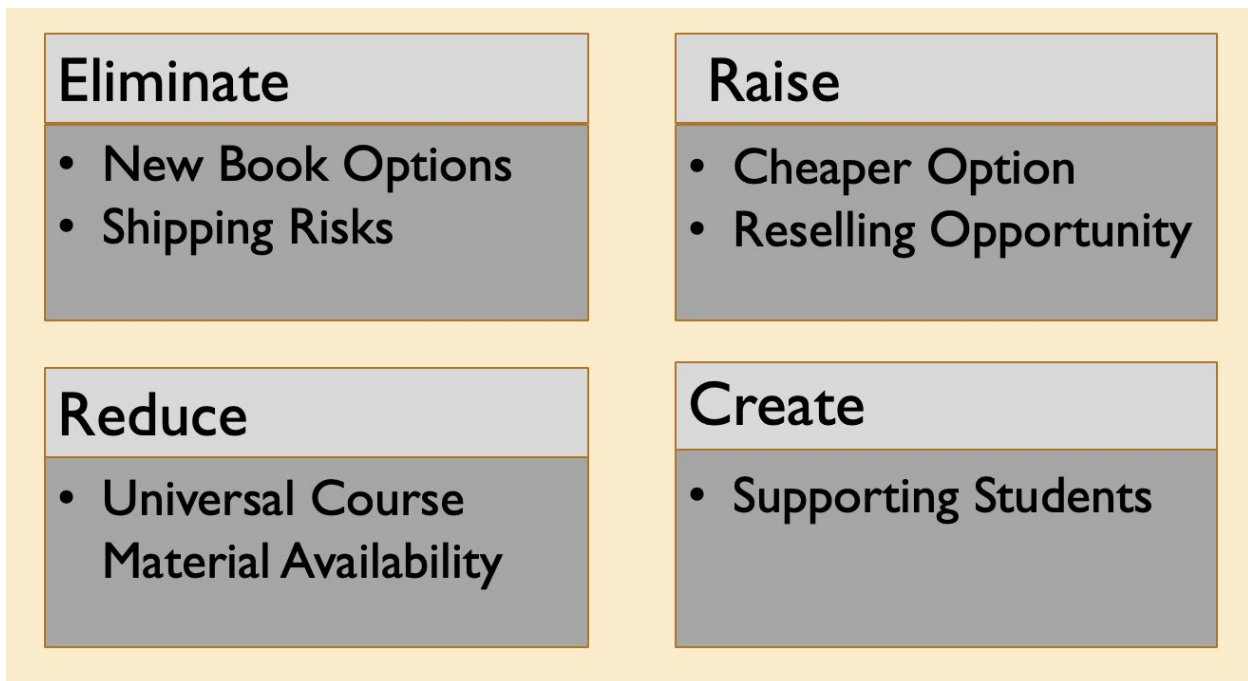
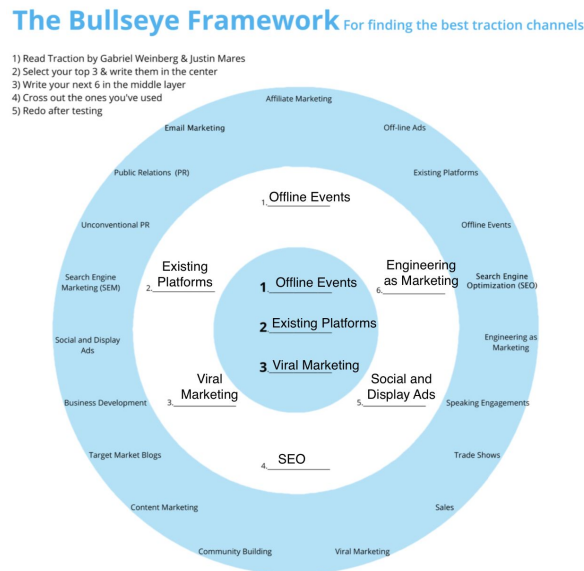


Figure 7: Bullseye Framework



Summary of Survey Data:

In the survey, we collected responses online and offline from 211 USC students in total. Survey questions covered general demographic information, average spending on textbooks, and, most importantly, how they decided to acquire and utilize textbooks. After thorough analysis, we reached several findings that are worth noticing. In Figure 1, we did see that freshmen had more incentives in buying physical textbooks. Figure 2 showed that freshmen had a significant bias toward the highest spending level, which indicates that they tend to pay the most for textbooks among all. 25% of the freshmen respondents admitted that they have illegally downloaded electronic textbook copies. However, among 39 freshmen respondents who buy physical textbooks, 32 of them showed interest in reselling these paper copies. Considering that textbook requirements may vary in different majors and schools, Figure 3 and 4 focused on the students from separate schools. In Figure 3 we can spot that students from the Darla Moore School of Business tend to be the leading consumers on textbook expenditure. Figure 4 inferred that a considerable portion of students in many schools have illegally downloaded electronic textbook copies. We also tried to measure the influence of access codes. For current renters, 15 out of 33 respondents claimed that they would consider buying textbooks when the attached access codes are required for their class. Among those who do both buying and renting, however, only 6 out of 107 respondents enlisted access code as a reason for them to buy. In this sample, 19.90% of the respondents only acquired paper copies, 73.80% of which showed interest in reselling textbooks.