

# **Estimating Market Power of College Textbook Stores in Indiana**

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## **Abstract**

In this paper we explore textbook pricing policies of college textbook stores in the state of Indiana. Data show that new textbooks priced close to the manufacture retail suggested price levels, 31% above the wholesale prices, and 28.8% above the used textbook prices. In addition, the regression results indicate that some textbook stores consistently charge higher prices for college textbooks. This supports the hypothesis that college bookstores exercise market power. However, the results reject the hypothesis that textbook stores use different pricing policies for different disciplines. Given that students and parents often complain about the cost of textbook prices, examination of these issues is well warranted and the findings have important implications for consumers and policymakers.