

Marketing Analysis for Barnes & Nobles

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Executive Summary

Barnes & Noble is an American bookstore retailer founded in 1886. In recent years they have introduced products other than books, such as DVDs, toys, board games, events, and other different products specifically curated for the community. It would be more accurate to call Barnes & Noble a community center rather than just a bookstore. Its mission is “To operate the best omnichannel specialty retail business in America, helping both our customers and booksellers reach their aspirations while being a credit to the communities we serve”. The former largest bookseller in the country is now struggling to compete with Amazon. Its net income shrinks nearly every period, despite this Barnes & Noble continues trying to tap into different markets and expand its market share in existing ones. Former CEO Leonard Riggio mentioned that the company targets young educated people and women with children and the company’s strategies in the past several years have successfully honed in on these groups with a laser focus. They should continue to focus on local communities and personalize each bookstore to fit the community’s needs. Additionally, an overhaul of the NOOK’s design and positioning is necessary to halt declining sales. Instead of directly competing with Amazon’s Kindle it should target niches. In order for Barnes & Noble to survive against Amazon, it should try to capitalize on areas that Amazon can not cover.

Analyzing Needs & Trends in the Marketing Environment

History

Barnes & Noble has a history stretching well over an entire century within New York, the heart of the nation, eventually growing to encapsulate all fifty states of the union and over 600 stores. Starting in 1886 as a clerk at the bookstore, Arthur Hinds & Company, Gilbert Noble eventually worked his way up to become a partner, and with his son, bought out Arthur to become Noble & Noble. Soon in 1917, William Barnes sold his father's bookstore in Chicago and invested into Noble & Noble, having the name changed to Barnes & Noble, and while departing two decades later, the name stuck.

It had been initially dedicated to the service of colleges, university students, and libraries as a wholesale bookseller, with a constant and dedicated focus on items regarding learning instead of entertainment. This manifested itself as servicing the student population of New York as the primary source to find learning materials, learning aids, and textbooks of varying academic nature. The "book-a-teria" was also offered beginning in 1941, having striking similarities to the popularized assembly line, where a slip was given to the customer where they would have the purchases recorded, while another two employees would take the money and wrap the bags. This would be adopted by other college bookstores at the time. Another innovation would be the "Music by Muzak", where music was played within the store for around 12 minutes intervals, broken by announcements and advertising.

Then appears the man most accredited with the modern success of Barnes & Noble, Leonard Riggio, who, using his capital acquired from his own chain of bookstores, purchased Barnes & Noble for \$1.2 million in 1971. Immediately after, in

1972, Barnes & Noble was listed as the world's largest bookstore by the Guinness Book of World Records.

Now begins the period of mass expansion, starting off with the "Book Supermarkets". In the late 70s, large retail stores often three or more sizes larger than any traditional bookstore would start to pop up, often being fitted with amenities, such as coffee shops and community events. The stores were geared to retail, unlike many previous ventures, and offered nonthreatening hospitality, where anyone could go in and browse books at their leisure without any gatekeeping regarding reading. The selection of books was incredibly diverse, but stuck to its roots, typically preferring anything instructional over simple entertainment. Another key contributor to Barnes & Noble's rise was its discounts on new and popular titles. During this period, Barnes & Noble also acquired Dalton Bookseller, propelling it into second place, only behind Waldenbooks.

Entering the digital age, however, began to shake the company. With the new arrival of Amazon appearing in the midst of the dot.com bubble, Barnes & Noble made multiple efforts to win over the digital marketplace. From being the exclusive AOL retailer of books, touting its status as the largest library in the world, launching a music streaming site, pouring in hundreds of millions of dollars, and attempting to acquire Ingram Book Group would ultimately only result in having 15% market share where Amazon had 75%. It should be noted that had B&N been able to acquire Ingram, which Amazon strongly opposed on antitrust grounds, it would have had eleven national distribution centers, which would have been quite the advantage for the time.

By the late 60s, Barnes & Noble, despite its previous success, had fallen into quite a rut. Being the last of his line in the business, James Barnes died and the rights

to B&N had been bought by Amtel, a corporation that made tools and toys. After a very disappointing experience with Barnes & Noble, it had decided to sell it after only two years. Then appears the man most accredited with the modern success of Barnes & Noble, Leonard Riggio, who, using his capital acquired from his own chain of bookstores, purchased Barnes & Noble for \$1.2 million in 1971. Immediately after, in 1972, Barnes & Noble was listed as the world's largest bookstore by the Guinness Book of World Records.

Now, the conditions in the modern era are as follows; Riggio had left the company two decades ago, its main competitor, Borders, had permanently shut down, and now it must figure out how to deal in this new digital landscape as Amazon towers over them.

Vision, Mission, and Strategic Objectives

The mission statement of Barnes & Noble's is as follows; "To operate the best omnichannel specialty retail business in America, helping both our customers and booksellers reach their aspirations while being a credit to the communities we serve". Breaking that down, it means that through any of its channels, such as in-person or digitally, B&N hopes to properly and excellently provide service to both customers and booksellers, with the latter also being its suppliers. The second part focuses on the educational opportunities that B&N provides, enabling the community to educate themselves on any matter that would benefit them. Regarding the vision statement or explicit lack thereof, the following can be found on the website and serves the same purpose; "[B&N] strives to be more than a conventional bookselling corporation to a dynamic and easy to use store for everyone". (Barnes & Noble, 2022)The pursuit of

innovation, changing to meet demand, and ease of use are the apparent virtues of this mission statement. Finally, regarding core values, the following is listed; “customer service, quality, empathy, respect, integrity, responsibility, and teamwork”. These values are clearly oriented towards benefiting the consumer above all else, going so far as to include “empathy” among the principles.

Regarding its objectives and core values, it has done well in producing an inviting and academic environment, encouraging members of the community to use the resources to enrich their lives. However, it falls behind Amazon with the ease at which it can connect its booksellers and its consumers, but this is mainly due to market share. When new books are published, B&N spares little effort when trying to increase exposure, often placing them in the front of the store with promotional material. Hence, the conclusion is that it is doing the best for its position to live up to its mission statement. It also coincides well with its core values, working well in tandem to produce a strong synergy. The only departure is from the vision statement, regarding being a dynamic store, as it is struggled to adapt to this new digital age.

Company financial performance

The recent performance of the company cannot be measured by the performance of its stock (Ticker: BKM) due to the fact that it went private back in 2019, three years ago, after being bought by Elliott Management. What can be gathered from historical data, is that following 2015, the stock price plummeted from highs of \$26 to as low as \$9 the following year. It then steadily fell in price until its acquisition at \$6. The reason being a large amount of debt and losses being reported in the year, as well as

the turmoil surrounding the constant changes of CEOs, and the spin-off of Barnes & Noble Education (Ticker: BNED).

After Elliott Management's acquisition, we have continued to see stores closing, with now a total of 609 Barnes & Noble, down from 627 stores at the time of the purchase. Sales continue to see declines, especially in metropolitan areas, for the last seven years straight. The universal conclusion is that it is still lagging far behind its primary competitor, Amazon, with no major signs of recovery. If there was a faint glow of hope, however, it would be that during and after the pandemic, a small book craze went about, giving new life to a select number of bookstores all around, B&N included.

Industry market growth

The market regarding the book industry has seen an increase in revenue since 2018, amounting to a 1.3% positive change and a total of \$25.71 billion in revenue in 2020. While it has largely been on the decline, a sudden boost in sales occurred in both 2020 and 2021. While in 2020 alone, book sales rose by 8% with ebooks and audiobooks also increasing in volume.

Demographic Environment

Currently, the identified main demographic for Barnes & Noble is the young, college-educated, with disposable income, and of equal sex, urbanites. But as the demographics and cultural manifestation of the United States of America keep changing, has a new target demographic appeared? As is the case for the majority of developed nations, the United States of America is getting older, with over half of the population over 40, more people are over 55 than under 5, and the average life

expectancy rising all the way up to 79 years. The issue lies with the fact that the older population does not read as much as the younger generation, and when it does, it has a growing preference for ebooks and audiobooks. Audiobooks especially have seen incredible market growth as more people have moved away from reading devices in favor of simply using their phones instead, with a projected compound annual growth rate (CAGR) of 24.4% from 2020 to 2027.

The main issues and opportunities manifest simply as thus; the younger college population has stagnated, the older population reads less but when they do, they have increasingly used their SmartPhones, and audiobooks have been one of the biggest growth prospects within the industry. This is most certainly sensible when you consider that with age, eyesight does begin to waver. And while the NOOK, which was the last attempt to target this older demographic, was ultimately a failure, it appears that it wasn't long for the world regardless, as even the Kindle has been taking quite a beating. Targeting this older demographic may have previously failed, but the code hasn't been cracked just yet and the opening in the market is very real.

Barnes & Noble should then cater to this older demographic by making itself easily accessible on smartphones by implementing its own audiobook app. Since the older generation is also less comfortable with certain technology, it would also be advised to create a new graphical user interface in order to simplify the experience and set the company apart from any competitors. Another way to penetrate this part of the market would be to use said audiobooks in conjunction with hearing aids tests, meaning both exposure with a positive experience and increased advertising with a goodwill bent. The final element is to bring these older patrons into community events in order to

strengthen their emotional bonds with the brand and make constant and loyal customers.

Another aspect that should not be overlooked is that some potential also still exists in the younger demographic. Currently, Barnes & Noble has an intense focus on hard copy books with few distractions, composing over 85% of the store's available inventory, with the remaining items mainly appealing to young children. However, as has been done by other companies that have lost much of its direct appeal in the digital age, like GameStop, new interests should be served. Medium to high-quality merchandise, intended for early adults, should be introduced into the store with related franchises. This would become a draw for just about anyone, as they would tour the entire store to see what interesting models and sets had been produced, and this effect would only be amplified if they did it on rotation with limited-time specials. Imagine a model of a dragon sitting on top of a pile of the new Game of Thrones novel.

Economic Environment

The economic environment of Barnes & Noble is a complicated one. This is due to the fact that the business lies primarily in the leisure industry. This means that the company will most likely have a negative correlation with those that are more in the production industries. To simplify that a little, it essentially means that as the business cycle naturally brings down overall production and revenue of other businesses, Barnes & Noble will actually see an increase in overall revenue. Though the correlation may not be a large one, there are several factors and economic principles that will be discussed later that will help support this idea. Firstly, however, the broader economic variables will

be addressed, such as: consumer income, employment, savings, debt, and credit availability.

To start off, consumer income has a positive correlation with total revenue of the company. However, this correlation must be a small one. This is because the data shows that as the GDP per capita increases, Barnes & Noble revenue still fluctuates. On the other hand, it is obvious that consumers require money to purchase any books or other products from the company. Therefore, the best way to look at this relationship would be to understand that consumer income has a positive correlation with the revenue of the company until a certain limit is reached. After this point, income may still increase, but it will have little to no discernible effect on overall revenue of the company. This can be explained in terms outside of economic theory to better understand what exactly is happening. While consumers value books and the other products of Barnes & Noble, all of the goods tend to be rather cheap and relatively stable one-time purchases. It does not require a large income to be able to shop at Barnes & Noble, therefore it must stand that income only has an effect up to a rather small amount, then it stops being as effective. This principle can also be applied to the other macroeconomic variables such as consumer debt, and credit availability. Consumer employment has a similar, yet distinct effect on revenue. While it is important that consumers have enough money to purchase goods from the company, it is just as important that they have time or incentive to purchase as well. This is where employment status comes into play. As stated above, it is important that the consumers have at least a small amount of disposable income in order to purchase the leisure goods that Barnes & Noble provides, but it is also important that they have enough time

to enjoy the products. This leads one to think that employment status may not be a crucial factor for the consumers. This is easily backed up by intuition as well. For example, many people of all ages enjoy the goods provided by the company including many children and students. Students, regardless of not being full-time employees will still be purchasing books. This must mean that employment status is not a large contributing factor to the overall revenue of the company.

So, one might wonder, if none of these factors have a large impact on the company's revenue, then what does? This is where the economic theory of business cycles can be examined. To simplify decades of economic research and mathematical modeling, one can look at the business cycle theory in a rather straightforward way. Ultimately, there is a trade off between working and consuming. The amount of time worked is directly related to production efficiency which has to do with many factors that will not be examined in this paper. It is important to know, however, that during times of an economic boom, consumer spending goes up, along with wages; during a recession, wages go down and so does the amount of time dedicated to working (Pettinger, 2018). With these factors in mind, one can clearly see an inverse relationship between the overall revenue of Barnes & Noble, and the GDP per capita in the United States according to the data provided by FRED economic data and Neticals.com. There is, however, a bit of a lag between the two sets of data. This can be explained by intuition of the matter. Simply put, at the peak of an economic boom, people tend to be spending most of their time working. After the boom has peaked and begins to fall towards a recession, this is when people tend to work less, but still have extra money saved from the boom. With extra time and money on their hands, the market for leisure goods such

as books will perform well. To closer examine this theory, one can take a look at the unemployment rate in the United States. At certain points when the unemployment reaches higher rates, revenue for Barnes & Noble seems to be at high points, or at least at a point of accelerated growth beyond that of the norm otherwise. This theory is further supported by the ideas discussed earlier in this paper. Specifically, the fact that consumers do need a small amount of disposable income, and the fact that having full employment is not necessary for consumers to purchase products from Barnes & Noble. Of course, there are macroeconomic factors within these that can hurt the company as well. These would include depressions, and extreme growth of unemployment. However, these factors can be categorized separately from those discussed above as they are extreme examples, and are not the norm in a developed economy.

In order to combat the trends of the company having a net decrease in growth over the recent years, it has been implementing several new strategies. For example, it has undergone renovations for many of the stores in order to make them more accessible to the general public as well as revising the titles that each store carries. This has already shown an increase in sales and revenue, although it is not entirely clear whether this is because of these changes or largely due to the aforementioned economic conditions. It are also continuing to develop its line of e-readers, the NOOK devices. It has a partnership with Lenovo, an industry leading computer hardware company. This should bring an observable increase in revenue for the company moving forward.

Natural Environment

While Barnes & Noble is now a private company and thus does not have to publicly report the issues its business is facing, looking upstream of its retail store provides insight into some of the raw materials challenges it is facing as a result of the dynamic pandemic environment.

Silicon, a crucial raw material for semiconductors used in nearly all computers, reached a peak last year as a result of manufacturers across multiple industries hoarding more than they immediately needed for production (SMM Information & Technology Co, 2021). This is significant because the Barnes & Noble Nook requires silicon components in its assembly. Even though Barnes & Noble outsourced the production of the Nook to FoxConn, this will undoubtedly drive up the manufacturing cost of the device, shrinking profit margins on a device that is already struggling.

Upstream of Barnes & Noble by several steps, the paper industry is experiencing cost hikes in wood pulp, mill costs, fuel and energy costs, and transportation costs as a result of COVID, causing an increase in the price of paper (Quad, 2021; Price, 2021). This means that the wholesale price of books from the publishers who print them will likely increase as its raw materials cost increases and revenue decreases. This is complicated by the fact that Amazon offers publication services and therefore competes with the existing industry. an alternative to expensive paper books in the form of its market-dominating e-readers.

Because Amazon allows consumers to ship books directly to their homes, the cost of gas factors into a consumer's decision to buy online or at a store. The price of

gas, adjusted for inflation, has increased by 75 cents since 2020 when the pandemic began, and currently sits at \$3.03. Even though the price is projected to decrease to \$2.73 in 2023 (again, adjusted for inflation), customers are currently more incentivized than they were before the pandemic to shop online, saving money in both the cost of the book and the cost of gas.

Another factor to consider is the smaller environmental impact that e-readers create at high levels of use compared to paper books (Roy, 2020). If a person uses their e-reader strictly to read books, they would have to purchase about 30 digital textbooks before their device becomes more environmentally friendly than an equivalent purchase of physical books. This means that environmentally conscious consumers may choose e-readers for this purpose and that government regulation may eventually create economic incentives for consumers to switch to digital books.

Technological Environment

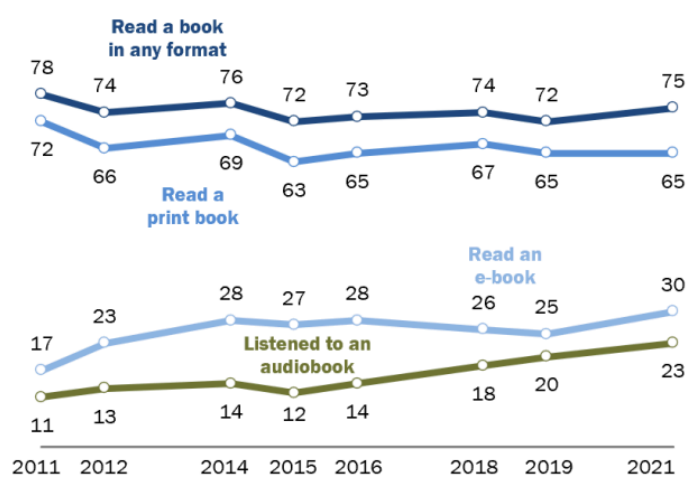
The most important technological developments in recent history for book retailers are the creation of ebooks, e-readers, and the propagation of e-commerce.

While e-readers existed in the form of personal digital assistants as far back as the 1990s, in the form of personal digital assistants, they were only popular in certain tech-interested niches (Lule, 2012). It was with the release of Sony's Reader in 2006 and Amazon's Kindle in 2007 that ebooks and readers began to gain mass popularity (Attwell, n.d.). Despite this rise in popularity, physical books remain the more popular format for reading, with 65% of U.S. adults having read a print book in 2020 as opposed to 30% having read an e-book in the same time frame (Faverio, 2022).

Figure 1:

An Increasing Number of People are Consuming Audiobooks and Ebooks

% of U.S. adults who say they have ____ in the previous 12 months



(PewResearch.org, 2022)

E-commerce has also been a major factor of book retail, with online retail for both physical and digital goods making up a sizable portion of the entire industry's revenue. The U.S. book publishing industry saw the generation of \$25.71 billion in revenue during 2020, with online retail making \$9.53 billion as opposed to physical retail making \$5.13 billion. Print formats, meaning physical products, made up 53.3% of the online retail sales, ebooks 20.6%, and 12.6% were downloaded audio formats. Since 2015, online retail has grown by 23.1% whereas physical retail has decreased by 31.1%, indicating that the massive amount of online book retail sales in 2020 is not solely the result of the COVID-19 pandemic (Anderson, 2021).

All this data indicates that digital and online methods of purchasing books remain popular, and show overwhelming promise for growth in the near future.

Barnes & Noble has not failed to notice and capitalize on the growing consumer interest in online retail and ebooks in the last two decades. It launched its own

e-commerce website in 1997 under the name “BN.com” (Barnes & Noble Inc., n.d.). From this site, consumers can either have purchased products shipped to their address or schedule for a pickup at a store location.

Also wishing to expand into the ebook trend, Barnes & Noble launched its own e-reader, the NOOK, in 2009. Barnes & Noble innovated the e-reader space by introducing a number of new features in the NOOK: it was equipped with both wi-fi and cell data, a paper-like e-ink display, a color LCD screen, and a touchscreen for easy navigation. These advancements went on to become common staples in modern e-readers across the market. NOOK also refers to the entire system surrounding the e-readers, including the digital store to access ebooks for the reader and the various apps available to access a user’s ebook library on other devices (Kozlowski, 2012). Barnes & Noble has continued to release newer versions at varying price points of the NOOK over time, with the newest NOOK GlowLight 4 released in December of 2021.

Political/Legal Environment

For the most part, Barnes & Noble has kept itself-free of controversy and out of the eyes of the law. It did have a brief sexual harassment lawsuit going on with the now former CEO Demos Parneros in 2018 (Hsu, 2018). Which did cause the company’s stock price to temporarily plunge 60% and spent months trying to find a new CEO. Long term this had almost no effect and people’s perception of Barnes & Noble is still positive. Thankfully, Barnes & Noble has yet to fail bankruptcy or come under fire for any form of fraud. It certainly has done its best to uphold the image that customers have of them as a warm and cozy bookstore.

In today's political climate, the topic of climate change has become more and more of a pressing issue. This of course comes from the social movements and agencies who have been able to influence positions to stop reliance on non-renewable energy and urbanization. Lawmakers have pointed to the production of books as one reason for deforestation. Data from the social group 8 billion trees suggests that a single tree produces about 8,333 sheets of paper (8 billion Trees, 2022). That might seem like a lot of paper from one tree 626,000 tons of paper are needed to produce books each year in just the US. This does not include other bigger places like China and the EU. Paper can make up as much as 10% of all deforestation in tropical countries according to rainforest.com, a website dedicated to the preservation of rainforests (Mongabay, n.d).

These numbers have caught the attention of the US. Lawmakers. There have been several laws passed throughout the years that have directly impacted the printing of books and as a result impacted Barnes & Noble. One such law is The National Environmental Policy Act (NEPA). Its purpose is to protect communities and its environment from otherwise destructive projects. This was one of the first laws enacted that showed the government was willing to step in and prevent logging companies from cutting down forests. After NEPA, many more bills were proposed. Another notable one is The Clean Air Act, which put a lot of emphasis on trees as key contributors to the removal of CO₂. (NRDC, 2021) These laws are still under effect and are getting revised to make restrictions even tighter. Currently there is a new bill being proposed, the Trillion Trees Act. A bipartisan bill with an initiative to grow 1 trillion trees worldwide.

These restrictions on paper have caused some more unforeseen consequences. The already weakened supply chains were even more disrupted by the global pandemic of COVID-19. According to Vox, demand for books was on the way up, but Barnes & Noble was not able to keep up with the demand. That's because COVID-19 brought about a global labor shortage, add in those existing problems already mentioned and it creates even more of a paper shortage (Vox, 2022). All these laws directly hurt Barnes & Noble because they make it much harder and expensive to publish a physical book. With increased costs comes slimier profit margins. Its sales of books have always been its biggest source of revenue and now it will either must find something new to sell or find a way to cut down on expenses. These government regulations to save trees have opened the door for ebooks. This is a serious problem for Barnes & Noble and its current tactics.

Surprisingly the biggest threat to Barnes & Noble's current strategies is not politicians or activist groups but parents. According to *The New York Times*, "In Wyoming, a county prosecutor's office considered charges against library employees for stocking books like "Sex Is a Funny Word" and "This Book Is Gay" This is not the only case, the number of books becoming hot topics in schools has risen. "Parents, activists, school board officials and lawmakers around the country are challenging books at a pace not seen in decades. The American Library Association said in a preliminary report that it received an "unprecedented" 330 reports of book challenges, each of which can include multiple books, last fall" (Harris, 2022). And it's working, the book "All boys aren't blue" has been banned from schools in 14 states. Barnes & Noble should keep an

eye on this new trend because with more parents becoming fearful of books, it means they won't allow their children to go to Barnes & Noble.

Because laws seem to be favoring ebooks, Barnes & Noble tried to come up with its own ebook service to compete against other companies like Amazon's kindle and Audible. It came up with NOOK. But it hasn't been successful in the slightest. While it had the right idea to go into the ebook space, NOOK needs a serious overhaul because customers have not made the switch. be surprised to see that it's full of games, cards, Starbucks and only a smaller section of the store is reserved for books. This certainty is due to the laws but in place making it much harder to print out physical books. Barnes & Noble is slowly becoming less of a bookstore and rather just a random collection of goods. Other than that, it does not seem to be doing much else to stop its downfall.

To summarize, Barnes & Noble is not at risk of losing it all because of shady business practices, but because of laws and politics trying to remove the dependence of paper. Its inability to react to these changes has certainly been hurting them. It seems like the trends are pointing to ebooks as more and more customers shift to online retailers for their books. Add in that most schools are forced to restrict their book selections by parents and lawmakers, and it spells a grim future for Barnes & Noble.

Social/Cultural Environment

There are several social and cultural trends which will affect the Barnes & Noble marketing strategy moving forward. Young, educated men and women, one of the primary target markets of most bookstores (Sax, 2016), increasingly value corporate social responsibility. In fact, millennial investors more than any other demographic group make an effort to understand a company's corporate social responsibility practices

(Stobierski, 2021). 77% of all American consumers are actually motivated to purchase from companies committed to making the world a better place. Overall, there is a strong trend in consumer preferences, especially young people, towards evaluating the social impact of the businesses they buy from and invest in.

The number of young, educated people has decreased over the past 10 years, but the change has leveled off at around 19.6 million people (Hanson, 2022). This means that the bookstore industry has a consistent base of customers in this demographic group.

Additionally, the average salary of college graduates is increasing post-pandemic due to labor shortages that are forcing employees to raise base pay and offer raises to retain employees. This is significant to the bookstore industry since Amazon's prices are usually lower than Barnes & Noble and independent retailers (Blum, 2021). Young, educated people that value the social impact of the businesses they interact with and have an increasing amount of discretionary income are the perfect market for Barnes & Noble.

Continuous reports about Amazon's mistreatment of its employees (Kantor, 2021)- which culminated last year in the wrongful deaths of several employees during a tornado (O'Brien, 2022)- will likely drive responsibility-minded, young customers away from Amazon in the book market. This positions Barnes & Noble well to gain the favor of the consumers who can't stomach Amazon's ethical issues.

Mothers with young children are the other target market of brick-and-mortar bookstores. This demographic group is shrinking in the United States. In fact, 2021 had the lowest recorded birth rate in US history. This means that Barnes & Noble will likely

slowly lose a portion of its sales, especially given that the birth rate has been declining steadily over the past 20 years (Barnes & Noble, 2016).

The location of the mothers and children market is changing as well. In the past 15 years, significant numbers of families moved into urban areas (Sax, 2016), so while the majority of Barnes & Noble locations are in suburbs, it may prove advantageous moving forward to open more locations in downtown spaces. Families are benefiting from increased median incomes, however, this increase did not outpace the high inflation in 2021. The median income increased by 3.6% from 2020 to 2021 (Huduser.org, 2021), but inflation increased by 7% in the same time period (Pickert, n.d.). This means that the mothers with children group is shrinking in both size and income.

One surprising change in consumer preferences is the shocking growth of the vinyl industry. Demand repeatedly overwhelmed supply in 2021 due to unexpected leaps in sales (Sisario, 2021). In 2021 alone, vinyl sales volume grew by 50.4% (MRC Data Reports, n.d.). Since Barnes & Noble sells vinyls at its stores, this surprising new market will provide an opportunity for them to increase sales. However, since vinyls are an outdated technology, it is likely that this fad will not endure forever and the company will have to continue updating its available products as new fads arise.

Barnes & Nobles owns NOOK, the e-reader facing off and losing to Amazon's Kindle. However, despite the relatively small sales volume of the NOOK, the e-reader market as a whole continues to grow (Mordor Intelligence, n.d.). This is in part a result of the pandemic which forced many book-lovers to turn from closed stores to online readers, creating what may be a lasting change in consumer preferences.

Barnes & Noble responded to these trends by further nailing down its appeal to its two target markets, young, affluent educated people and mothers with small children, by positioning itself as a local community center, and by continuing to expand product lines with growing demand.

To increase the likelihood of children finding the store appealing, Barnes & Noble began switching out license displays on a weekly basis to keep up with children's brand preferences, which it found to be particularly successful (Seeking Alpha, 2019). It also continued expanding the lineup of graphic novels and children's books and added STEAM displays with educational toys (Barnes & Noble, 2016; Seeking Alpha, 2019).

In order to appeal to the young, educated group, Barnes & Noble opened more cafes within its locations and redesigned its product categories to better reflect the needs of writers, artists, and professionals. It also began offering more writing and art tools at its locations for these groups (Barnes & Noble, 2016). To position itself as a community center, Barnes & Nobles increasingly offered local events related to trending books, such as book signings, or events that appealed to children, like a mini-makerspace (Barnes & Noble, 2016). Finally, to keep up with growing vinyl sales, Barnes & Noble has expanded its product lineup over the past several years (Barnes & Noble, 2016). Unfortunately, Barnes & Noble dealt with the NOOK's failure by downsizing the teams responsible for it and cutting support for older models (Kozlowski, 2018). This puts Barnes & Noble in a disadvantaged position just as consumers are increasingly preferring e-readers to physical books.

Moving forward, Barnes & Noble needs to continue to position itself as a space for young, educated, affluent people while simultaneously developing its brand image as

a local, socially responsible bookstore. Its rapidly-adjusting marketing that chases the moving target of children's preferences must remain an integral part of its sales strategy, especially during the winter holiday season given the repeated losses in other product categories. However, toy sales are not unique to its brand and thus cannot offer it a competitive advantage. Only resources and competencies that are valuable, rare, inimitable, non-substitutable, and well-organized can create a sustained competitive advantage. A brand image associated with prestige, responsibility, and a warm local presence with widespread suburban and urban locations that offer both books and cafes is a resource that is much more competitive than a second-rate online bookstore or a toy store that happens to have some books in it. Given the NOOK's inferiority in terms of product features and market share to other e-readers, Barnes & Noble should drop this product despite the increasing demand for this type of product while continuing to expand its product line of vinyls, further developing the appeal to young, educated, affluent people (Jones, 2021).

Competitive Environment

The largest competitor in the book retail industry is Amazon. It was estimated in 2019 that Amazon's book sales make up at least 50% of the U.S. print book market (Evans, 2021). Amazon's Kindle is also dominant in the ebook buying market, making up 67% of the market in 2020, whereas the NOOK placed second by making up 25% of the ebook market share. Apple is also present in the market through its iBooks app and service, but it falls far behind the other two by only possessing 5% of the market share (Lakin, 2020).

There are many factors that contribute to Amazon's continued domination of book retailing. One of its biggest strengths is that it is the world's largest e-commerce company, which has a seemingly infinite number of product offerings through its simple-to-use website. This means that Amazon has an infrastructure scale that no other company can begin to compare to, which it easily utilizes to quickly get an online book purchase into the hands of the consumer (Mattia, 2021). Amazon also allows for free self-publishing, either through print-on-demand services or through Kindle Direct Publishing, making it a lucrative avenue for authors (Jacobs, 2021). With its vast selection of books, accessible website, and fast shipping times, there does not seem to be any way of challenging Amazon as an online book retailer (Waters, 2021).

Amazon has a relatively weak presence in physical retailing. While Amazon does have physical book stores that one can shop at, there are currently only 24 (Amazon, n.d.). Barnes & Noble, on the other hand, has over 600 bookstores in the U.S. (Barnes & Noble Inc., n.d.). Consumers also seem to find the layout of the Amazon bookstores to be unappealing and uncomfortable, with the way the space is laid out and the books that are chosen to be presented feeling like "it was created by an algorithm...". This is in stark contrast to the bookstores of Barnes & Noble, which are designed to invoke an inviting and comforting atmosphere (Matousek, 2018). A strength of Barnes & Noble is that in 2021 it changed how its selection of books in a store is curated. As opposed to its old model, where supervisors would design a selection for large groups of bookstores, the newer model gives store managers the ability to manage the books as they see fit. This means that the book selections in any given Barnes & Noble bookstore are catered better to local interests. This approach separates itself from other chain

bookstores and embraces the aspects that make many independent bookstores so appealing to consumers. This change also allows for more unique events to be hosted in a Barnes & Noble bookstore, drawing more customers in and encouraging them to stay and continue supporting what feels more like a small local business (Kotter, 2021).

A threat to Amazon's domination of the book retail space is that independent bookstores are becoming wary of selling through Amazon. One such bookstore is Powell's bookstore chain, which stopped selling through Amazon in 2020 in order to focus on sales through its own e-commerce site (Waters, 2021). It is likely that more bookstores and publishers will continue to back out from Amazon as it continues to grow and threaten the total consumption of the book retail industry.

Trend Analysis

To take a look at the bigger picture, one could examine a large number of external environmental factors that play a role in Barnes & Noble's revenue. While there are many factors, the two with the largest impact on the company overall would be the competitive, and cultural environments. To start, the competitive environment is a fierce one, that is not looking favorably on the company. To be more specific, Amazon is solely responsible for most online book sales. Any avid reader would know, of course, that physical books and bookstores are still preferable to ebooks. This is where the cultural environment ties into the competitive environment. Barnes & Noble is still the leading market force in physical bookstores. To put this knowledge together into one cohesive argument, it becomes clear that the company should focus more specifically on curating its retail stores to be overall better and more comfortable experiences. According to

what has been observed, this should make the company more successful overall on total sales.

While these two environments do have a very significant impact on Barnes & Noble overall, they are not the only important factors. The technological environment is one where the company falls rather short of the competition, as does everyone else in the online retail industry. This is because Amazon holds a very large share of that market, and more specifically, online book sales. While it is unlikely that any company in the foreseeable future will be able to rival Amazon in total online retail, it is possible that more specialized companies will be able to at least grow within a more specific market of online sales. Before further analysis on the technological environment may be examined, it is important to first look at the natural environment. Books cost money to print, ship, store, and stock. With rising costs of raw materials, and overheads such as gasoline, it becomes difficult for new businesses to compete. Luckily, Barnes & Noble already has the infrastructure in place to be able to keep up with these costs. The barriers to entry in almost all industries has seen a rise lately, and so has the costs of operations for most companies with physical goods to be sold. Having an existing infrastructure of shipping and printing is needed to compete with Amazon's dominating presence in online book sales. Knowing that Barnes & Noble is the best candidate to compete with Amazon in this market, one can now look further into the technological environment. If Barnes & Noble were to make its online presence larger, it could potentially grow massively in its own market. It already has online book sales, however, its website's accessibility is nothing compared to Amazon. It should try to grow its online

presence, and cater to both its authors and its customers in order to potentially see massive growth in sales.

Identifying Market Segments, Targeting, and Positioning

Segmentation Scheme

Because Barnes & Noble is a retail bookstore, that opens the door for it to offer books that can appeal to all types of people. For this reason, its targeting strategy is differentiated. This can be seen from its website and seeing all the books that are being offered, from romance to law books. It has decided to target several different market segments. Because it is the one of the few remaining bookstore chains with a large portion of the market share, it has the resources to carry such a wide range of books. Despite this, Leonard Riggio, Barnes & Noble's former CEO, has gone on the record to say that its main priority or key segment is "young, educated customers, and women with small children" (Sax, 2016). In other words, while it has the resources to attract all kinds of book enthusiasts, its marketing strategy is mainly directed to moms and college students. This makes sense, since there is a vast number of educational books, the people most likely to sit down and read a book are those wanting to gain more knowledge. According to the VALS categories, these people fall under the Thinkers category, sophisticated people who value knowledge and direction. These people tend to be more traditional, not really motivated by trends. They are sometimes perceived as more introverted because they are in constant thought.

While Riggio was right to target these two groups, there are still plenty more segments that Barnes & Noble could target because it has the resources to do so. The

genre of young adults is very big. Books like the Hunger Games and Divergent have made teens more likely to read books. Romance books like The Fault in Our Stars and The DUFF have drawn in millions of teens and have inspired them to start reading more. These types of readers are young adults ranging anywhere from 13-25. They are experienced, who are always trying out new things and are drawn to all things entertaining and fashionable. With most of them being in school, their income is not a lot, but they do spend nearly all their earnings rather than saving it. There is huge potential in teen books that Barnes & Noble should try out.

Currently Barnes & Noble has 614 stores located in all 50 states. According to Scrapehero, its top three cities are in California (70), Texas (48), and Florida (39)(Scrapehero ,2021). Geographically, it targets cities with large populations. This makes sense, if it invests in opening a new store, it should put it in a place where it can get lots of traffic. Therefore, it has mainly stayed away from small rural places. This is also partially due to its differentiated strategy. It is only in the United States, and while you can order a book from its website anywhere around the world, previous sections in this report have covered that Barnes & Noble has failed in the online space. For this reason, it would be beneficial to open stores. According to Statista, China makes up 10% of all book sales, Germany 9% (Watson, 2019). There is a market beyond just the United States that would be worth exploring.

To summarize, Barnes & Noble has the resources and the market share to go after a differentiated target strategy. It can do this by offering all kinds of books from different genres. But it has chosen to focus on educated people, and women with children. This is a good primary segment but because it is so big, it should definitely

pursue different segments. It should also consider expanding outside of the US by establishing stores in different countries. Ultimately, Barnes & Noble has the right idea, but it should not limit itself either.

Positioning

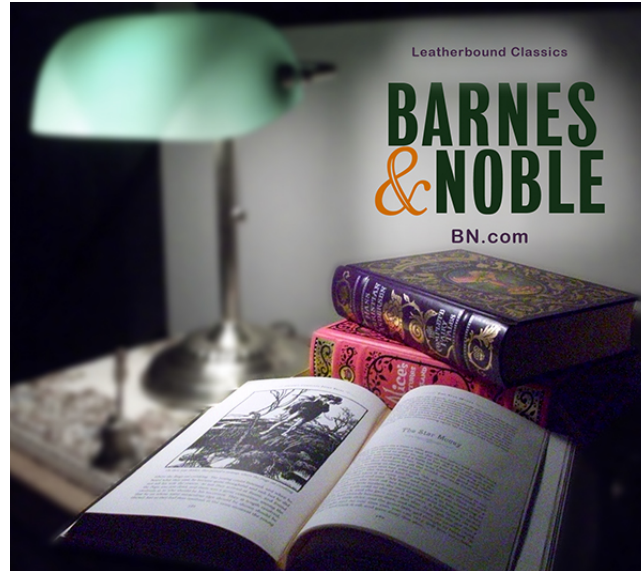
Barnes & Noble's positioning statement and marketing material all focus on the main idea that if you want print books, Barnes & Noble is where you go. All of the marketing material is focused on and uses the imagery of physical books and pages, rarely deviating through the years. The positioning statement is then sensibly, "we strive to provide an environment where you can hold the book you are reading". To Barnes & Noble's credit, it has cultivated exactly that image in the market.

When compared to its two main competitors, Amazon and Wiley, it clearly has set itself apart by focusing on physical books. Amazon, when advertising reading material, often focuses on the Kindle instead of any physical materials while Wiley has made a push to be more synonymous with Education and College materials.

Another, although far less frequent appearance, is that Barnes & Nobles also offers children's toys and merchandise for said children. It rarely makes an appearance for the obvious reason that it is not exactly what draws people into the stores. Also, Amazon, its competitor, is far more dominant in that regard as well, so it's more like some icing on top rather than the main course.

Figure 2:

A recent Barnes & Noble advertisement



(Martha B., 2018)

Diagnostic Brand Profile

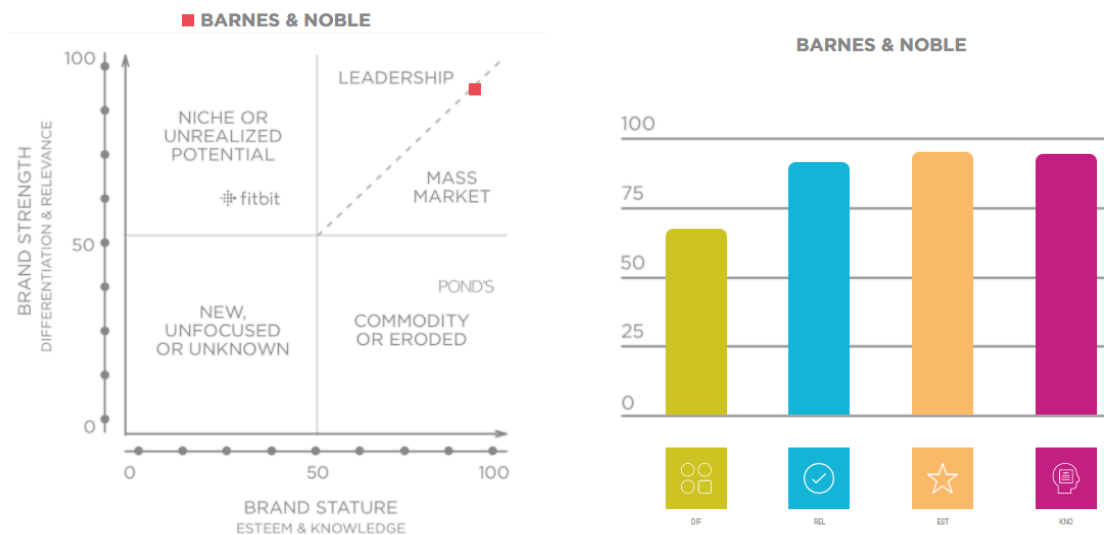
Barnes & Noble is a well-established and widely known brand that stands for the pleasure of reading a book that you can touch with your hands in the cozy atmosphere of a quiet cafe with a warm cookie and a coffee (Barnes & Noble, Inc., n.d.). More literally, it stands for helping its customers and booksellers reach their aspirations and benefiting the communities it is a part of (Barnes & Noble, Inc., n.d.). Since Barnes & Noble is the largest national chain of bookstores, it occupies a role that is differentiated from online stores and smaller, indie bookstores since it can provide both nationwide access to its books and community integration and support with its physical presence (Wikimedia Foundation, 2022).

On the Brand Asset Valuator, it is important to note that Barnes & Noble was last evaluated in 2018 when the company existed in a different environment. That being said, the company has high brand stature and brand strength, placing it on the borderline between momentum leadership and mass-market which means that the

brand has high earnings potential but that its future potential is debatable (BAVGROUP, 2022). One important thing to note is that Barnes & Noble has higher relevance than it does differentiation. This is important because this indicates a commodity brand, a brand for which price and convenience are the primary reason consumers are interested rather than the uniqueness of the brand (BAVGROUP, n.d.). Overall, Barnes & Noble has a well-recognized and well-liked brand identity (see Figure 3).

Figure 3:

Barnes & Noble Brand Valuator Graphs



(BAVGROUP, 2018)

In terms of brand archetypes, Barnes & Noble seems to fit well into the “sage” role. The sage is the keeper of knowledge and wisdom, the person people turn to for guidance and advice (Lischer, 2021). In personality traits, Barnes & Noble is sincere and competent. Specifically, the brand is wholesome and down-to-earth as well as reliable (VEMT, 2019). Barnes & Noble won the #1 most reputable retailer in the US in 2018 (Reputation Institute, 2018). The brand colors, physical locations, reputation, and

community support all align well with this personality, while the logo and image in the press detract from the cohesiveness of this identity. One way it succeeds in signaling this brand is through its choice of colors. All of the colors on the website are muted earth tones, specifically greens and browns (Barnes & Noble, n.d.). This creates the image of a down-to-earth, reliable company that values what is tried and true and natural over what is cutting-edge. This aligns well with its products.

The in-store locations signal the brand effectively as well. Wooden store features and bookshelves create the feeling of an established, warm, traditional store and the addition of cafes helps create the environment for lounging and enjoying a book (see Figure 4). The community events that the stores offer further develop the feeling of reliability and community support.

Figure 4:

Recent Barnes & Noble Cafe Renovation



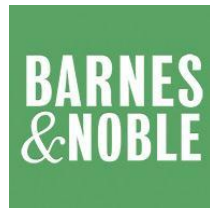
(Grill-Goodman, 2017)

However, where Barnes & Noble fails to signal its brand is in its logo. Its logo is inconsistent across different websites and contexts (see Figure 5)(Barnes & Noble, n.d.; Barnes & Noble, inc corporate site, n.d.). While its primary logo with bold, simple letters

and an earthy, orange “&” clearly expresses the brand’s personality, the changes in color and lettering in different contexts takes away from the consistency and cohesiveness of its identity as a whole. As far as its brand’s representation in the news, a quick google search of the brand will reveal many failures and closings of its stores which detracts from its reliable brand personality. Amazon does not make this same mistake: despite recent bad press about employee treatment, news on the company address new products and services and even pay raises for employees. Barnes & Noble needs to tighten its image in the press to address its shortcomings in this same way.

Figure 5:

Inconsistent use of Logos



(Barnes & Noble, n.d.; Barnes & Noble, inc corporate site, n.d.)

Unfortunately, Barnes & Noble seems to be in the decline phase in its industry life cycle. Year after year, Barnes & Noble has suffered from declining revenue (Netcials, 2021), an indicator that a business is in the decline phase (Wohlner, 2021). Even as the total market size of e-readers has increased, the sales of the NOOK have decreased consistently over the past 10 years, once again indicating a decline phase (Watson, 2020).

However, Barnes & Noble as a brand seems to be in its mature phase of the brand life cycle (Thinkegghead, 2020). The brand asset valuator shows its widespread knowledge and appreciation and it occupies a unique, differentiated position in the market as the largest bookstore chain in the US following the shutdown of Borders. While the business itself may be struggling, the brand occupies an important place in the mind of consumers as “the” bookstore.

Overall, Barnes & Noble has a strong brand asset. It is the biggest bookstore chain in the US and has a well-defined identity as a traditional space to enjoy reading books you can touch and engage with the community. This means that its strength lies in its network of physical bookstores, not in its e-reader line or online store. The brand strategy should be focused around improving and incentivizing the experience of coming into its stores so that customers will become loyal to the brand despite higher prices and less convenience than shopping online with Amazon. Increasing the amount of time customers want to spend at its stores will increase its sales.

Brand equity is the “value premium that a company generates from a product with a recognizable name when compared to a generic equivalent” (Hayes, 2022). With this definition in mind, Barnes & Noble has very little brand equity. The brand valuator shows that Barnes & Noble is known by consumers as a commodity brand, a brand for which the product is more important than the idea the brand represents. Barnes & Noble has higher prices than Amazon in many cases, but the brand does not justify these higher prices, otherwise its revenue would not decline every year.

Barnes & Noble uses line extensions consistently as a strategy to meet consumer preferences. According to its 2016 investor report and 2019 earnings call,

Barnes & Noble increases the variety of available products in categories that are succeeding (Barnes & Noble, 2016; Seeking Alpha, 2019). Sparknotes is Barnes & Noble's brand extension into student prep materials. In addition, the NOOK represents a failed attempt at a brand extension into the e-reader market. Now, Barnes & Noble benefits from co-branding with the Barnes & Noble Education company in the form of the shared name. It is no coincidence that these companies share the same name even after splitting. Barnes & Noble education supports higher education by providing students with course materials. This aligns strongly with Barnes & Noble's mission to support its customers reach its aspirations and to benefit the communities it is a part of. Barnes & Noble also uses co-branding when it works with different media franchises to create in-store events (Barnes & Noble, 2016).

Barnes & Noble should try to increase its brand equity because it already has higher prices than Amazon, so only brand equity can justify these prices to consumers. It can do this by continuing to build line extensions in categories that are trending such as vinyl sales and writing tools and by deeply investing in community integration. Already, Barnes & Noble has adopted the strategy of giving store managers autonomy over which books to make available and running local events (Ryan, 2020). This will position the store as a local community pillar instead of a national corporation in the minds of consumers, making them more willing to pay extra for the experience of shopping in the store. Continuing to renovate the locations with cafes and restaurants will also help develop the value of purchasing books in-store. The local events can be used as co-branding opportunities with local authors to create a brand image of local acceptance and support.

Customer Value, Satisfaction, and Loyalty

The two largest factors in determining where a consumer will decide to buy a book are ease of purchase and where they can get the book for the lowest price. Consumers who are looking for a specific book will want to find it for the cheapest price, and online retail ensures that the price will almost always be cheaper than physical retailers and the book will arrive on its customer's doorstep (Blum, 2021). While these are the largest factors for the majority of book buyers, other decision-makers apply to others in the market. One of these would be that some readers look to book retailers for recommendations and new finds, a process aided by the prominent placement of certain books in a retail space (Griffis, 2021). It is for this reason that some readers also value a larger selection of books in retailers, an additional benefit to e-retailers (Blum, 2021). Some consumers actually look for the ability to preview their books before purchasing, a function that is possible in online retail but is much less limited when handling physical books in a store (Griffis, 2021).

Some consumers heavily value supporting local and independent bookstores. Popular support for independent bookstores can be attributed to a number of reasons. One such reason is that independent bookstores often do a better job at building a community between their customers, developing relationships between the retailer, readers, and sometimes even the authors of the products. This community-building entails curating a selection of products that the customers will want, providing a sense of comfort and leisure so that customers will want and be able to spend time in the store

space, and hosting various events that draw even more people into the space (Danziger, 2020).

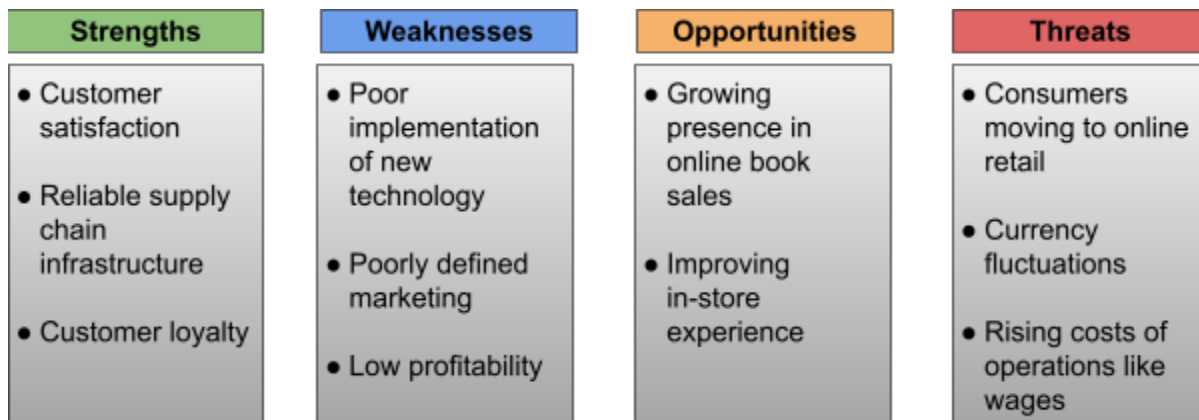
The brand is also seeing a large surge of social media popularity more recently, as the tag “#BookTok” is massively trending on the video-sharing app TikTok (TikTok.com). The trend sees people reviewing or showcasing books they have recently purchased, most often from Barnes & Noble. This trend is revealing that younger demographics feel a strong sense of loyalty and satisfaction with purchasing books through Barnes & Noble and is working as an effective means of advertisement in itself.

SWOT Analysis

The next useful step to take to better understand the overall environment, both external and internal, of Barnes & Noble would be to perform a SWOT analysis.

Figure 6:

SWOT Analysis



Overall, one can see that Barnes & Noble is very good at its strengths, however, it tends to lack in seizing opportunities, and fixing already existing problems. If the company addressed these problems one at a time, and carefully identified these

problems, it would likely lead to a drastic increase in revenue for the company as well as increasing the market share.

The Marketing Mix

Products

While Barnes & Noble is first and foremost a book retailer, its product lineup covers an extensive range of other goods. The company describes itself as a “retail bookseller and a leading retailer of content, digital media and educational products” (About BN.com). This means that Barnes & Noble sells not just books, but also toys, games, stationery, and even physical forms of movies and music (About BN.com). Barnes & Noble also sells its signature NOOK e-reader as well as ebooks (barnesandnoble.com). The omnichannel design of the company ensures that if a product is not available at one of its brick-and-mortar locations, it can be purchased through Barnes & Noble.com for delivery or to be picked up at a store (About BN.com).

Figure 7:

Toys and Movies sections in B&N stores



(Barnes & Noble Happy Valley, 2020)

The two operating segments of Barnes & Noble are B&N Retail and NOOK (Barnes & Noble 10-K, 2019). B&N Retail encompasses all of the company's retail, whether it be through the e-commerce site or a physical store (Barnes & Noble 10-K, 2019). Barnes & Noble states that its curation of "games, puzzles [and] collectibles" is based on the trends of pop culture, boasting about its "inspired collection of products from many of the hottest entertainment properties" (Barnes & Noble 10-K, 2019). Physical store locations have an average of 66,000 unique book titles, with an upward range of 133,000 (Barnes & Noble 10-K, 2019). This is in contrast to the e-commerce site, which has millions of titles available on top of over three million ebooks and digital formats of both magazines and newspapers (Barnes & Noble 10-K, 2019).

The NOOK operating segment of Barnes & Noble "represents the Company's digital business", which specifically entails development and support surrounding the NOOK product and its associated offerings (Barnes & Noble 10-K, 2019). The four NOOK e-readers that are currently available to purchase through Barnes & Noble.com are the GlowLight 4 for \$149.99, GlowLight 3 for \$119.99, GlowLight Plus for \$199.99, and the NOOK 10" HD Tablet Designed with Lenovo for \$129.99 (About BN.com). The main distinguishing features between the specific models are screen quality and size, storage size, and battery charge. The Lenovo tablet is particularly unique from the GlowLight models because of its typical tablet capabilities beyond e-reading, having a front and rear camera as well as access to the Google Play store to download additional applications (About BN.com)

Figure 8:

NOOKs available on Barnes & Noble's website

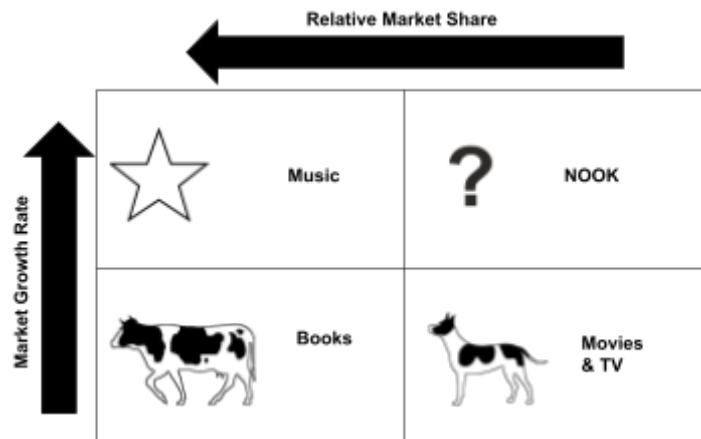


(B&N.com, 2022)

Of note is that Barnes & Noble sells products in its music and movies categories only in physical formats (About BN.com). This means that Barnes & Noble is not competing with any form of streaming or paid service, and is limited by the declining public interest in the physical formats of these entertainment products. However, a recent trend in novelty formats of music, such as vinyl records, ensures that Barnes & Noble has a significant share of the market when compared to other commercial retailers.

Figure 9:

Boston Consulting Group Matrix



Barnes & Noble's physical formats of movies and TV products are best described as dogs, meaning that they possess a low relative market share and have a low market growth rate. It is for this reason that these products should be dropped, possibly excluding specific niche formats like Blu-ray DVDs. The NOOK is currently positioned as a question mark product, meaning that Barnes & Noble's efforts could see the NOOK become either a star product or a dog in the future. Given the decreasing popularity of the NOOK over the last decade, it is unlikely that Barnes & Noble will be able to increase its market share. This means that the current trajectory of the NOOK will necessitate Barnes & Noble having to drop it from its product lineup.

New Product Development

The last major innovation undergone by Barnes & Noble was the creation of its flagship e-reader, the Nook. Named after a small, quiet, and hidden space, the Nook aimed to be the transformation that would take Barnes & Noble to new heights and bring them back into the ring with Amazon. In late 2009, the Nook 3G, was released to rather impressive success. It featured two different touch screens, free AT&T coverage, and a price tag of \$259. Immediately it was hit with a lawsuit claiming copyright infringement on the Spring Design Alex, a rival e-reader that Barnes & Noble was in talks to acquire mere months before the Nook launched. Eventually, the lawsuit was settled outside of court with Barnes & Noble paying a licensing fee for the Nook 3G.

Following the first generation's success, the Nook WIFI was quickly announced the following year. The free AT&T service was removed, pushing down the price to a meager \$149, and now offering a new "LENDME" (lend me) service, where eBooks could be shared with other Nook users for up to two weeks. The Nook WIFI was a

stunning success and by the end of the year, Barnes & Noble had captured 20% of the entire e-reader market. Within the same year as the Nook WIFI, the Nook Color was released as a response to the rapidly developing tablet craze. It featured a full touchscreen with the ability to purchase magazines, comics, and newspapers on top of the already available eBooks. It initially launched with a price tag of \$249 that rapidly eroded over two years to \$139 in late 2012.

Finally, the real heavyweight entered as the Nook Simple Touch Reader, and it was everything Barnes & Noble could have wanted. Released halfway through 2011 for a price of \$139, it singlehandedly increased the company's profit margins by 70% and was responsible for raising the digital sales by 113% for all of 2011. It featured a focus solely on digital books with a quick response time and customization for reading purposes, such as font and text size adjustments.

From these 5 different nooks, we can start drawing some narratives; such as the rapid rate of release (over 2 different Nooks each year), that consumers prefer the cheaper e-readers to the more expensive one, bought the most popular one at a disparate rate, and finally, they preferred simple Nooks instead of Complicated Nooks. The ideal Nook for consumers then should be at competitive prices, focuses exclusively on being a highly responsive e-reader, and not have to compete with a barrage of other Nooks releasing constantly.

Well, in the next 3 years, another 4 Nooks were released, all-seeing progressively falling sales as the company raised prices, overengineered the product, and had to start competing more directly with both the iPad and the kindle. Following that, the Nook was put into a real state of confusion as different aspects of

manufacturing and ownership were contemplated, eventually resulting with Samsung producing its own line of Nooks called the Samsung Galaxy tab Nook series. As of today, over 21 different Nooks have come to market. And in conclusion, the Nook failed to meet consumer demands by bombarding them with endlessly new versions, over energized designs, and heavy price tags that put it into competition with high end tablets like the iPad while being chased by the Kindle. All of this resulted in the Nook losing its high market share and falling into obscurity.

Now the two major competitors for the Nook were both the Kindle and the iPad. The Kindle launched to great success as the first major move in the e-reader market as we understand it today. It first debuted in 2007 for a hefty price of \$399 and dubbed the “iPod of reading”, but was able to support that price due to the cutting-edge technology and having a monopoly on the market. Later installments would be produced every 1 to 2 years (a third of the rate of the Nook) with consistently lower prices and better technology. The current Kindle now retails for \$89.99. However, just like the Nook, it has been seeing a consistently weaker performance, albeit better than the Nook, along with the entire e-reader industry. And that is due to the Apple and e-Phones. Apple released the iPad to massive success in 2010 and only saw continued sales performance as the years went on. In 2020 alone, the company reported sales of 45 and half-million dollars. But the real growth is in iPhones and audiobooks, with both seeing constant growth year after year, showing the movement in consumer preference.

Three opportunities Barnes & Noble has for real development is to first focus on this change in consumer preference by producing an in-house audiobook catalog and offer said titles on Audible. By creating a cast, ideally with some star power, it would be

able to create a pseudo-printing house, or rather a recording house. Second, it can start developing new ways to interact with books on smaller devices. While e-phones keep improving in size, the strain felt by readers is still very real. The third option is to completely redesign the NOOK to serve a different market, such as an interactive pdf and ePub reader, which is a growing market on its own.

The option that should be pursued is that of converting the NOOK to serve a different market, ideally, the writing tablet market. The company already has the experience, connections, and resources, so it's sensible that it still uses such properties to target other markets. Barnes & Noble also has a certain brand image that would complement the nature of a writing/reading tablet. Finally, Barnes & Noble would be the big business on the block and wouldn't have to directly compete with Amazon or Apple. If the company just applies the principles of timely releases, high performance, and minimal distraction in the product, it would be able to take the majority market share in the growing industry.

The Integrated Marketing Communications Mix

Barnes & Noble uses a wide variety of promotional tools including advertising, sales promotions, and PR. It advertises across a wide variety of mediums using both traditional and digital tools.

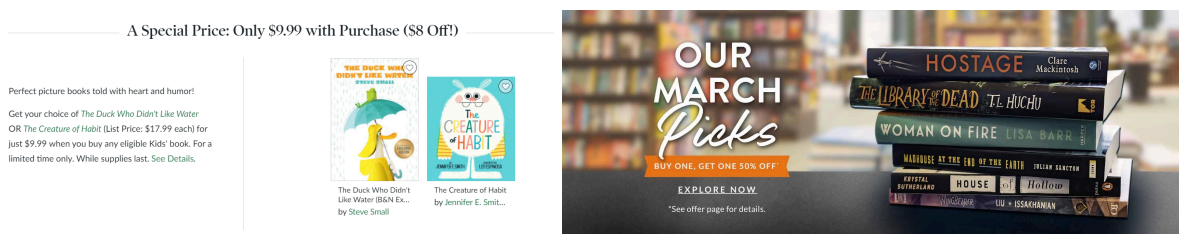
In traditional advertising, Barnes & Noble uses TV commercials, street ads, store-window fliers, print ads, and strategic PR (Clio Awards, 2011; Clio Awards, 2014). The TV ads feature celebrities and often run during the Christmas season (iSpot.tv, Inc., 2015; iSpot.tv, Inc., 2018). A series of street ads by Barnes & Noble assert that people are "starved for a good read," appealing to people's insatiable desire for stories (Clio

Awards, 2021). Interestingly, Barnes & Noble is currently using public controversy around “banned books” in tandem with PR statements to drive traffic to the stores which stock these books in designated sections (Ruth, 2022).

Online, Barnes & Noble uses SEO optimization to drive traffic to the site; a web search of ‘buy books’ yielded Barnes & Noble as the second result. On the site, they use seasonal- and non-seasonal sales promotions (see Figure 6)(Barnes & Noble Booksellers, Inc., n.d.).

Figure 10:

Sales Promotions from barnesandnoble.com



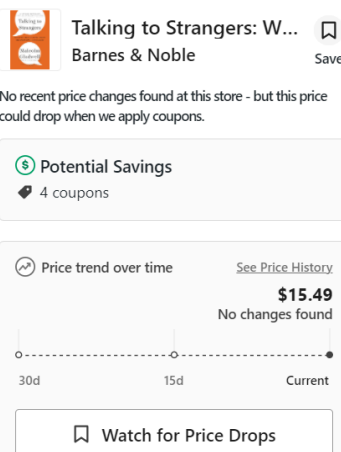
Free Shipping on Orders of \$35 or More

(Barnes & Noble Booksellers, Inc., n.d.)

Notably, Barnes & Noble collaborates with Honey, a price-checking and coupon API, so that customers know whether they are purchasing the book for a fair price compared to other sellers (see Figure 7) (Barnes & Noble Booksellers, Inc., n.d.)

Figure 11:

Price comparison tool



(Barnes & Noble Booksellers, Inc., n.d.)

The company also has a strong social media presence with Instagram, Twitter, and Facebook pages (barnesandnoble, 2022; BNBuzz, 2022; Barnes & Noble, n.d.). The advertisements are coordinated across multiple online platforms with the same selected products promoted simultaneously on different sites (BNBuzz, 2022; Barnes & Noble Booksellers, Inc., n.d.).

While social media has a broadly positive effect on the brand, groundswell marketplaces may have some detrimental effect on sales. Social media activity on Twitter is favorable for the brand with many customers tweeting positive things about the brand (PickFairy, 2022; kayliana13, 2022; MerclsIsland, 2022). This is a strong indicator that Barnes & Noble is reaching its target market of young, educated, affluent people effectively because Twitter's demographic meets these exact characteristics (Pew Research Center, 2019). This is extremely beneficial for Barnes & Noble because organic enthusiasm about the brand is free WOM promotion and social proof among the people it wants to reach. eBay and Craigslist are both groundswell markets that act as substitutes for Barnes & Noble and therefore have some negative impact on the brand. Both of these services offer both new and used books that Barnes & Noble also sells. However, neither offer a product lineup as extensive as Barnes & Noble, a price check tool, or in-store locations, so while these companies may provide a substitute market, they don't represent a significant threat.

Amazon, the primary competitor of Barnes & Noble, uses a wide array of promotional tools, including advertising, sales promotions, PR, and highly-specialized

digital marketing. In traditional advertising, it uses newspapers, magazines, radio, TV, and PR. Digitally, it utilizes website ads, search engine optimization, social media, and email marketing. The digital ads are oriented to individual customers based on collected data that Amazon stores. In terms of sales promotions, it has daily deals as well as discounts on holidays and its proprietary 'Prime Day' (Quiroz, 2018). Overall, Amazon promotionally outclasses Barnes & Noble with its massive budget and ability to tailor promotions to individual customers using hardware that it owns.

Given Barnes & Noble's proven strategies of targeting young, educated, affluent people and mothers with children, taking advantage of trending products and franchises (especially during holidays), and creating a unique in-store experience with local events, the company has done an excellent job of executing its recent advertisements and promotions. Because these strategies have worked to increase sales in the past and for other companies, it is likely that Barnes & Noble's recent promotions are helping the company reach its objectives.

Barnes & Noble recently ran a website sales promotion and an in-store event that both effectively incorporated elements of its company strategy to target mothers with children. Its website offered a sales promotion on a popular children's book specifically for Easter (see Figure 6, third picture)(Barnes & Noble Booksellers, Inc., n.d.). This is an effective tactic because it is engaging for mothers with children and takes advantage of holiday sales and trending products. The in-store event targeted mothers with children with a concert hosted at a NYC Barnes & Noble where Jimmy Fallon promoted his new children's book (Barnes & Noble, n.d.). This is effective because it targets mothers by

offering a product children are interested in, generates buzz with a relevant celebrity, and creates a reason to shop in-store.

Barnes & Noble has executed its recent promotions targeting young, educated, affluent people effectively as well. A recent twitter post targets young people by announcing that Barnes & Noble will stock a new book and vinyl both by Harry Styles (BNBuzz, 2022b). This tactic combines a trending product category and a celebrity both beloved by young people on a platform that targets the same group. Another promotion on Instagram does something similar by announcing a new graphic novel, another trending category for young people (barnesandnoble, 2022b)

Finally, Barnes & Noble's recent PR and promotions around "banned books" are a brilliant way to increase sales because it takes advantage of a controversial trend which suggests scarcity while avoiding alienation of its customers. While local store managers create popup sections, the company site now features a section dedicated to these books (Barnes & Noble Booksellers, Inc., 2022; Ruth, 2022). The widespread reporting of school districts banning books creates an image of scarcity that can potentially increase demand. While it may seem like this is a divisive trend to capitalize on, the reality is that more than two-thirds of voters oppose books being removed from school libraries (American Library Association, 2022).

Pricing

Barnes & Noble's pricing strategy may be an odd one to understand at first glance, but it does have its own merits upon further inspection. Its prices on most books and other goods that the company offers tend to be slightly higher than the competition, namely Amazon. For example, a quick look at my favorite book "Watership Down" by

Richard Adams will show this. As listed on BarnesandNoble.com, the price for this book in paperback is \$16.99. The same title by the same publisher in paperback on Amazon is listed at \$13.60. This general trend of being slightly pricier than an online alternative tends to hold true for most other titles and goods that I have seen. This goes for its other merchandise as well such as the newspapers, magazines, and children's toys that the company offers in the store and online. The main product that it sells is obviously books so for the remainder of the pricing analysis, books will be the primary focus.

The general trend for the pricing of books makes complete sense on the company's part, holding all else constant. E-books are the cheapest version of the book followed by paperback, then hardcover, then audiobook. This trend makes sense on its own without taking a look at the relative costs between its sales and those of competitors, but that will be analyzed later. Obviously, E-books are the cheapest because they are relatively much cheaper than any other form of book. The author writes the book on a computer, and all that Barnes & Noble has to do to produce it is to allow users to view and download the text. Obviously, there are licensing costs and limitations placed on electronic copies of texts which can add up but those costs are also associated in one way or another with all other forms of the books. Secondly, paperback is the next cheapest option that the company offers. This is clearly because it is cheaper to produce a paperback book than a hardcover one; Paperbacks use less materials, and the materials that it uses are cheaper than hardcovers. Hardcover are the next most expensive, and then audiobooks. Audiobooks should be the most expensive intuitively because, although they do not use any physical materials, they do require a voice actor to use hours of studio time to read the entire book. With costs such

as finding the right actor to read the book, time costs of setting up the reading to be done, and studio time, this will quickly add up to be the most expensive option to produce. Other book retail companies also have to pay for these costs too, however, so there must be another reason that Barnes & Noble's prices are slightly higher than its competitors. There is, in fact, another reason that the prices are higher than its competitors. As stated earlier, Amazon and online bookstores are the primary competitors. Barnes & Noble, on the other hand, primarily sells its books in brick and mortar stores. These additional costs are to offset the costs of providing an excellent customer experience in its stores. Each store has hundreds of books, magazines, and newspapers to choose from with a team of workers ready to help them find the books that they are looking for or to recommend new ones. On top of that, the company also includes cafes inside the stores to provide an even better experience. The extra money that the customers are paying is for the customer experience that Barnes & Noble provides.

The company is also implementing a few different pricing strategies on top of the customer-experience-based pricing. One example of this would be that it offers multiple books in bundles for a lower price than buying them all individually. This is known as price bundling. Barnes and Noble often does this for a series of books so that the customer can read the whole series without having to buy each book individually. It also frequently does promotions such as buy one get one 50% off and other discounts such as this one. One other thing that it offers is a membership. For \$25 per year, customers may purchase a membership which gives them access to exclusive discounts, as well as a flat 10% price reduction on anything in the store including cafe items. This goes to

show that, overall, the main factor behind pricing in Barnes & Noble is the customer experience.

Channels of Distribution (Place)

Barnes & Noble comprises three product categories, music, games, and books, of which it has three different means of acquiring inventory. Printed titles are often obtained using Ingram's print-on-demand database, which has become more popular in recent years due to it freeing up tied capital. Barnes & Noble also has its own printing and publishing house, Barnes & Noble press, often advertised as a method of self-publishing for aspiring authors to see the titles available on both NOOK and instore. The last means of obtaining the extensive catalog, as well as the music and games it offers, is that it simply acquires them from third parties.

While Barnes & Noble does in fact have two distribution centers with a capacity of 1,745,000 square feet. However, it should be noted that due to the nature of the megastores, these megastores can often serve as pseudo warehouses that can receive and deliver packages without ever approaching the distribution centers.

Now regarding the final mile, most customers still purchase directly from the physical location. That means that the customer themselves essentially goes to these pseudo warehouses and transports the goods themselves. In the minority cases where goods are purchased online, the book is sent via UPS or the U.S. postal service. An additional fee is added if the customer is not a member of the Barnes & Noble subscription service. However, due to the pseudo warehouse megastores, a single order might be broken up into multiple packages as the books are coming from so many

different locations. Returns must be brought to a store or shipped back at an additional fee. Finally, in the case of the NOOK, titles are simply downloaded from a remote server.

The main competition is Amazon, which is well known as a marvel of supply chain and serves as an example to many companies in the e-commercial era, owns 288,000,000 square feet of warehouse space. It divides its distribution centers into five different facilities in order to achieve incredible speed when dealing with the order picking process, the procedure of finding and preparing items in the warehouse for shipping. The company also incorporates large amounts of machinery and robots to handle dangerous or time-consuming work. In the final mile, it often uses USPS, FedEx, and UPS if not its own carriers. Any returns can be done at just about any mall or popular location.

Figure 12:

Barnes & Noble warehouse vs. Amazon warehouse



(CenterPoint Properties 2018)

The only real competitive edge that Barnes & Noble has in terms of distribution is that the opportunity cost of holding books in its megastores instead of a warehouse is much lower and that the customer is willing to be the final mile themselves when going to buy a book at a physical location. Ultimately, the supply chain is concisely being stretched thin as the ratio of maintaining the infrastructure to total profit continues to fall.

People, Process & Physical Evidence

Barnes & Noble greatly relies on the knowledge and care of its employees. If a customer is unsure of a book to read, they expect to be able to go to any employee inside the store and ask for recommendations. This means that first and foremost when looking to hire someone, Barnes & Noble is looking for employees that are just as passionate about books as its customers are. This knowledge has led to many employees being either in school or retired workers. Which aligns with the segments former CEO mentioned in previous sections. According to *Glassdoor*, its customer service rating is 4 out of 5 stars, with a customer even saying, "It feels like a family" (Glassdoor, 2022). This also lines up with the brand positioning mentioned before as trying to be a local community center. It's meant to be a company that is homey. Where you can sit down with coffee from the in-store Starbucks, discover and read books, and eventually buy one to take home. Barnes and Noble employees do fit the role to achieve that brand positioning. Instead of having an employee uniform like most retail stores, the company chooses to have a dress code of business casual. But according to some former reviews, some managers aren't even that strict about it, allowing for jeans and other more casual clothing.

According to a former bookseller on Indeed, the training process usually consists of, “Training in the cash register, how to use the B&N database to look up books and other products, customer service skills, watching maybe 45 minutes’ worth of videos during my shifts on necessary skills mentioned earlier, etc.” (Indeed, 2022). This training lasts about a week’s worth of shifts, and overall employee sentiment is that they felt prepared to handle most of the challenges. To summarize, Barnes & Noble appears to be already hiring the right people and training them to match its current brand positioning

Currently Barnes & Noble has two different processes. You can buy from them either off the website, or more classically from the retail stores. However, there seems to be some problems with the online website. Sitejabber currently lists the website bn.com as, “Barnes & Noble has a consumer rating of 3.32 stars from 105 reviews indicating that most customers are generally satisfied with their purchases.” (SiteJabber, 2022). While this does not seem bad, it is important to note that this ranks them 13 overall in online Textbook sites. Meaning Barnes and Noble is not even close to competing with the likes of Amazon in the market for online purchasing of books. Currently, the process of purchasing something from Barnes & Noble from the website involves going to bn.com and browsing the website. Books can easily be searched by title, author, or ISBN at the top of the screen, you then can add to the cart and pay, sign in to purchase instantly, expedited shipping takes around 3 days. However, with all the shortcomings that have arisen from the online website, that has never been its brand positioning, but rather its focus has always been the retail store. The process is a lot simpler and more enjoyable. You enter the store, potentially grab a cup of coffee, and pick a book to read

and then sit down in the lounge to read. From there you can choose more books or buy that one. The retail process is meant to be relaxing which makes it easy to do business with. Whether you buy online or in-store, the return policy is 30 days.

As mentioned in the last section Barnes & Noble's focus has been on its physical retail stores. As such, physical evidence is arguably its most important “p” in the marketing mix. Since Barnes & Noble has tried to become a community center, each store is different. But there are some common genres found in each store. For example, romance, thriller, mystery, etc. The rest of the shelves are left for managers to decide based on community preference. This curates an even more personal feel. Employee's also make up a big portion of the Barnes & Noble experience. According to Barnes & Noble's Code of ethics, “Employees must dress in business casual. That being shirts/sweaters/blouses, closed-toed shoes, and knee-length or longer skirts/dresses.” (Barnes & Noble, 2021). But depending on different managers, some allow more casual clothing. This type of employee dress also aligns with the brand positioning of being a community center that appeals to younger and knowledgeable customers. Packaging is also meant to appeal to its customers, recently Barnes & Noble released these bags you get when purchasing a book.

Figure 13:



(ifitshipitshere.com, 2022)

As ifitshipitshere.com put it, a website dedicated to all things packaging, “This new series was designed to reflect the love of books without looking too self-promotional”. Using pages from famous books is the right step for the brand perception.

Overall Brand Critique, Prognosis & Recommendations

It is clear that Barnes & Noble is in need of a change not just to ensure its success, but also to guarantee its survival against the likes of Amazon and the everchanging public interest in physical book retailers.

As previously discussed, the Barnes & Noble brand needs to improve the cohesion of its brand identity across the board. This means coming up with a singular identity that is consistently found throughout all levels of the company; in its advertising, in its stores, and throughout its website.

In light of recent and ongoing ethical issues pertaining to Amazon, it is vital that Barnes & Noble strives to differentiate itself as an ethical and moral alternative that serves the broader community. This could mean the adoption of initiatives that provide back to local communities in some meaningful way. Barnes & Noble could also announce new practices intended to aid in the conservation of the natural environment that is most affected through its primary product, such as sending a certain percentage of sales from each book sold to conservation efforts.

Barnes & Noble should continue to focus on inclusion of and involvement with local communities, the practice that has been so strongly emphasized by its new CEO James Daunt. The hosting of events designed to involve the local community turns the

already existing store locations into a multi-use setting with additional value for existing and potential customers and helps to set Barnes & Noble even further apart from the more utilitarian Amazon. This community driven-approach also helps emulate the appeal and essence of indie mom-and-pop bookstores, a comforting and novel trait that Barnes & Noble's younger target audience increasingly favors.

While Barnes & Noble does not publish sales data on specific product categories, it seems more than likely that there are certain product lines or goods being sold that are returning less than desirable profits. As opposed to cutting entire categories of goods from its offerings, we recommend that Barnes & Noble reduce the sheer quantity of unique goods in each to maintain only the highest performing. This would mean cutting categories like movies and tv down to only blu-ray DVDs, which are by far the most successful physical format of entertainment in the current era of streaming. This cutting of nonessentials from the B&N Retail lineup means not just reduced costs for the logistics of acquiring and distributing said products, but also results in more funds to be put towards selling books at a lower cost. Customer loyalty and satisfaction in the book retail market reveal that consumers most heavily value low prices and ease of access to books; while it may be impossible for Barnes & Noble to overhaul its distribution model to really challenge Amazon's, increased resources to lower the costs associated with the titles Barnes & Noble carries may allow it to compete at a price-point level.

A massive point of contention for Barnes & Noble is what direction to take its NOOK line of products. While e-reading is growing as a market overall and the NOOK is still the second most popular e-reader in the market, it has continued to see decreasing sales and interest over the years. While dropping the NOOK lineup in its entirety may be

a profitable move in the near future, we recommend an overhaul of the NOOK's design and positioning to better suit niche avenues of the tablet and e-reader markets. This redesign and repositioning would be to better focus on business and student markets, with an emphasis on simple reading, writing, and typing capabilities starting at a markedly lower price point when compared to alternatives like Apple's iPad series.

To take a look into Barnes & Noble's promotional tools, one would find that it does a very good job, however, there is some room for improvement. To start, word of mouth advertising is probably the most effective source of promotion that it has. Nearly everyone in the United States knows what Barnes & Noble is, and what it sells. On top of this, the fact that it provides an excellent customer experience in the stores only serves to help its public image when it comes to the brick and mortar stores. Barnes and Noble also has many channels of marketing on top of this well known word of mouth marketing that it has. For example, it has television ads, online ads, posters in the windows and a strong social media presence that all promote its deals that it is currently offering. This presence is very good all around from the company, and it uses it to its advantage. It often has seasonal discounts on select items and consistently has sales on best selling books which are all advertised through its many channels. One thing that its competitor, Amazon, beats Barnes and Noble at is promoting the right deals to the right customers. This is rather difficult to do in a physical store, but the online store does not do this as well as Amazon. To further improve the promotional marketing, it could try to promote specific deals to customers that would be interested in them. This would increase the likelihood of customers wanting to buy from the website rather than from a competitor.

It is very difficult to find a place where Barnes & Noble could create more advantage through its pricing strategy. The fact of the matter is that Amazon can sell books for a loss because it makes massive revenue from other sources. This is not an option for Barnes & Noble as it is a bookstore not a web services giant. On top of this, it has to maintain the customer experience that it has so finely created with the overhead of running a store, employee wages and real estate. One thing that it could do, however, is to stop running constant sales on select books and offer more bundling discounts. Instead of running a sale on a specific title and hoping that customers will buy that specific book, it could offer things such as buy one get one 50% off or sales on whole sections of books instead. This would make customers more likely to buy books as the discounts would apply to whatever they want to read rather than what the company wants them to read. Ultimately, Barnes & Noble's pricing strategies are very effective, and there is not much room to improve considering the expenses that it must bear in order to maintain its current business model of a customer forward, in store experience rather than a model more oriented towards online sales. However, it could improve its pricing strategies by foregoing its method of having sales on select items that it believes customers would like to buy and instead giving the customers the power of choosing what they will receive discounts on.

Barnes & Noble has a very good distribution strategy. Arguably, its distribution strategy rivals even its most fierce competitors. This stems from the fact that it worked so hard on delivering the best customer experience. It has huge stores with hundreds of titles per store. This vast collection of inventory allows the stores to act as warehouses thus eliminating the need for many large distribution centers and warehouses. This is so

efficient because of the fact that most customers will be going to a physical store in order to purchase their goods. This means that it can fulfill its needs of inventory capacity while simultaneously giving in person customers a great experience with more titles than they could possibly read in one location. This is arguably one of its greatest strengths, and there is no real way to improve this facet of the business without first improving other parts of the business first.

Taking a closer look at the brick and mortar stores, one could focus on the people of Barnes & Noble. This company is very oriented towards providing customers with a great in store experience. This heavily relies on the people that are working in the stores. Each store has employees that will check out customers when they are ready to make a purchase and employees that work at a help desk. The employees at the help desk are there to help with any errors in a purchase or returns, but also to help customers find specific items in the sea of titles that is each store. These employees are also able to give recommendations to customers and try to help them find new books that would suit their interests. The company also has a publishing firm which means that they are partnered with many authors. This helps the brand of the company as its publishing firm has many big names as well as the fact that it is viewed as a way for new authors to self publish. The people of Barnes & Noble suit the company very well, and provide them with a good, happy, intimate brand. It appears that it does not need to change the people aspect of its business. The in-store process is one where it truly excels. The online process, however, could use some help. While it does not focus on online sales, it is still extremely relevant in today's world. It needs to improve the website and online order processes in multiple ways. It should make browsing for new

titles easier on the website. Granted the search system in place is very well designed, not every customer will know exactly which book they want to purchase. Also, it should have more options for shipping in order to compete with the likes of Amazon. Currently, expedited shipping takes three days while Amazon's expedited shipping could potentially reach the customer in the same day that they ordered it. Longer shipping times along with the higher prices that they charge give the customer no incentive to purchase from the website. It needs to address these problems before moving forward to anything else as these problems will be a large undertaking.

Finally, the physical evidence. This is the one place that the company tries its absolute best to improve at all times, and is the place where they soar high above all of its competitors. The in store experience is cozy, intimate, and a wonderful place to relax with a nice new book. Each store also changes depending on what the local community is like to provide the best possible experience tailored to each community's wants and needs. There are no big changes needed, the company need only maintain its course for this aspect of the business.

Overall, it is likely that Barnes & Noble will survive in the future but not thrive. Waterstones, the UK bookstore chain, provides an accurate indicator of how Barnes & Noble will fare in the future, meaning that Barnes & Noble will likely become consistently profitable in the next decade. Waterstones was in the red for many years after Amazon began selling books online, but James Daunt made the company profitable by defining the company in relation to its competition with Amazon (Carpenter, 2016). Specifically, his strategy was to create a traditional bookshop experience. This strategy led to Waterstones becoming profitable in 2017 after a seven year loss streak (Curry, 2017).

Now that Elliot Management owns Barnes & Noble, James Daunt is executing a similar strategy for the company. Because Barnes & Noble is a larger chain with about 620 stores compared to Waterstones' 283, it will likely take Barnes & Noble longer to become profitable. However, given the competitive similarity of the companies, Daunt's strategies will likely work again (Wikimedia Foundation, 2022a; Wikimedia Foundation 2022b).

Barnes & Noble will continue to use its strong brand equity and extensive store network to implement Daunt's strategy, allowing the brand to survive. This strategy consists of targeting mothers with children and young, educated, affluent people with frequent holiday promotions, quickly aligning promotions with product trends and fads, and developing a compelling in-store experience with local curation, events, and food and beverage options. Since strong brand equity and a national network of 600+ bookstores is not easy to quickly replicate, Barnes & Noble has a niche that will allow the brand to survive but not dominate book sales in the US.

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