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An Investigation of eMarketing within the Second Hand Book Trade

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Abstract

This Case Study investigates the need of independent booksellers to transfer some of their existing business on-line in order to meet customer demands and competitive pressure. The growth of eCommerce has had an impact on rurally located independent booksellers who can no longer rely on the loyalty of their customer to travel to them which has had a subsequent effect on the sustainability of the economy. This research concentrates on establishing existing customer demographic behaviour towards purchasing books on-line, defining the on-line customer segmentation and establishing whether they recognise the Internet as an effective tool with which to purchase books. It also evaluate which aspects of the marketing mix known as the 7Ps, customers perceive as significant (or not significant) and investigate how competitors are dealing with the impact of the Internet on their business. The results of this Case Study show that in order to offer eValue to their customers and maintain competitive advantage, the booksellers will need to offer the convenience of purchasing on-line, whilst concentrating on offering excellent customer service, which will include a user friendly Web site.

Keywords: *SMEs and eBusiness, eTourism and Processes, eMarketing.*

1. Introduction

With the development of the Internet and subsequent growth of on-line selling, the second hand book trade will need to identify, through eMarketing, how to integrate their on-line and off-line business activities with the purpose of finding, attracting, winning and retaining customers. With many of these small independent booksellers located in rural locations, the Internet has been imperative in their decision to address the competition in order to sustain the economy. These issues are never more prevalent than in the small thriving market town of Hay-on-Wye, which sits on the border of England and Wales and boasts 39 second-hand bookshops and as such, is being used for the basis of this Case Study.

Richard Booth established the book trade in Hay-on-Wye in 1961 and believed that a small rural town in Wales could become an International attraction by establishing a

“*Book Town*”. Hay-on-Wye achieved fame on a global scale due to the “*Book Town*” concept as well as Richard Booth’s ability for self-publicity. For example, on April 1st, 1977, Richard Booth established “*Home Rule for Hay-on-Wye*” and declared himself King. This publicity stunt established Richard Booth and his “*Book Town*” on the world tourist map and according to previous research has subsequently had an impact in securing sustainability on the rural economy in the area.

Other towns worldwide have attempted to imitate this concept, i.e. in Belgium, France and Holland, but without the flamboyant Richard Booth behind them, have failed to establish the economic growth felt by Hay-on-Wye. A research project undertaken by the University of Strathclyde showed by establishing Hay-on-Wye as a “*Book Town*” has had an incredible effect on the rural economy in the area (University of Strathclyde, 2005).

Although many of the bookshops in Hay-on-Wye are extremely successful, the bookdealers have become aware that with the increase of on-line book purchasing, Hay-on-Wye as a book centre will need to focus on an eMarketing strategy for their niche business.

It is the intention of this Case Study to undertake investigations into the fundamentals of eMarketing in the following areas:

- On-line Customer Segmentation: Identify the demographic and psychographic profiles of customers and recognise the benefits sought by the customer. What benefits are customers seeking? Excellent Customer Service? Low price? Convenience?
- The 7Ps and their on-line implications: Establish how eMarketing, based on the concept of traditional offline Marketing (Product, Price, Promotion, Place, People, Physical Evidence and Processes) can identify the perceived needs of customers.
- Competitors: Identify the competition in order to evaluate how the booksellers can overcome competitors' strengths and take advantage of their weaknesses.

This Case Study will determine the customer’s perception of the Internet as a tool to purchase books from independent booksellers and which aspects of the Marketing Mix they recognise as important (or not important). It will also establish current information on competitors and how they are dealing with the impact of the Internet on their business.

2. Theoretical Background

Research shows that books are one of the most popular products for sale over the Internet, with over 200 million books bought annually, which has resulted in a growth market worth over 3 billion a year. This growth in book sales over the Internet has threatened the existence of Hay-on-Wye as a book centre which has, in the past, based their success on traditional methods of selling. To counteract the threat of this potential competition, these booksellers will need to transfer some of their existing business on-line to meet the ever growing demands of the technology embracing customer.

In order to do this, the booksellers will need to understand the fundamentals of eMarketing which will assist them in identifying the demographic and psychographic profiles of their customers as well as establishing the perceived benefits sought by shopping on-line. This is one of the main challenges to any small independent bookshop as they endeavour to make the most of their Web site capabilities in order to understand consumer purchasing behaviour, improve customer relationship marketing and build customer loyalty. To address these issues they will need to concentrate on intelligent targeting of specific market segments.

With over 600 million people using the Internet worldwide at present, research shows that companies will need to adapt their traditional demographic segmentation to fit with on-line targeting and use a psychographic model which does not segment a target group by age, etc. but with regards to attitudes towards life. These psychographic profiles are commonly defined as Early Adopters, Mainstream and Laggards according to when, as consumers, they first adopted the Internet as a tool and their perception of the technology involved in its use. An alternative, but possibly less popular segmentation profiles categorises consumers as being one of two types: the Physical Shopper who is price driven and perceives the convenience of on-line shopping to be a benefit and the Virtual Shopper, individualistic and more ready to use on-line media for information collection and purchases. However, one of the most comprehensive psychographic and demographic segmentation profile of on-line customers is described by eTypes (2006) using 7 main categories, as shown in Table 1.

Table 1: 7 main categories of on-line psychographic and demographic segmentation by eTypes (2006)

Number	Category	CATEGORY DEFINITION
1.	WIRED 4 LIFE	Experienced Internet Users
2.	SURFING SUITS	People who use the Internet as an effective aid to their existing lifestyle
3.	GENERATION E	These young people are highly likely to use the Internet
4.	DOT COM DABBLERS	A Mixed Group primarily defined by their late middle aged demographics who vary in their Internet use
5.	SILVER SURFERS	Generally older people use the internet extensively. This group aged 55+ has average internet use, which is high relative to their age.
6.	VIRTUAL VIRGINS	These people are currently uninterested in the Internet or will have started relatively recently.
7.	WIRELESS WONDERS	Predominantly older people uninterested in the internet.

The booksellers, when prior to developing their eMarketing campaign should take into account how the on-line marketing mix will affect all four/seven traditional Ps. An adaptation of Herzberg's Hygiene – Motivation Theory attempts to explain the eConsumer motivation for purchasing on-line as being low prices (Price), convenience (Place), ease of use (Processes) Web site and excellent customer service (People). In addition, the bookshops should be aware that the traditional promotional aspect of the marketing mix needs to be addressed by making it a major part of their promotional on-line activities. Finally, the booksellers should be aware that competition could come in the form of downloadable books (Product).

To counteract competitive forces, the booksellers will need to investigate competitors perception of selling on-line. Also they will need to evaluate the competitions long term

strategies with regards to services such as personalised selling and eBooks. Finally, Hay-on-Wye as a book centre should not perceive that large Internet based booksellers generating unprecedented economies of scale as being a barrier to entry for selling on-line. In fact, the Internet makes the book business more cost effective for the smaller bookseller especially as they no longer have to wait for the customer to come to them but can reach out themselves to a less seasonal global customer.

3. Research Methods

It was decided to triangulate the research methods by using Case Study, Questionnaire and Interview techniques which would allow the research to gather and subsequently analyse the data from different view points. The research took into consideration the position of the bookshops now and where they hope to be in the future.

For the purpose of this research, it was decided to undertake a Quota Survey of 100 customers. The questionnaires main aim was to establish the bookshops target market (Demographic and Psychographic). Quota Sampling allowed the researcher to select customers to fill out the questionnaire in proportion to the profile (sample the customers using the correct quota), i.e. 50% Men and 50% Women. The questionnaires were needed to gather information such as demographic information, customer attitude towards the Internet and also their perception on purchasing on the Internet. Whereas Interviews, were used to obtain information from competitors as well as to gather information from the management of the bookshops for inclusion in this research. This investigation does acknowledge that are limits to this form of research, i.e. sampling problems, time pressure and cost per interview, but this was thought to be insignificant compared with the information that was obtained through this method.

It was decided to interview 4 bookshop proprietors in Hay-on-Wye (similar type of shops, selling similar subject areas) and 3 bookshop proprietors located outside Hay-on-Wye. This research addressed the bookshops competition (on-line and off-line) Interviews were semi-structured, with a combination of closed and open-ended questions, which gave more flexibility.

Questionnaires were administered over consecutive weekends (both Saturday and Sunday) throughout February. This amount of time was required due to the low amount of customers entering the bookshops during the winter months. Hay-on-Wye placed interviews took place in December and January and the “*out of town*” interviews took place throughout February.

4. Results

All the booksellers that were interviewed had already established an effective Web site. They gave various reasons for developing their on-line strategy but the common themes included customer pressure, cheaper and more up to date than paper based catalogues and the potential to reach a global market 24 hours a day. The Hay-on-Wye booksellers had seen, on average a growth in sales of 25% through their Web site and had great expectations for the future.

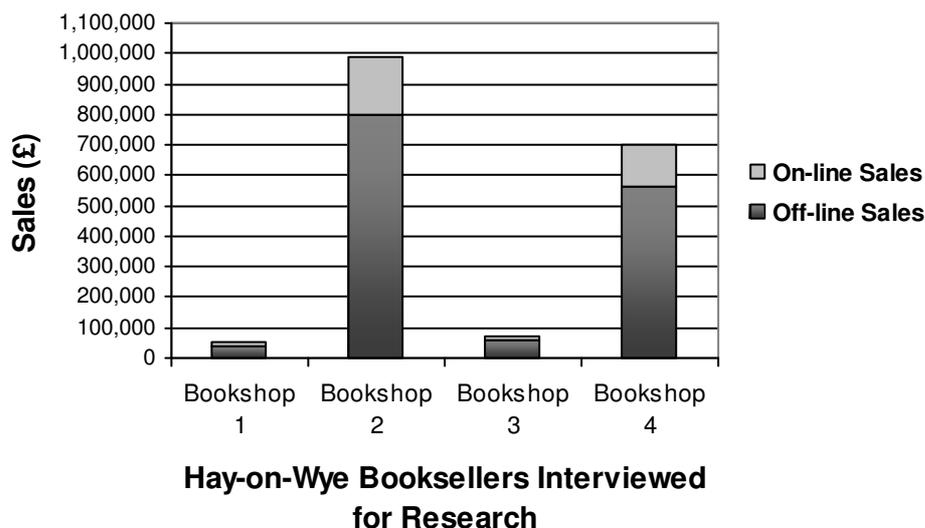


Figure 1: Average growth of on-line sales for the Hay-on-Wye booksellers compared with their off-line sales.

Having established how the booksellers in Hay-on-Wye perceived how the Internet will affect their business in the future, this research concentrated on establishing their customer segmentation profiles. This was crucial in order to establish their customer’s demographic and psychographic profiles in order to determine their perceived future book purchasing needs and wants.

Male and female customers entering the bookshops were found to be similar demographically and were on average, married, aged between 36 - 45 with teenage children. They were typically educated to A’ Level standard and earning between £20,000 and £24,999 per annum. The research shows that males were more likely to follow a career as a teacher or lecturers, whilst females were less career orientated and were occupied as housewives.

The gender differences were more apparent when researching their preferred subject areas, with males favouring Sports/Games, Military History and Travel and Topography books and females choosing to browse for Children’s and Adult literature.

Investigations into their on-line psychographic profiles showed that there were once again similarities between the genders, with both males and females using the Internet and classified as “early adopters”. They were also categorised as “physical shoppers” who perceived that the convenience of shopping on-line as being a benefit to them. These “surfing suits” differ somewhat in their attitude to the Internet with males known as “power users” and females as “proficient transactors”.

With reference to the 7Ps and their on-line implications for the customer, results showed that males perceived convenience (Place) and Web site usability (Processes) as being very important; whereas females felt that customer service (People) and Web site usability (Processes) as being a priority. Both males and females agreed that the least important aspect of shopping on-line would be the ability to download books (Product).

In conclusion, the bookshops located outside of Hay-on-Wye, deemed to be competitors of the Hay-on-Wye booksellers, have all considered closing down their “bricks and mortar” shops in the future and concentrating on selling entirely on-line. They felt that if, by selling on-line they could attain a turnover equal to or in excess of their current off-line business they would increase profits by eradicating overheads such as rent, heating,

and the employment of staff. All the booksellers interviewed recognised that their long term strategic plan should include being able to offer a personalised service such as matching books to customers' preferences. An unexpected result showed that only 30% of the bookshops perceived that eBooks or downloadable books from the Internet were likely to become a threat to their business in the future.

5. Discussion

The booksellers in Hay-on-Wye are realising that they are no longer able to rely on Richard Booth and his ability for self publicity. The second hand book trade, once a "cash cow" is now a "question mark" and as such Hay-on-Wye as a book centre has had to address the long term strategic goals in order to sustain, not just the book business, but also the rural economy reliant on the influx of tourism in the area.

Due to the growth and development of the Internet, traditional second hand booksellers recognise that they no longer have the monopoly on being able to offer the choice and variety of books that originally allowed them to be part of such a successful book centre. Customer pressure has also ensured that the booksellers have recognised the need to embrace the Internet as an integrated part of their existing business. Previous to this, the booksellers had all relied heavily on selling to customers via their "bricks and mortar" shops and also through paper based catalogues. The Internet has allowed them to stop spending crucial revenue on printing, collating and packaging of these paper based catalogues, all of which were out of date the minute they were completed, and concentrate on developing on-line catalogues which are not only cheaper but can be updated hourly. They have not only seen an increase in sales due to reaching a global market, they feel they are no longer constrained by the "bricks and mortar" shop opening hours of 9 to 5.

The questionnaires generated a broad demographic and profile of the customers and their needs, wants and perceived future requirements from the bookshops. These results may have been further strengthened by the implementation of a customer focus group and maybe a consideration for any further research. This focus group could be made up of customers who visit Hay-on-Wye to purchase books and would have allowed the generation and benchmarking of innovative strategies which may be critical in assisting Hay-on-Wye in sustaining its position in the bookselling sector. These questionnaires did stimulate some interesting similarities between the male and female demographic and psychographic customer base and some divergence in their perceived use of the Internet for purchasing books. As predicted males favoured stereotypical subjects such as Sports/Games, Military History and Travel and Topography and females preferred subjects such as Children and Adult literature.

The psychographic customer profile used on-line classification which showed that both male and female customers had been using the Internet to purchase books for sometime (early adopters), enjoys flicking through paper based catalogues before deciding what to purchase, has a budget to adhere to and is generally brand loyal (physical shopper). Whereas both males and females like to use the Internet as an effective aid to their existing lifestyle (surfing suits), males tended to spend the most time on-line; have high trust in technology and the safety of on-line transacting; use the Internet for financial transactions, information and entertainment (power users) compared with females who have less experience with PCs and on-line services and are slightly less affluent (proficient Transactors).

It was decided to include customer perception of the on-line marketing mix and evaluate which of the 7Ps were deemed as important to the bookshop customers. Males rated convenience of purchasing on-line as significant and this translated into Place in the marketing mix. They agreed with the statement by Windham & Orton (2000) who define

Place as “*The activities necessary to ensure that the product is made available to customers when, where and how they want it.*” Females however, perceived that the People element of the marketing mix which refers to the how an organisations’ staff interact with customers and other stakeholders during sales and pre and post sales was of importance to their reasons for purchasing books on-line. Both males and females agreed that the Process element of the marketing mix which refers to the methods and procedures companies use to achieve all marketing functions which would include user friendly interfaced Web sites were an influence on their decision to shop on-line; whereas being as being able to download books (Product) straight from the Internet was not a priority for either gender.

Although only a small sample of traditional second hand booksellers located outside of Hay-on-Wye were interviewed, it was felt that they gave an adequate representation of the competition as they were the same size, procured stock in a comparable way and attracted similar customers. These out of town second hand bookshops appeared to be in a less favourable position than their Hay-on-Wye counterparts due to the fact that they were not able to attract customers as readily as they did not have the benefit of being able to offer the volume of books that Hay-on-Wye as a centre was able to offer. As such, if they felt that if they could ensure that their Internet sales attained a better turnover than their off-line sales, then they would consider closing their “*bricks and mortar*” shops and trading solely on-line in the future. The savings on utilities and rent, as well as the employment of suitably trained staff could be seen as an incentive for instigating a long term strategic goal of concentrating solely on selling on-line.

Can these out of town bookshops be considered competition to the existing business of Hay-on-Wye as a book centre? With the development and subsequent growth of the Internet it is anticipated that any specialised second hand book business located anywhere in the world will be able to attract the same customer base that previously relied solely on purchasing their books from Hay-on-Wye. It is apparent therefore from this investigation that in order to gain a competitive advantage, the booksellers in Hay-on-Wye will need to offer “*excellent*” customer service in order to add value to their Internet book business. This “*excellent*” customer service takes the form of not only offering the convenience of shopping on-line by way of a user friendly Web site but also offering a personalised shopping service whereby books are matched to the customer and offered regularly by way of eMail or short Internet based catalogues. The existing customer base does not appear to purchase their required book content via the Internet in the form of an eBook or downloadable book at present. Although this may not be perceived as a threat to the bookshops at this moment in time, it is an issue which secondary research has shown as being an essential consideration for the future.

6. Conclusions

Hay-on-Wye booksellers should use the Internet as a tool to maintain and enhance existing customer relationships as the majority of their customers indicated their wish to be offered this service. These customers do not however, perceive themselves purchasing entirely on-line in the future, as they still enjoyed the tangible aspects of shopping at the bookshops and stressed that friendly, informative staff was a benefit from purchasing directly from bookshops in Hay-on-Wye. The booksellers will need to integrate their on-line and off-line business in order to ensure “*excellent*” customer service for both elements. On-line this can be done by ensuring they have a user friendly interfaced Web site and good off-line contact information. They may still need to offer their customers specialised subject paper based catalogues and this service can also be transferred on-line. This way the bookshops are satisfying all customers’ preferences towards purchasing books thus satisfying their needs and wants.

They may supplement their sales by following certain avenues that became apparent through this research as being a growth area within the bookselling sector. For example, children's books which are a preferred purchase of female customers, through the rise in the popularity of authors such as J.K. Rowling, Jacqueline Wilson and classics such as A.A. Milne's Winnie the Pooh. This is definitely an area the bookshops may need to concentrate on in the future.

Customers did not however, see personalised bookselling as a priority as yet though it is an area which would benefit from further research, as it is predicted by many leading experts as the way of the future. To offer this service, booksellers would need to realise the benefits of broadband and the future could see booksellers everywhere to conducting business, discussing great works of fiction, finding and selling out-of-print books and all in "real time" whilst still remaining in their chosen locality. Whatever their customer needs, the booksellers must be willing to evolve with the times and employ broadband technology along with an in depth knowledge, experience, attention to detail and personal service, all in "real time" - while at the same time carving out their place and presence on the internet.

Fundamental Internet and eMarketing concepts have also allowed global competitors to enter the booksellers market. No longer restricted by distance or size, global competitors can offer the customer more choice, and at ever more competitive prices. To counteract this global threat, the booksellers should concentrate on their original core business of antiquarian, out-of-print and collectible books rather than generic "supermarket" fiction with which they have no chance of competing on price and place (marketing mix). This could result in "bricks and mortar" shops becoming a significant entity again as customers are more likely to travel to soak up the atmosphere and distinct aroma of the second-hand bookshop, or experience the tangible feeling of handling a rare volume or locating that hard to find, first edition.

In conclusion this paper recognises that Internet only booksellers such as Amazon.com have become a significant threat the booksellers as they do not suffer the same inefficiencies as a "bricks and mortar" bookseller. Can Amazon's proven approach in new book selling achieve the same market penetration within the second-hand sector? Can Hay-on-Wye or similar second-hand book centres really be under threat from businesses such as the Advanced Book Exchange, a leading worldwide Internet platform for second-hand, out of print and antiquarian books? All the booksellers should be addressing this problem by either posting their books on-line or selling through affiliate Web sites or similar schemes such as eBay, Amazon and Abebooks who now feature second-hand books sections. This way of selling has actually seen some smaller second-hand booksellers closing their bricks-and-mortar bookshops and selling exclusively on-line. They have been joined by hundreds of part-time booksellers who trade second-hand books from their garage or spare room; many of whom are known as "penny sellers" who make their money from shipping and handling fees, i.e. through eBay.

Even though a few of the Hay-on-Wye booksellers have already linked to affiliate Web sites, in the main, they agreed that a dedicated Web site is a necessity in today's competitive second hand and antiquarian book market, in which the customer tended to shop by "title" rather than being loyal to specific booksellers.

Future research may look into how small independent booksellers can collaborate in order to compete with the large global Internet booksellers.

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