

FROM BOOKSTORES TO DIGITAL ERA

HOW AND WHY THE INFORMATION-SEEKING BEHAVIOR IS CHANGING IN EDUCATION AND
WHICH ARE THE MAIN FACTORS THAT CAUSE THOSE CHANGES AND ITS IMPACTS AND
CHALLENGES ON THE FUTURE OF THIS BUSINESS

Marta Sofia Abrantes Lousada

Case Study

Master of Science in Business Administration

Supervisor:

Professor Pedro Dionísio, Associate professor, ISCTE Business School,
Marketing, Operations and General Management Department

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ABSTRACT

In the last years, the book market has been struggling with the increasing technological developments and with the crisis on the European economy and in particular on the Portuguese economy. For books, such as books targeted to graduate and pos-graduate education, their price is, according to the consumer, beyond the means of purchase. Thus, the consumer chooses to process less expensive as the use of information available on the Internet, the slides of classes or copy all or part of these books.

Despite the points of sale of books have increased, notably in 2009 with the entry of Worten (a brand of the Sonae Group) in this market, GfK data indicate that the sale of university books in bookstores chains, hyper and supermarkets (not independent) reached a volume of sales of 14.7 million euros in 2011, less than 5.5% over the previous year.

Other sectors, notably the discography industry, have suffered and continue to suffer something similar. But, however, it seems to have already found ways to overcome this challenge which result of a highly technological development and the increasing importance of digital.

Thus, the Portuguese Association of Publishers and Booksellers (APEL) ordered a study that has as goal quantify the university books market and know the needs of the students, their feelings about prices, law, new technology and other stuff related with the industry. The study was done by GIEM from ISCTE-IUL and I was part of the team who did it.

This case requires of the resolvent, a research and careful analysis on the circumstances of the book market and consumer expectations, so they can find solutions to the problem presented. This case presents a real and practical approach, making it relevant in the knowledge of reality applicable to one of the oldest industries worldwide, which is facing challenges to be overcome, passing by the amendment of the traditional business model.

Key words: Edition, Bookseller Industry, Technology, Innovation, Illegal Copying

JEL classification: M31 Marketing; L81 Retail and Wholesale Trade; E-Commerce; L82 Entertainment; Media

SUMÁRIO

Nos últimos anos, o mercado livreiro tem sofrido com a crescente evolução tecnológica e com o aperto que se sente na economia europeia e, nomeadamente, na portuguesa. Relativamente aos livros de estudo, como os livros destinados ao ensino superior, apresentam valores, segundo o consumidor, acima das possibilidades de compra. Assim, o consumidor opta por vias menos dispendiosas como o recurso a informação disponível na internet, a slides de aulas ou à cópia parcial ou integral desses livros.

Apesar dos pontos de venda de livros terem aumentado, nomeadamente em 2009 com a entrada da Worten (insignia do grupo Sonae) neste mercado, dados da GfK referem que a venda de livros em grandes superfícies e cadeias livreiras (não independentes) atingiram um volume de vendas de 14,7 milhões de euros em 2011, menos 5,5% face ao ano anterior.

Outras indústrias, nomeadamente a discográfica, já sofreram e continuam de certa forma a sofrer. Mas, todavia, parecem já ter encontrado formas de ultrapassar este desafio fruto de um mercado altamente tecnológico e voltado para o digital.

Assim, a Associação Portuguesa de Editores e Livreiros (APEL) encomendou um estudo cujo objetivo é quantificar o mercado dos livros universitários, perceber as necessidades dos estudantes e a sua perceção face ao preço, à lei, às novas tecnologias e a outras questões associadas à indústria livreira. O estudo foi feito pelo GIEM do ISCTE-IUL, sendo que eu participei na equipa de trabalho e em todas as pesquisas e estudos de mercado que foram realizados, bem como no tratamento, análise, conclusões e desafios no estudo apresentados.

Este caso requer por parte do resolvente, uma pesquisa e análise cuidada sobre as circunstâncias do mercado livreiro e das expectativas do consumidor relativamente a este mercado, de forma a que consigam encontrar soluções para a problemática apresentada. Este caso apresenta uma situação real e prática, tornando-o relevante no conhecimento da realidade aplicável a um dos mais antigos setores mundiais que vêm pela frente verdadeiros desafios a serem ultrapassados que passam pela alteração do modelo de negócio tradicional.

Palavras-chave: Edição, Setor Livreiro, Tecnologia, Inovação, Cópia Ilegal

JEL classification: M31 Marketing; L81 Retail and Wholesale Trade; E-Commerce; L82 Entertainment; Media

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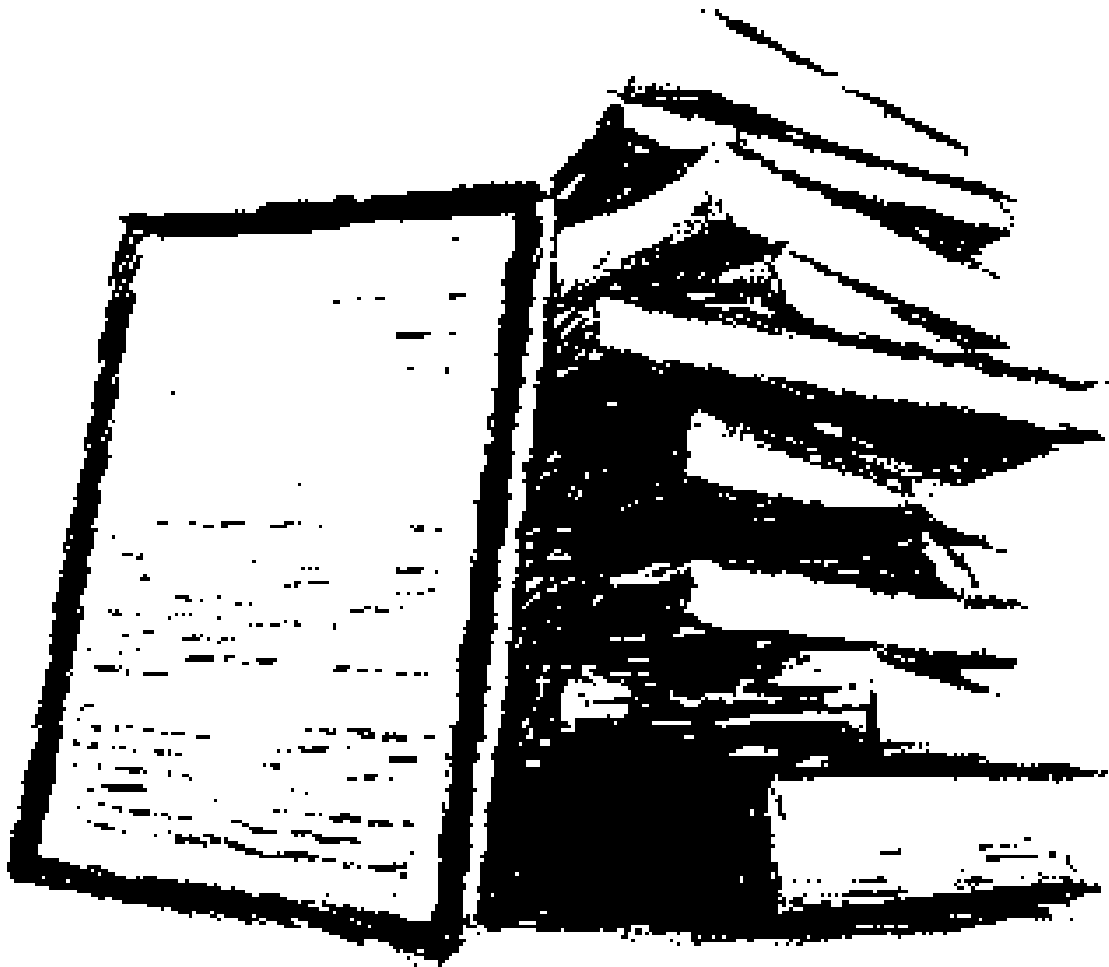
FROM BOOKSTORES TO DIGITAL ERA

BOOK SECTOR

HOW TO OVERCOME THE MARKET CHALLENGES

ILLEGAL COPY, ILLEGAL DOWNLOAD, NEW TECHNOLOGIES AND A CHANGED CONSUMER

CASE



Case Study undertaken by Marta Lousada and supervised by Prof. Pedro Dionísio
Recommended for students or professionals of marketing and management fields

This case study was written by Marta Lousada, management and marketing student with the supervision of Professor Pedro Dionísio, associate professor at ISCTE Business School. The data presented are based on a research study to APEL – The Portuguese Association of Publishers and Booksellers – made by an ISCTE team which both participated. All the market data and the estimations presented were taken from the referred study. The case study is exclusively for academic study and discussion, and its use in any other shape or form is forbidden. Violation of copyright will be result in prosecution. © Marta Lousada and Pedro Dionísio

Problem Presentation

Since the publisher and booksellers market in Portugal are facing the greatest crisis in the last few years and since there is not available organized information about the key indicators downstream and upstream this market, in June 2011, the Portuguese Association of Publishers and Booksellers (APEL) asked GIEM/ISCTE - Centre for Research and Training in Marketing of ISCTE Lisbon University Institute – to structure the information concerning with the Portuguese books market, featuring the industry's publishing and bookselling, as well as its economic and social importance in Portugal. APEL wants, as well, identify the negative impact of illegal copy editing and selling technical books.

The booksellers market is facing difficulties meaning there are independent bookstores closing and the books are not selling anymore. The consumer is investing their money in other culture and entertainment activities such as music concerts and live events. On the other hand, when we are talking about the books at an education level, in particular to graduate education, the students are moving their attention to Internet, slides took from classes, their own notes, libraries or even to an illegal copy of the book or the part of the book which is required to finish a specific team work or paper.

If in the past there were fewer distractions such as write, read, theatre and other celebration events that bring people together, nowadays there is much more entertainment activities that distract the people's attention like cinema, music festivals, technology such as video games, smartphones, music devices, laptops, and all the tools available through the internet, for example social networks and other online games.

Thereby, it's imperative to bring the passion of reading a physical book back or, at least, the passion of reading over other entertainment activities, even a book read on a screen as a kindle.

The business model of selling books has to change. The consumer has changed.

The resolvent should assume the APEL's position, meaning do the market diagnosis and propose some action in order to solve the problem presented.

Data Organized By Theme

MARKET CONTEXT

Supply Chain

The books market is complex with many players operating at the same time.

Nowadays, in Portugal, the most important elements of the supply chain are the publishers, since they have the responsibility of put a book selling on the market. In the case of Portuguese books, **upstream the publishers (See exhibit 1)** there are:

- » **the authors;**
- » **the reviewers** who may be internal to the publisher or external service providers;
- » **the graphic publisher** that it is, usually, external;
- » **the graphic printing** that in the case of the huge publishers just provide the service and not the paper; the bookbinders when the binder is done outside the company of graphic printing;
- » last, can be **other service providers** such as promoters or other companies that are responsible for the communication of the book on the market.

Regarding the foreign books should be considered the following specificities: the publishing rights which are acquired by the Portuguese publisher and may be a literacy agent to broker the deal. The foreign author will receive a percentage of the books sales, meaning what a part of what the Portuguese publisher has received. Lastly, there is a translator who is responsible to put the books content in Portuguese.

When the books are imported directly from the foreign country, the entities upstream the publisher does not exist in Portugal, only in the country where books come from.

Downstream the publishers there are:

- » **the wholesalers** that represent exclusively one publisher. Although, there are small and medium publishers which have deals with distributors, such as Bertrand, Dinalivro, Dinternal and Servensino. But usually the huge publishers have their own distribution network;

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- » **the retailers with physical stores** are many with several formats: the traditional independent bookstore, the chain specialized in selling books such as Bertrand or Almedina, the biggest entertainment chains such as Worten or Fnac and, last, the hypermarket chains that are selling books since 2008 such as Continente (from Sonae group) or Auchan;
- » **the online sites** that sell books through the internet. Those sites can belong to publisher – for example Wook or Mediabooks - or to retailer – such as Fnac, Bertrand or Bisturi;
- » there are some **schools** or **colleges** which buy the books from the publishers and resell directly to the students;
- » several **specialized stores**, for example pets stores, souvenir stores, petrol stations;
- » small **street stalls** which sells books and magazines many of them of collection;
- » **the installment plans** which sells encyclopedias and books collections by a sales force. This way of selling books is in disuse since the rise of the internet;
- » **sales directly to organizations** to offer to clients – mainly the pharmaceutical companies – and even to libraries.

Editorial Market

Nowadays, the editorial market is concentrated by two huge groups: **Porto Editora** and **Leya**. Both are operating, mainly, on the market of required books, meaning the books which are mandatory to school until the university, although currently its business was diversified downstream and they sell other types of books to the final consumer. (See exhibit 2)

a. Porto Editora

The Porto Editora group, “the biggest editorial group in Portugal”¹, counts, upstream, with Bloco Gráfico which is a company of graphic art, edition and multimedia services. The publishers that are part of the group are: *Porto Editora*, *Areal Editores*, *Ideias de Ler*, *Raiz Editora* (since 2012, previously called *Lisboa Editora*), *Sextante Editora*, *Assírio & Alvim* and *Albatroz*. Then, downstream, there is the biggest online bookshop in Portugal, *Wook*.

At an international level, Porto Editora has another two publishers operating in PALOP which are *Plural Moçambique* and *Plural Angola*.

In 2010, Porto Editora acquired the *Direct Group* hitherto belonging to the group *Bertelsman*. Thus, the Porto Editora group reinforced its position on the market with the publisher

¹ <http://www.portoeditora.pt>

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Bertrand that has the brands *Pergaminho*, *Quetzal*, *Temas e Debates* and *ArtePlural Edições*; the distributor Bertrand, the retailers stores Bertrand and last the book club *Círculo dos Leitores*.

b. Leya

Regarding the Leya group², the brand is strong related with the books destined to education. There are many publisher brands under the Leya group, such as: *Texto*, *Asa*, *Gailivro*, *Novagaia* and *Sebenta*. Besides, there are others publishers responsible by more generalist books such as *Academia do Livro*, *BIS*, *Caderno*, *Caminho*, *Casa das Letras*, *Dom Quixote*, *Estrela Polar*, *Livros d'Hoje*, *Lua de Papel*, *Oficina do Livro*, *Quinta Essência* and *Teorema*.

Likewise, Leya group has diversified its business downstream with six own physical bookstores throughout the national territory and an online store called *MediaBooks*.

c. Other publishers

» The **Civilização** group has a huge experience on the market, with more than a hundred years of existence; the group operates as a publisher and graphic editor. Since 2005 acquired the bookstores chains *Bulhosa* and *Leitura*.

» The **Babel** group, founded in 2010 by Paulo Teixeira Pinto, after acquired the bookstores *Guimarães* formed the group based on *Verbo* group activities, *Ulisseira*, *Arcádia* among others. This group is operating abroad, specifically in Brazil.

Regarding the publishers market, there are other few publishers with a substantial dimension such as **Editorial Presença** and *Gradiva*.

The publishers of books that are devoted to college can be divided into two groups:

- » **traditional publishers** such as *Almedina*, *Coimbra Editora*, *Lidel* group and *Sílabo*;
- » **college publishers** associated with eleven Portuguese universities and eight colleges or institutions.

² <http://www.leya.com>

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Booksellers Market

Among others smaller retailers, there are three important players:

- » **Fnac**³ is a French group, operating at an international level that sells entertainment, cultural and electronic products. There are seventeen stores in Portugal which are consider the largest are of selling books by a single company;
- » **Bertrand**⁴ that as previously describe has an integrated supply chain with publisher, distributor and retailer under the same brand;
- » **Sonae**⁵ group with three different points of sale: the hypermarket Continente and the specialized stores Worten which are selling books since 2008, and others sixteen bookstores under the brand Book.it, launched in 2007, that are specialized in selling books, magazines and other material that are related with office stationery stuff.

APEL – PUBLISHERS AND BOOKSTORES ASSOCIATION IN PORTUGAL

The Association was founded in 1927⁶ but only in 1974 is known under the currently name. The association link individuals and companies that operate for-profit publishing, retailer activities in Portugal and other non-profit organizations that were already members of the association before 1974.

The main responsibilities of the association are protect the interests of its members, giving expertise advice when consulted; do and promote guidelines and regulation documents about the sector meaning the editorial, distributor and retailer books market; study the market issues regarding the needs and legislation, contributing to the development and improvement of the sector.

APEL also promote some activities that streamline the business and provides visibility to the authors and books such as book fairs. In 1985 created the first catalogue that listed all the books' titles available. In 2010 was edited the first CD-ROM with approximately 107 thousands of titles, free books, rented and available books in book clubs. The CD-ROM can be updated by signature.

³ <http://www.fundinguniverse.com/company-histories/fnac-history/>

⁴ <http://www.grupobertrandcirculo.com/quem-somos/historia/>

⁵ <http://www.sonae.pt/pt/sonae/historia/>

⁶ [http://www.apel.pt/gest_cnt_upload/editor/File/Microsoft%20Word%20-%20HISTORIA%20DA%20APEL\(1\).pdf](http://www.apel.pt/gest_cnt_upload/editor/File/Microsoft%20Word%20-%20HISTORIA%20DA%20APEL(1).pdf)

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Since 2005 that the bibliography of the Portuguese books can be search online and there is a growing interest by booksellers and public in general on that at a national and international level.

APEL is a member of the International Publishers Association (IPA) and also a member of the European Booksellers Federation (EBF). These international memberships and connections ensure that the Portuguese members has access to updated information and know on time the market trends and also can participate in international fairs that are benefic to the members and enable them to bring new titles from other foreign authors or open the door to internationalize the Portuguese authors and publications.

THE IMPORTANCE OF BOOKS BUSINESS IN THE ECONOMIC ROLE

Sources of Information

In order to quantify the market and show the importance of this sector in the Portuguese economic role, it was considered the information available at the National Statistics Institute (INE – Instituto Nacional de Estatística⁷). Thus, the methodology used by INE is based on the economic activity code (EAC) which means that only are consider the organizations registered with the publishing (EAC 58110) and the books retailers (EAC 47610) code. Thereby, it is excluded all the organizations that sell books but that are not registered with the books retailer code, for example it is not consider the sales in the hypermarkets and in entertainment stores such as Fnac.

However, there is other entity that studies all the sales in hypermarkets and in other large store chains which is GfK⁸. Therefore, the market analysis has two different sources of information: INE for all the publishers, independent stores and specialized chains such as Bertrand; and GfK for all the others stores that sell books such as hypermarkets, Fnac and Worten.

Number of Books

The number of books published and imported in Portugal has been decreased over the last years. In 2009 it occurred the highest decrease meaning -43.3% less books published and/or

⁷ http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_main

⁸ http://www.gfk.pt/retail_and_technology/servico_ao_retailho/index.pt.html

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imported than 2008. In 2010 the number of books increase 19%, however in 2011 there was other decrease (-27.6%).

Volume of Sales

According to INE, the sales **of published books** in 2009 **decreases 12%** compared to 2008, from 404 to 357 million. Assumed limitations on the quantification of retail sales, the statistics show that there was an increase of sales in 2008 from 247M€ to 252M€ (+2.0%) and in 2009 from 252M€ to 260M€ (+3.2%). All the calculations were done with current prices. So, the increase is almost null.

Despite the calculations have been done based on two sources of information, and it is important to mention that the GfK's data does not consider the sales of university books, the value which was reached does not correspond to the real value because there are other points of sales that **are not** on the statistics such as:

- » Publishers and bookstores, through their websites;
- » Books clubs, including the Círculo dos Leitores;
- » Books targeted to school in hypermarkets and other stores chains (not counted by GfK);
- » Others types of stores that sell books (eg, pet stores, tourist shops, among others);
- » Books sold in tobacconists and kiosks;
- » Sales to other organizations and libraries.

The sales of the other channels pointed above are estimated between 50 and 80 million euros. Thus, it is possible appraise the **real market value of retailers between 310 and 340 million euros per year**.

Quantification of Publishers and Retailers

The number of publishers in Portugal is stable. However, the number of organizations with this EAC seems, according to some experts, not correspond to the reality.

In 2008, the number of points of sale increase substantially since opened large stores and Worten (the specialized retail stores from Sonae's group) started to sell books. Therefore, in 2009 it had 650 independent bookstores and 229 small and medium surfaces which corresponds to stores of Worten, hypermarkets namely Continente, El Corte Inglés and Staples.

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Key Indicators

The Bank of Portugal (BoP) is the most reliable source to analyze the sector performance based on some key indicators. The information is organized by EAC and it was selected some indicators that show how the market is going. Note that the small and medium stores (hypermarket, Fnac, Worten...) are not considered.

Based on BoP, there are many companies registered under these EAC's. The sector is composed by many small companies that reach in average about 1 million euros per year and each one employs around 7 people. However, the crisis climate is contributing to downsizing and in 2010 the value is around 4 people.

Regarding with the books sales in specialized stores, there are many independent bookstores registered and almost all small whose sell around 0.5 million a year, generate negative results and, consequently, loss profit. Each company employs, on average, 5 people.

Regardless of the imports having increased, they are not covering 50% of exports yet. **(See exhibit 3)**

a. Turnover per Company

The publishing companies registered, on average, a turnover superior to the average national turnover per company. On the other hand, the books retailers registered values blow the national average.

b. Employment

The number of people working in this sector has declined mostly in publishers. In 2009, the number of people in publishers has decreased 9.6% and in retail stores has decreased around 5.7%.

Regarding with the workers' qualifications, most of them has the high school. However, in the last few years the qualifications has increased as a result of a high number of graduated people seeking job. The qualification level is increasing transversely to all of sectors.

When compared with the national average, it possible to concluded that the people working in this sector are more qualified. For example, the number of workers with college education, meaning that went to university, is more than twice the national average.

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c. Average Payment and Receipt Periods

The retailers have a short average receipt period since they are selling directly to the final consumer. Regarding with the average payment period both publishing and book retailers are clear above of the national average.

This gap between the periods can be explained by the existence of other entities involved in the roll process such as distributors or hypermarkets which the periods are larger.

d. Assets turnover

Regarding the publishing sector, the assets turnover takes more time than in the retail and the national average. That fact can be explained by the many titles published and that are not being distributed to the bookstores, increasing the accrued stock.

On the other hand, the retailers can manage better the stocks according to the demand and thus avoiding increased costs.

Sales of University Books

Since the books targeted to university are mostly technical books and can be purchased by people interested in the topic that are not necessarily studying it at the college, becomes difficult to find out how many books are being selling just to college goals.

According to GfK (note that the independent bookstores are not being consider), in 2008 the sales increased 21%. However, in the following years the sales have being decrease: 3.3% in 2009, 0.3% in 2010 and, the largest decrease, 5.5% in 2011. (See exhibit 4)

The books that are selling more are the ones that are targeted to Law, Human and Social Sciences and Management courses, since that all of them represent more than 80% of the whole sales in volume on the market (considering as market only the university books). The same happen in value. The books related with Law represent almost 50% of the sales, mixing the number of books sold and the average price of a law book. However, the most expensive books are the Medicine and Nursing with an average price of 31€. The Engineering books are the second ones more expensive, costing around 28€, on average, per book.

According to GfK, the Medicine and Nursing books are the ones which sell less, representing only between 2 and 4% of the market in value. Notes that GfK's data do not consider the sales

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of specialized bookstores. Many of the purchases of these books are done in specialized stores and mostly the college has its own bookstore with an assortment of books targeted to its students' needs. So, many sales of these books are not considered on that source.

In the last few years, the number of books purchase per student is decreasing. In 2008, it had a light increase, passing by 2.5 to 2.9 books. However, since 2009 the average purchase per student decreased 2.8% corresponding to 2.7 books per student.

Sales of Books Targeted to Vocational Education

The jobs market is saturated of people who are graduated in colleges. On the other hand, there is a need of higher education in order to have a higher wage. However, not all of the students are going to university. Some of them are choosing the vocational education which is more practical. Thus, the number of students frequenting this type of courses is increasing.

As a result of this increment, supposedly the number of books purchased is also increasing. The law says that the professors of vocational education should do their own classes material included the books. But, most of the times, professors do not have time and mixed parts of high school textbooks. Icing on the cake, the books are copied at the schools under the money of European Community. In conclusion, without noticing, the government is contributing to illegal copying, paying for that at the same time that is punishing people who copy the books.

Consumer Behavior

The consumer is changing the way of seeking information and buying products in general. Nowadays, the consumer has much more power than few years ago. The information is available anywhere and the technology evolution mostly the internet has been contributed to shift the paradigm.

Besides that, in the case of the books but also the movies and music industries, the products are, most of the times, available on the internet for free. So, why pay money for something that you can have for free? The law is not so severe that stops the piracy.

If at the beginning it is normal to think that is unfair for artists have their work available and not receive for that, now some artists are finding new ways of selling and overcome that situation.

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In order to understand the motivations of the students to buy or not buy a book, a market research was done based on face-to-face surveys and focus group methodology⁹.

Following will be shown some conclusions of the research. The complete data can be consulted in annex.

Sources of Information

Nowadays, the books are not the first source consulted anymore. In general, the most important source of information is the classes' slides, followed by the own notes of students. The books appear at the third before the internet and, then, the notes of friends.

When the data is analysed by area of study the results are different. For example, the internet is most relevant to arts and letters students. The books, maybe because of the need of codes and law statements, are more important to law students.

The slides from classes are the most important source to social sciences students, engineering students, medicine students, and economic and management students. Last, the own notes assume more relevancy to the letters students and education students.

Regarding to the geographic correlation, the students at metropolitan areas have preference by slides from classes and their own notes. The same happen with the students located in other cities. **(See exhibit 5)**

Budget Management

Mostly, students purchase their books with parents' money. Some of them spend from the allowance (45%) and others receive a specific value to books (42%). Only 13% of the students buy the books with their own money from their wage. **(See exhibit 6)**

How to Get Access to the Recommended Books

Although professors recommend some books the students only have access to less than a half. The half that is accessed, just 30% are purchased. The others 70% are divided by rent, copy and other situations, mostly downloads from internet.

⁹ Dionísio, P. *et al.*, *Estudo do Sector de Edição e Livrariase Dimensão do Mercado da Cópia Ilegal*, March 2012

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The illegal copy is much more frequent than as is shown. Since it is illegal and punished by law most of the students do not assume and skew the results. Some publishers who were interviewed said the same, estimating a higher percentage of books copied.

The students of education and letters are the ones who have more recommended books. But are the law students who access and buy more those books. Regarding the copy, the social sciences students, the law students and the education students are the ones who copy more. **(See exhibit 7)**

In general, in the first year of university the students tend to buy more books. Then, they buy less and copy more.

The geographic area does not show any correlation with the percentage of books recommended and purchased, since the results are quite similar to the general analysis. **(See exhibit 8)**

Favourite Place to Buy Books

Mostly, the students buy their books at the biggest chain stores such Fnac. This is the place more pointed (60.4%) and the favourite one of the students (47.3%). Second, students usually use the bookstore that is located inside the university. Surprisingly, there are few students buying books through the internet (14.7%).

The arts students buy majority at chain stores (77.3%) followed by social sciences students (67.2%), the education students (62.2%) and the economics/management students (55.4%).

The bookstores of universities get the preference of science students, engineering students and medicine students. 36% of medicine students prefer the independent bookstores. The letters students are the ones who buy more books by the internet. Some books that are needed to study some languages and cultures are not available in Portugal, so the students find and buy them on the internet.

Regarding the geographic area, students in big cities much prefer the bookstore of the college. The students in other cities, although prefer at first the bookstore of the college as well they give more importance to sites/internet than the students in big cities.

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Drivers of Purchase

Regarding with the drivers of purchase, there is one that is clear the most relevant - the price. Around 42.3% of the students said that they are looking to lower prices and promotions; 32.4% of students value the availability of the books and 24.9% the accessibility; 8.6% are looking for location/proximity and only 3.3% are looking for service.

Average Book Prices

The average price of the books is high, around 36€. The sciences and medicine books are the most expensive being 80% above the average price. Letters, education and social sciences are the courses which books are less expensive. **(See exhibit 9)**

According to GfK, the average price of books is 19.1€. The students perceive the price higher than the real price. This perception can influence the purchase of the books and many of students eventually resort to copying the books.

The students who are studying the big cities perceive a price higher than the ones who are studying in other cities. **(See exhibit 10)** This can be explained by the professors' recommendation. Maybe, professors recommend books a little bit more expensive in Lisbon and Oporto.

Frequency and Preference

From all of the materials (books, slides from classes, books, books copied etc.), the ones that are more used are the slides taken from classes, followed by copied books and last the original books. However, the students prefer mostly slides (45%) and the original books (34%). The copied books are the less preferred.

The original books are more used in law courses. As previously said, law codes, statements and other materials should be original because most of the times students have to bring them to classes.

The students of social sciences, education and letters are the ones who copy more books, although these courses are those which have a lower average price.

Both frequency and preference do not change much by the geographic area.

FROM BOOKSTORES TO DIGITAL ERA

Motivations to Buy College Books

Analysing the students' motivations to buy a book instead of analysing why they are not buying but copying when needed, the main reason is the long term thinking, meaning if the student is sure that will need the book in the future (58%). The second reason more pointed was the importance level of the book. If the book is such a bible to the course, around 47% of students are motivated to buy. **(See exhibit 11)**

Most of the arts students prefer the original books instead of copying (45.5%), maybe because the need of visual aspects such as colours or drawing details. Also the letters students pointed the original books as their favourites (47.1%). The students of social sciences pointed the importance of the book and the long term thinking same times (55.2%). The law students show the concern with original books because of the obligation to bring them to classes. So, as normal, professors do not allow copied books at classes. **(See exhibit 12)**

Regarding to the geographic areas, in the big cities students pointed the long term need and the book importance as main reasons to buy whereas the students studying in other cities point more the price as a driver of motivation.

Photocopies and Copied Books

The copying is one of the main reasons to the decrease on the books sales. The industry is facing new challenges and authors, publishers and booksellers have to find a way to overcome them.

Thereby, it is important to understand why students are copying books in order to find out how change their behaviour and, consequently, increase the sales.

a. Reasons to choose copies

The main reason pointed to choose copied books is the high price of the original ones (87.5%). The second is related with the usability of the book in the future. 33.2% says that if the book will be not useful in the future, it is better spend less money and then choose copies. The less pointed reason is the fact of the book is sold out. **(See exhibit 13)**

Regardless the area of studies, all students identify price as the main reason to use copied books. The arts students pointed the accessibility (31.6%) and the letters students the fact of

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are sold out. However, the second main reason is common to all courses – the low usability in the future. **(See exhibit 14)**

Although the law students are the ones who use the less copied books, when they use the reason pointed is the fast outdated of laws and, consequently, of the books.

The geographic areas do not show many differences, only can be note the easy access of copying stores is more usual out of the big cities. **(See exhibit 15)**

b. Copying Methodologies

Regarding with the methodology used to copying the books, the most pointed is leaving the book at the photocopy store to the next day, being that 58% already used and 40% pointed as the most common method.

The most “professional” method is when the photocopy store already has the book digitalized and it is just to print. At least 41% of the students already buy a copied book by this method; 30% passed the digitalized book through the friends circle; 29% already copied the book by their own at a store; and 19% copied the book at home.

When analysed by course, there is no huge differences. But as highlight, the students of social sciences, educations and letters are the ones who copied more at home; the ones who find the books already digitalized at stores and the students from management and economics, law and medicine; the students of arts and engineering it is more usual share the digitalized book between them. **(See exhibit 16)**

There are important differences regarding the geographic area. In the big cities is more usual the book be already digitalized in-store, while in other cities the most used “technique” is leave the original book at photocopy store to copy. **(See exhibit 17)**

c. The Quality of Photocopies

General, all the students, regardless the area of study, are satisfy with the quality of the copies that take. Only 0.2% rank the copies as really bad quality and 4.3% points as bad.

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d. How Students Deal with the Law

Most of the times, students are not fulfilling the law because the high books' prices (69%); others say that they are indifferent to law (22%); only 6% pointed be in agreement with the law and respect the copyright. **(See exhibit 18)**

The geographic are it is not correlated with the behaviour towards law. **(See exhibit 19)** All the students, regardless the course, pointed the price as the main reason to not fulfil the law; the students of social sciences and engineering show more relevance to the price than the average; the students who are more sensitized to copyright are the law students and the letters students maybe because one are straight relation with laws and the other ones are pay more attention to the books and, then, to the industry; the students of arts, management/economics and engineering are the ones who the most do not care about the law (36%, 22% and 18%, respectively). **(See exhibit 20)**

As curiosity, there are around 6% of the law students who do not know the law.

e. The Value of Copied Books per Student

The national average of the value that is not spent in buying original books but buying the copied ones is around 106€. The courses where there is the greatest amount is diverted are in medicine (187€/student), law (139€/student) and sciences (133€/student). **(See exhibit 21)**

The higher value diverted by student is in small and medium cities (125€), in the biggest cities the value is around 95€. **(See exhibit 22)**

PHOTOCOPY STORES

Nowadays, the photocopy practice is usual. Seems that there is not control and in some cases the university itself takes copies of the selected parts of the books. However, it is usual be near to the universities and colleges such type of stores.

According to INE (organizations registered with EAC 82190), there is 691 stores where it is possible take copies which means 36.9 million euros.

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a. The Methodology of Copy

From the most traditional ways to the most modern, nowadays the copy is something common and the photocopy stores have been innovating. There are stores that have the machines and the students can copied what they want by their own. Other ones, more sophisticated, have a great number of digitalized books and then the students can consult such a list and select the ones which need. Sometimes, the database allow search by the name of the university, by the name of author, by the name of the book and also the book cover. This sophisticate and illegal business can compromise all the entities involved in the supply chain.

This business is so well organized that everything is thought to every detail. Thus, in order to escape from supervisors, the servers with all the books and information are out of the stores. So, apparently there is nothing wrong in the stores. Others have the printed books inside a van and near the stores in order to avoid finding any evidence of illegality. Last, normally the books are delivery to the students in small amount. Thereby, the business seems safe and do not attract attention.

b. The Photocopy Stores by Geographic Area

According to APEL, there are at least 510 stores that provide photocopy services. As previously mentioned there are two types of methods: the ones which already have the book digitalized and the ones which copy directly from a book brought by the students. The first ones are mostly located near the colleges. In general, there are more stores in Lisbon and Oporto than the other cities. Anyway, as shown in the following table, there are many photocopy stores throughout the country.

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c. Illegal Online Sites

The impact of the illegal issues is huge and extremely difficult to estimate. However, the publishers and retailers can perceive that impact in their sales.

In the last few years, the communication methods have been a great evolution. The internet is obviously linked with this evolution and there are many online sites available with papers, articles and even the integral books. Since the price is always pointed as a limitation to buy the original ones, the internet represents a low price option.

Both authors and publishers pointed these illegal online sites as the most damage to the industry.

ILLEGAL COPY – ESTIMATING THE IMPACT

a. Publishers and Retailers

Considering the number of students at colleges (390 000), the number of copied books (2.9) per student and the average price of each copied book (36.5€), it was estimated that the impact of **illegal copies** is around 41.2 million euros per year. (See exhibit 23)

The same methodology was applied on **digitized books** that are downloaded. On average are done 0.7 downloads per student per year. So, the estimation is around 9.96 million euros. (See exhibit 24)

Last, the books that are copied to **support the vocational education**: considering the number of vocational colleges in Portugal (103 000), the average of copied book per year (12) and its average price (10€), it is estimated that around 12.4 million euros of books that were not sold. (See exhibit 25)

Thus, by sum all the parts it is concluded that, by the retailers' perspective, **63.5 million euros**, per year, at current prices, are not sold by the “normal” way of the supply chain. (See exhibit 26) If it was considered the average margins applied to the retail channel (distributors and stores) – 50% to the college textbooks and 20% to the vocational education books – it is possible estimate the impact at the publishers level. Thereby, by the **publishers' perspective**,

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the impact is **35.4 million euros** per year that the publishers are losing on sales. (See exhibit 27)

b. Upstream the Publishers

In order to estimate the amount lost by the entities upstream the publishers, some assumptions were made. First of all, it was taken in consideration the experience of the publishers and of the top managers who are working in the main players in order to find out the percentage of sales that is allocated to each part of the chain. Thus, by the combination of the value of lost sales and the allocated percentage to each entity and, then, the allocated percentage of publishers, the impact is estimated in 10.9 million euros. Applying the same methodology to the vocational education, the estimated value is 5.6 million euros. Therefore, **the whole impact is 16.5 million a year.** (See exhibit 28)

c. To State

The impact of the illegal copy in the sector is, as said before, huge. The impact to the state is proportional since it is less taxes which are paid. One more time, with some assumptions, it was estimated the impact on taxes paid. Considering the lost amount of sales calculated before and the percentage of taxes applied (assuming that the taxes are constant regardless the value of sales) the impact on taxes is **11.4 million euros.**

SECTOR CHALLENGES AND TRENDS TO 2012-2015

The books sector as a whole is, in fact, at risk. In Portugal, the law is not enough rigid. In other European countries many people are real punished by done illegal downloads or by put stuff on the internet without authors' permission.

For example, in France, the authors who share their work on YouTube are paid for that¹⁰. In Spain, it was created a law called *Sinde*¹¹ which has as goal close all the illegal sites online where it is possible share content non-owner.

A non-European example is the case of *Stop Online Piracy Act*¹² project which was launched in United States, on October 2011, by the House of Representatives of the United States. It has as ultimate goal stop the illegal content online that violate the copyrights. In cause it is a sector and many jobs threatened. However, the project was suspended. Many people consider that the movement is against the *I Amendment* which is part of the United States Declaration of Independence, meaning that it is against the freedom of speech and a way of censorship.

Many proponents and opponents were involved in the discussion. Companies as Walt Disney, Universal Music or Wal-Mart signed as proponents. Others, mostly in the online sector¹³ such as Facebook, Twitter, Amazon, eBay or Google were opponents. It was a war of giants, meaning it is not easy regulate and draw laws to control the illegality even more in the 21st century.

Besides the illegal copy and the illegal download, the increase of e-books represents, in such way, a threat to the retail books sector and to publishers¹⁴. All the players do not even know how the market is going and to which bookstores are they selling to. There is no accurate information and it is obvious a huge problem. So, there are many challenges that the sector needs to overcome in order to be much profitable as it was before.

However, it is not all bad news. There are lots of opportunities and new trends out there, many of them connected with culture¹⁵. Other sectors have gone through the same a couple of years ago^{16,17}.

¹⁰ <http://www.nytimes.com/2012/05/30/technology/french-court-sides-with-google-in-youtube-case.html>

¹¹ <http://www.bbc.co.uk/news/technology-16391727>

¹² <http://www.nytimes.com/2012/01/13/us/anti-piracy-bill-sopa-by-lamar-smith-gets-texas-pushback.html?pagewanted=all>

¹³ <http://www.bbc.co.uk/news/technology-16612628>

¹⁴ <http://www.guardian.co.uk/books/2012/may/02/rise-ebook-sales-decline-print-titles>

¹⁵ <http://mashable.com/2012/04/13/interactive-ebook-apps/>

¹⁶ <http://www.freakonomics.com/2012/01/12/how-much-do-music-and-movie-piracy-really-hurt-the-u-s-economy/>

¹⁷ <http://www.ghacks.net/2012/01/02/did-online-piracy-really-hurt-music-sales-in-2011/>

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Maybe the solution is not on the law. Perhaps there is other way to save this sector and it is not explored yet.

Discussion Questions

After reading carefully and have knowledge about the market context with its challenge and trends, suppose the following situation.

Supposed that you are part of the APEL, recently working in the association, with the information above and other that you can collected, you need to find quickly a way to overcome the sector's challenges, draw a strategy and define some tactics to achieve main goal which is to help your associates improve the books' sales.

Having this in mind, please, answer the following questions:

1. Find out the main challenges of the sector as well its gaps. Resume all in a SWOT analysis.
2. Define a strategy that APEL should follow in order to step out the challenges, helping the associates to think out of the box and expand its business. Examples of other sectors can be shown.
3. Draw down some actions which can be implemented in order to support the strategy proposed. It is suggested the inclusion of the social and environmental issues.

Exhibits

I. Characterization of sector

Exhibit 1 – Books Value Chain

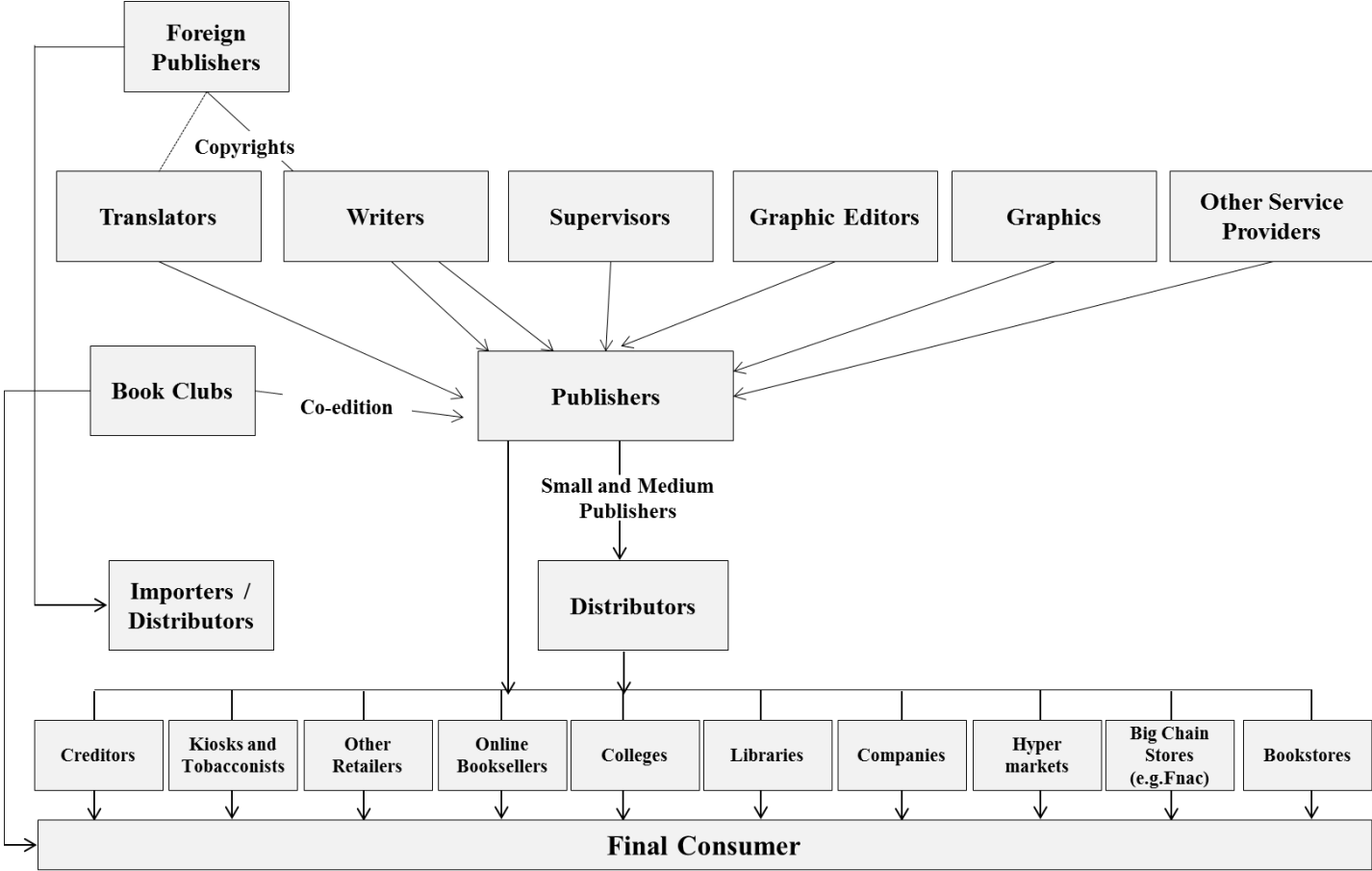


Exhibit 2 – Main Players

GROUP	PORTO EDITORA	LEYA	CIVILIZAÇÃO	BABEL	FNAC	SONAE	ALMEDINA	LIDEL
GRAPHICS	Bloco Gráfico		CEM – Graphic Arts					
PUBLISHERS	Porto Editora Raiz Editora ...	Dom Quixote Texto Caminho	Civilização	Verbo Ulisseia Guimarães			Almedina Edições 70 Actual	Lidel FCAA Pactor
PUBLISHERS/ BOOK CLUBS	Circulo dos Leitores							
PHYSICAL STORES	Bertrand	Leya Bookstores	Bulhosa		Fnac	Continente Worten Book.it	Almedina	
ONLINE STORES	Wook	Mediabooks						
OPERATING INTERNATIONAL	Plural Mozambique Plural Angola	Brazil: Leya and Lua de Papel Angola: Ndzila and Texto Mozambique: Ndjira and Texto Editores						

Exhibit 3 – Key Market Indicators

Indicator	2007	2008	2009
Publishers' Sales (Million €)	367	404	357
Number of Publishers	414	415	420
Booksellers' Sales (Million €)	247	252	260
Number of Booksellers	790	892	879
Hypermarkets and Other Chains	81	201	229
Independent Bookstores	709	691	650

Sources: INE and GfK

Exhibit 4 – Sales of College Books in non-Specialized Stores (units and euros)

Courses Fields	2007		2008		2009		2010		2011	
	Units	Average Price	Units	Average Price	Units	Average Price	Units	Average Price	Units	Average Price
Law	248.860	21	302.596	22	346.059	23	342.389	23	345.731	24
Social & Human Sciences*	330.338	15	439.623	14	317.536	16	282.523	16	283.573	15
Management & Marketing	232.774	21	252.823	21	230.883	20	215.755	19	195.429	19
Economics	45.118	22	42.569	22	61.831	19	98.331	15	119.253	14
Medicine and Nursing	37.256	40	55.599	32	47.147	34	64.543	28	42.634	21
Engineering	26.796	27	29.390	27	28.340	28	28.708	27	23.371	28
Whole Market (#)	921.142	18.9	1.122.600	18.8	1.031.796	19.8	1.032.249	19.8	1.009.991	19.1
Whole Market (M€)	17.4		21.1		20.5		20.4		19.3	
Growth Rate	-		21.2%		-3.3%		-0.3%		-5.5%	
Whole Market of Books	13.561.247	11.21	13.590.709	11.53	14.310.694	11.74	14.566.044	11.61	14.661.775	11.19

Sources: GfK Panel

II. Market Research

The following exhibits are taken from the study done by ISCTE-IUL for APEL, based on face-to-face interviews with students of several different areas. The study was done in June 2011.

Exhibit 5 – Students’ Behavior: Main Sources of Seek Information

Source	Average Position	Top2 (%)
Internet	3,3	31,3
Books	3,0	39,8
Slides from Classes	2,2	65,4
Own Notes	2,8	45,5
Friends’ Notes	3,6	20,6
Others	5,1	11,9

Legend: Rank 1 - Most important; Rank 6 - Less important.

Note: Top2 - Percentage of students who indicate the source of information as first or second most important.

Exhibit 6 – Students’ Behavior: Budget Allocated for Books

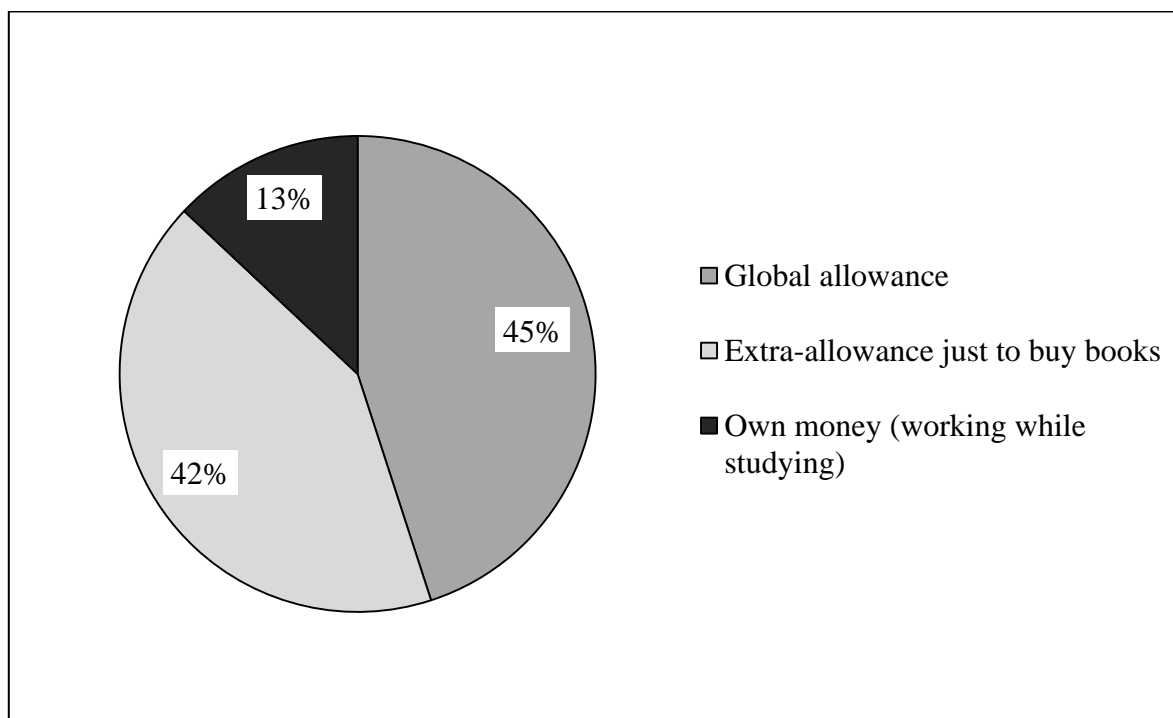


Exhibit 7 – Students’ Behavior:

Ways of Access to Recommended Books by Field of Studies (number of books per student)

	Total	Arts	Sciences	Social Sciences	Law	Education	Engineering	Management and Economics	Letters	Heath
Recommended Books	17,2	11,8	15,9	15,5	17,7	23,6	15,8	15,9	20,1	20,5
Consulted Books	6,8	5,3	6,1	7,7	12,1	10,3	4,7	6,7	7,5	6,0
Purchased Books	2,1	1,6	0,9	2,0	5,5	3,1	1,2	2,2	2,8	1,8
Rented Books	1,1	1,4	1,6	0,8	2,1	2,2	0,7	0,9	0,9	0,8
Copied Books	2,9	2,1	2,8	3,7	4,1	4,2	1,7	3,1	3,0	2,9
Other	0,8	0,3	0,7	1,1	0,5	0,8	1,2	0,5	0,8	0,5

Exhibit 8 – Students’ Behavior:

Ways of Access to Recommended Books by Geographic Area (number of books per student)

	Total	Big Cities	Other Cities
Recommended Books	17,2	17,1	17,3
Consulted Books	6,8	6,6	7,3
Purchased Books	2,1	2,2	1,8
Rented Books	1,1	1,2	0,9
Copied Books	2,9	2,6	3,5
Other	0,8	0,6	1,0

Exhibit 9 – Students’ Behavior:

Average Books Price by Field of Studies

Field of Studies	Average Price	Gap from National Average
National	36,50 €	
Arts	28,90 €	-7,60 €
Sciences	47,40 €	+11,00 €
Social Sciences	26,90 €	-9,50 €
Law	34,00 €	-2,50 €
Education	23,00 €	-13,40 €
Engineering	35,10 €	-1,30 €
Management and Economics	30,90 €	-5,50 €
Letters	21,00 €	-15,50 €
Health	64,60 €	+28,20 €

**Exhibit 10 – Students’ Behavior:
Frequency of Use and Preference**

Material	Application	Preference
Original Books	2,9	34%
Copied Books	3,1	16%
Slides from Classes	4,0	45%
Indifferent	-	5%

Application: Rank 1 - Never; Rank 6 - Always.

Preference: Percentage of students who indicate the way of study as the first.

**Exhibit 11 – Students’ Behavior:
Motivations to Buy the Original Books**

Motivation to Buy	Percentage
I think I will need the book in the future	57,8%
The book is such a reference in the field of study	46,9%
I prefer the original books	28,0%
It was cheap	12,4%
The professor does not allow copies	7,7%
Other	11,8%

Note: Multiple choice question

**Exhibit 12 – Students’ Behavior:
Motivations to Buy the Original Books by Field of Studies**

Motivation to Buy	Total	Arts	Sciences	Social Sciences	Law	Education	Engineering	Management and Economics	Letters	Health
I think I will need the book in the future	57,8%	50, 0%	65, 4%	55,2%	56, 5%	67,6%	53,8%	57,7%	44,1%	66,3%
The book is a reference in the field	46,9%	40,9%	38,5%	55, 2%	51,6%	64,9%	36,6%	41,4%	38,2%	56,2%
I prefer the original books	28,0%	45,5%	23,1%	19,0%	25,8%	21,6%	21,5%	32,4%	47,1%	28,1%
It was cheap	12,4%	4,5%	23,1%	15,5%	1,6%	13,5%	16,1%	14,4%	14,7%	9,0%
The professor does not allow copies	7,7%	0,0%	3,8%	1,7%	21,0%	13,5%	4,3%	14,4%	2,9%	0,0%

Note: Multiple choice question

**Exhibit 13 – Students’ Behavior:
Reasons to Take Photocopies**

Reasons to Take Photocopies	Percentage
Price	87,5%
Book is not used frequently	33,2%
Easy Access	13,3%
It is usual in the friends circle	9,7%
It was sold out	8,4%
Others	7,9%

Note: Multiple choice question

**Exhibit 14 – Students’ Behavior:
Reasons to Take Photocopies by Field of Studies**

Reasons to Take Photocopies	Total	Arts	Sciences	Social Sciences	Law	Education	Engineering	Management and Economics	Letters	Health
Price	87,5%	84,2%	98,2%	92,7%	78,1%	83,0%	90,6%	86,5%	65,8%	90,9%
Book is not used frequently	33,2%	26,3%	15,8%	34,1%	29,7%	42,6%	27,3%	40,5%	31,6%	41,3%
Easy Access	13,3%	31,6%	8,8%	14,6%	14,1%	12,8%	11,5%	12,7%	23,7%	8,3%
It is usual in the friends circle	9,7%	5,3%	10,5%	15,9%	6,3%	8,5%	8,6%	13,5%	10,5%	5,8%
It was sold out	8,4%	10,5%	0,0%	4,9%	9,4%	14,9%	5,8%	12,7%	21,1%	5,8%

Note: Multiple choice question

**Exhibit 15 – Students’ Behavior:
Reasons to Take Photocopies by Geographic Area**

Reasons to Take Photocopies	Total	Big Cities	Other Cities
Price	87,5%	87,2%	88,4%
Book is not used frequently	33,2%	34,2%	30,7%
Easy Access	13,3%	12,3%	16,1%
It is usual in the friends circle	9,7%	8,0%	14,1%
It was sold out	8,4%	9,3%	6,0%

Note: Multiple choice question

**Exhibit 16 – Students’ Behavior:
Methods Used to Take Photocopies**

Method	Application	Most Used Method
Copy at home	19,2%	7,4%
Copy by own in-store	28,8%	16,1%
Leave the original book in-store to copy	57,9%	40,4%
The book is already digitized in-store	41,0%	23,2%
A digitalized book is passed through friends	30,0%	11,3%
Others	2,1%	1,6%

Note: Multiple choice question

**Exhibit 17 – Students’ Behavior:
Methods Used to Take Photocopies by Geographic Area**

Method	Total	Big Cities	Other Cities
Copy at home	7,4%	7,4%	7,5%
Copy by own in-store	16,1%	14,8%	18,8%
Leave the original book in-store to copy	40,4%	34,3%	52,7%
The book is already digitized in-store	23,2%	28,8%	11,8%
A digitalized book is passed through friends	11,3%	12,9%	8,1%
Others	1,6%	1,8%	1,1%

**Exhibit 18 – Students’ Behavior:
Behavior towards the Law**

Motivation	Percentage
Low Price	68,9%
Do not care about the law	21,7%
Accordance with the law/Copyrights	6,1%
Lack of supervision	3,5%
Do not know the law	3,0%
Others	6,2%

**Exhibit 19 – Students’ Behavior:
Behavior towards the Law by Geographic Area**

Motivation	Total	Big Cities	Other Cities
Low Price	68,9%	68%	72%
Do not care about the law	21,7%	22%	20%
Accordance with the law	6,1%	7%	5%
Lack of supervision	3,5%	4%	2%
Do not know the law	3,0%	3%	3%
Others	6,2%	6%	7%

**Exhibit 20 – Students’ Behavior:
Behavior towards the Law by Field of Studies**

Motivation	Total	Arts	Sciences	Social Sciences	Law	Education	Engineering	Management and Economics	Letters	Health
Low Price	68,9%	59,1%	66,7%	79,1%	68,1%	61,1%	74,2%	66,4%	54,0%	70,1%
Do not care about the law	21,7%	36,4%	17,5%	23,1%	18,8%	27,8%	18,2%	22,1%	22,0%	21,6%
Accordance with the law	6,1%	2,3%	9,5%	6,6%	10,1%	5,6%	3,5%	4,0%	10,0%	8,2%
Lack of supervision	3,5%	15,9%	0,0%	0,0%	1,4%	0,0%	3,5%	4,1%	2,0%	1,5%
Do not know the law	3,0%	2,3%	6,3%	0,0%	5,8%	5,6%	3,5%	8,0%	0,0%	0,7%
Others	6,2%	6,8%	7,9%	3,3%	2,9%	7,4%	5,1%	5,4%	16,0%	7,5%

Exhibit 21 – Students’ Behavior:
Value of Copied Books per Student, by Field of Studies

Field of Studies	Value of Copied Books	Gap from the National Average
National Average	105,9 €	
Arts	60,7 €	-45,2 €
Sciences	132,7 €	26,8 €
Social Sciences	99,5 €	-6,4 €
Law	139,4 €	33,5 €
Education	96,6 €	-9,3 €
Engineering	59,7 €	-46,2 €
Management and Economics	95,8 €	-10,1 €
Letters	63,0 €	-42,9 €
Health	187,3 €	81,4 €

Exhibit 22 – Students’ Behavior:
Value of Copied Books per Student, by Geographic Area

Geographic Area	Value of Copied Books	Gap from the National Average
National Average	105,90 €	
Big Cities	95,40 €	-10,50 €
Other Cities	125,00 €	19,10 €

III. The Impacts of Illegal Copy

The following exhibits are taken from the study done by ISCTE-IUL for APEL. It was estimated the impact of illegal copy on the supply chain of book sector based on data of many entities and on the market research done in for the study.

Exhibit 23 – Impact of Illegal Copy on Booksellers

Number of Students on Colleges	390.000
Number of Copied Books per Student	2,9
Total of Copied Books per year	1.131.000
Average Price of Each Copied Book	36,50 €
Sales of books which are not sold by “natural channel” (illegal copy)	41,2 million €

Exhibit 24 – Impact of Illegal Download on Booksellers

Number of Students on Colleges	390.000
Number of Downloads per Student	0,7
Total of Books printed from Illegal Downloads	273.000
Average Price of Each Downloaded Book	36,50 €
Sales of books which are not sold by “natural channel” (illegal copy)	9,96 million €

Exhibit 25 – Impact of Copied Books to Support Vocational Education on Booksellers

Number of Students on Vocational Education	103.000
Average of Copied Books	12
Total of Copied Books to Support the Classes	1.236.000
Average Price of a Book	10 €
Sales of books which are not sold by “natural channel”(1)	12,36 million €

(1)Books that are copied to support classes of vocational courses

Exhibit 26 – The Whole Impact on Booksellers’ Sales

Sales of books which are not sold because illegal copy	41,2 million €
Sales of books which are not sold because illegal download	9,9 million €
Sales of books which are not sold because vocational courses	12,4 million €
The Whole Impact on Booksellers Sales	63,5 million €

Exhibit 27 – The Whole Impact on Publishers’ Sales

Sales of books which are not sold because illegal copy	20,6 million €
Sales of books which are not sold because illegal download	4,9 million €
Sales of books which are not sold because vocational courses	9,9 million €
The Whole Impact on Publishers Sales	35,4 milhões €

Notes: Considering the books margins: 50% college books and 20% vocational education books.

Exhibit 28 – Impact on Entities Upstream the Publishers

Entities Upstream	Sales diverted (million €)
Translators (1)	0,38
Portuguese Authors (2)	3,07
Supervisors (3)	1,02
Graphic Editors (4)	0,99
Graphics (5)	5,01
Other services providers (6)	0,77
Total	10,86

(1) Translators - Assumption: 25% of sales are from translated books;

(2) Authors Portuguese - Assumption: 60% of sales are from books of Portuguese authors;

(3) Reviewers - Assumption: 80% of supervisions are done overseas publishers;

(4) Composers graphics - Assumption: 90% of graphic edition of the books published in Portugal, is done overseas publishers;

(5) Graphics - Assumption: 100% of the artwork of the books published in Portugal is overseas publishers and 30% of that is awarded without paper and 70% in full;

(6) Other service providers - Assumption: half is to other providers

PEDAGOGICAL NOTE

Case Study Target

This case study is targeted to all the **bachelor or master students** from marketing and management courses; and to **professionals** who are working in this area or have interest in the books sector, culture in general, marketing and management issues. This case is useful to learning and taking ideas from a real situation.

Pedagogical Goals

This case is intended to the following goals:

- Give to the participants the ability to interpret data, analyze it and find the main challenges to overcome;
- Characterized, based on the information available, the books sector as well as its needs and opportunities;
- Improve the capacity to define goals and draw a short and long term strategy playing with the consumer behavior and their habits and culture;
- Apply theoretical management and marketing issues in real life situations;
- Looks forward and identify what can be the next challenges in the books sector and how be prepared for it.

Literature Review

· Consumer behavior

Culture habits are probably the most difficult to change. Change them can take a long time. However, based on internal and external influences such as human and technological evolution, the Portuguese culture has been changing. In order to find out the best way to communicate with the students it is imperative to know who they are, what they like and which are their motivations.

Schema Theory

A schema can be described as “organized structures of prior knowledge stored in the memory” (Stayman et al., 1992). According to Derry (1996), a schema is such a way of each individual perceives the reality based on past experiences, cultural or influences of big events which still in mind.

According to schema theory, people apply their experiences and knowledge whenever they encounter a new instance that never been before. Thereby, using schema-based allows for faster and easier evaluations because people do not have to reevaluate information that has already been processed. Thus, people tend to associate new situations to positive or negative feelings based on situations already past. For example the north-Americans perception of security. Before September 11th they had a totally different vision of terrorism and, at least, priorities in life. Nowadays, there is a past event that changed their schemas forever. At least, they live with more fear than before and act unconsciously with more precaution even in their daily life.

The schema theory helps to understand the human mind and the human motivations for action. Based on this theory, many improvements in different areas were done. For example, related with books and learning, an experiment says that “teaching manuals should include suggestions for helping children activate relevant background knowledge. Children do not automatically incorporate new material with what they may already know” (Anderson, 1984). Thus, in the learning process all the new materials should be introduced slow and always linked with what was learnt before. In an experience done and presented by Anderson (1984), children who used prediction as a strategy for recall remembered 72% of sentences, while

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control groups achieved only an average of 43% recall. The recommendation for publishers are that they should help students organized the data in their minds and understand what they already know and what they need to know at the end of the research.

Now, the point is: how can be schemas theory helpful to improve the books sector? Since there is a lack of attention and some careless about the illegal copy and illegal download, it is imperative communicate effectively with students. How to do that? Applying the schemas theory on an advertising campaign, regardless the brands (in this case, publishers or booksellers), it is required something that change the students perceptions and their behavior. Steve Know, Tremor's CEO, says that an effective word-of-mouth campaign plays with the consumers' schemas since it is disruptive from the "normal" way of thinking. Steve advices "Bringing the world of cognitive science into your marketing can pay huge dividends. Before you become enamored with the latest technology, stop and ask yourself, "What are the core schemas at play and how are we disrupting them?" Understanding why a consumer wants to talk about your brand is one of the breakthrough areas of marketing."

What influence the behavior?

Before draw a marketing strategy it is important to find out what are the main influencers and drivers to change the consumer behavior.

According to a research of Central Office of Information (COI), there are three factors that have influence in consumer behavior which are:

- The **personal factors** related with knowledge and awareness. In order to have influence in the consumer behavior is needed provide information fulfilling the AIDA marketing model (attention, interest, desire and action); the intelligent communication can change people **attitudes**. It is shown as example the UK government campaigns about drive while drunk. The campaigns did not succeed alone, but combined with an effective legislation.

The **habits** and **routines** which are described by psychologists as repetitive attitudes that then becomes into automatic action and an unconscious behavior are harder to change. However, according to Lewin's theories of change it is possible breaking habits using "emotional stir-up" meaning turn the unconscious habits into a conscious action (Burnes, 2004). If people keep in mind why such action is not correct, the probability of do it decrease. This theory was applied in the tobacco industry which now includes on every tobacco package a strong

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message (in some countries include a shocking image) which is calling for people conscience that tobacco is a harmful addiction.

According to Darnton (2008), the **self-agency** which is an individual sense that turns into an action with an expected result could be another point that has to be changed. Most of the times people do not do recycling at home because they think that make the world a clean place is a huge goal to be achieved by their own. So, they think do or not do recycling the result will be the same because they not control the others behavior. In this case, there is a lack of self-agency. Thereby, one more time, communication can touch that point and contribute to construct the self-agency and change the behavior as well.

- The **social factors** are strongly connected with the influences of groups such as friends circle or family, or others such as music, sports or fashions ambassadors. The fear of exclusion leads people to act in accordance with the group where they are. Thus, acting in certain way the others will know the status or the interests that someone has. This phenomenon is well-known by **social proof** (Andreasen, 1995). The most iconic brands are associated with a lifestyle. This lifestyle creates a certain social proof, meaning a sense of belonging to a group. For example, the Converse All-Star Chuck Taylor started to be used by basketball players and it creates a sports' association to the brand. Later, the music band Ramones showed up wearing the iconic Chuck Taylor and the brand started to be also connected with the music industry. Nowadays, many bands and people who like music are wearing the shoes because they want to be recognized as members of this group with which they identify.
- Last, the **environmental factors** which can be divided: 1) **exo environment** refers to the auto-motivation to act environmental responsible; 2) macro environment are linked with technology, legislation and economy.

The main influencers through the consumer behavior are presented. However, it is not possible change behaviors, at least in the short term, even if the marketing campaign touch all the points described. Change behaviors are a slow process and takes time, by the way the communication is the most effective way to do that when working “with other interventions in shifting social norms”.

Behavior Models (Darnton, 2008)

» **The Theory of Planned Behavior**

According to this model there are three key factors which influence the behavior: attitudes towards the behavior, subjective norms and the agency. This model is more focus on personal values and beliefs. There is only one external force which is the influence of the others' thinking. By the way, it is the internal perception of others' thinking that results on subjective norms. The ultimate factor that calls for a behavior is the intention. The Theory of Planned Behavior is considered as an accurate prediction of behaviors. Nevertheless, there are other factors, mostly external, that should be considered.

» **The Theory of Interpersonal Behavior**

More than the attitudes towards the behavior, the Theory of Interpersonal Behavior recognizes also the importance of environment factors. Thus, the intention that calls for the behavior is influenced by habits, emotions and social factors as well. The model argues that "the more times a behavior is repeated, the more automatic and less deliberative it becomes". This model is useful to understand how daily routines works and how to influence people to change them.

» **Needs, Opportunity and Ability**

The NOA is the most complete model since it recognizes the internal factors and all the external factors. At the internal level are considered motivations (which are driven by needs and opportunities) and the agency (which is driven by opportunities and ability). Thus, motivations and agency result in an intention and then drives to a behavior. The needs, opportunities and abilities are strongly influence by the external forces (Gatersleben & Vlek, 1998): technology, economy, demography, institutions and culture. The model shows an interaction between the environmental and the human behavior with a large "feedback loop". However, this model is less used because its complexity. On the other hand, the NOA model is the best to understand the external forces and how they interact with the human internal motivation. It is a perfect interaction between to open systems which are mutual influenced.

Diffusion of Innovation Theory – Change and Technology

The *Diffusion of Innovation* is a model which explains the adoption of technology in higher education and educational environments. According to Rogers, the model's inventor, "a technology is a design for instrumental action that reduces the uncertainty in the cause-effect relationships involved in achieving a desired outcome" (Sahin, 2006).

Rogers consider that there are four main elements in the *Diffusion of Innovations* which are: the innovation, the communication channels, time and the social system. These four elements are interacting in an Innovation-Decision Process which is "an information-seeking and information-processing activity, where an individual is motivated to reduce uncertainty about the advantages and disadvantages of an innovation". The Innovation-Decision Process is composed by five steps: 1) **Knowledge Stage**, where the questions "What?", "How?" and "Why?" help to find out some thoughts about the innovation; 2) **Persuasion Stage**, which occur when an individual who has already the knowledge is drawing a positive or negative attitude toward the innovation. The persuasion stage is more emotional (or feeling) than the knowledge stage. The external influencers, such the others opinion, affect the individual's opinion and beliefs about the innovation. This stage is about search information and building an opinion; 3) **Decision Stage**, at this stage the individual has already choose which position takes and adopt or reject the innovation. The rejection can be definitive or rethought and result in adaptation. On the other hand, the adoption can also be rethought and become a rejection; 4) **Implementation Stage**, at this stage the innovation is put into practice and the risk is taken. The individual can ask external elements in order to decrease the risk and ensure the innovation's success. At this stage new ideas can pop-up and the reinvention can happen; 5) **Confirmation Stage**, the innovation-decision is made and the individual look for support for the decision.

Through all these stages described above, Rogers divided the people behavior into five categories according to how likely they adopted innovations: 1) **Innovators**: the first ones to adopt an innovation. They are the less risk adverse and tend to be the younger and belong to the higher social classes; 2) **Early Adopters**: usually seen as opinion leaders and likewise the innovators are young and from higher social classes; 3) **Early Majority**: they are between innovators and early adopters and they know that the innovation is coming through the early adopters; 3) **Late Majority**: adopt the innovations later than average. They do not share their opinion and do not have leadership skills as previous ones. At last, they have less contact with

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the earlier adopter groups; 4) **Laggards**: the last to adopt an innovation. Usually they are older than all the others and not opinion leaders. Their network is limited to family and close friends.

The *Diffusion of Innovation Theory* has many applications such in marketing and commercial areas, before the launch of a new product/service. The opinion leaders, the ones who take change first, are really important to change behaviors and they are really helpful to spread it through the society. In conclusion, using communications to target opinion leaders can result in a more effective way of change society behaviors.

Emotions as a Source of Attitude Formation and Change

According to Martin Lindstrom, the five human senses are a source of attitude formation and change. The five senses have different levels of influence towards the attitude: 58% sight, 45% smell, 41% hearing, 31% taste and 25% touch (Banyte, Joksaite & Virvilaite, 2007). Communication, nowadays, is too much focus on audiovisual channels and the others senses are forgotten. Lindstrom argues that other senses such smell, sound or taste can contribute to create more attractiveness or, on the other hand, more unpleasant. Other study by Lindstrom proves that the visual information still have the biggest impact 84% of consumers while the others senses only impact 12%. Another conclusion of the study is that more emotional experience associated with the brand is, the more a consumer becomes linked to the brand.

In conclusion, in order to change the consumers behavior it is important mixed all the senses which have the power to influence their attitudes and beliefs. The more senses present in communication the more consumer becomes attach to the message.

· Students Seeking-Information and Decision-making Process

The information-seeking behavior was study, for the first time, by Krikelas (1983). The Krikelas' model divided the process in **four phases**: 1) perceiving a need; 2) the search; 3) finding information, and 4) using the information which can result in satisfaction or dissatisfaction. Krikelas defend that "information seeking begins when someone perceives that the current state of knowledge is less than that needed to deal with some issue (or problem). The process ends when perception no longer exists". The Krikelas' model, since it was the first, it is so simple to explain a process that is more complex. Later, other authors show up with new models.

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According to Carol C. Kuhlthau, the information-seeking behavior is strongly linked with **cognitive skills** and the more cognitive skills an individual has the more effective is the information-seeking. The Kuhlthau's model goes deeply and more than look at actions, the model looks at thoughts, feelings (such as confusion, anxiety, doubt, confidence, among others) and, at last, actions of the individual and how they flow through the process.

Later, show up with other model based on "Big Six Skills" which are: task definition, information seeking, implementation, use, synthesis and evaluation. This model is flexible along all the phases and the individual can go back and redefine the task, search more information, implement other strategy and so on. Thus, there are three elements which are always referred regardless the model: motivation, critical thinking and learning theory.

A study done by University of Idaho Library pointed students often cited **human beings** as a source of information both they knew or strangers. Others preferred to find information on their own but at least they have the need to discuss the information found with someone else. When students are seeking information they try to follow some characteristics such as usability, trust, quality, credibility, validity, completeness and comprehensiveness. According to this study, students consider that the **more time they spent seeking information the more quality information they found**. Thus, seeking information takes time. Students described the "dream information machine" as a mind reader which is able to find their needs without they say it. The first constraint appear when they have to say what they are looking for, even the need is clear in their minds. Many studies were done in the last few years and all of them show that **the first source** of information consulted by students is the **internet**. Susan Herring's (2001) study shows that the students' **motivation decreases** with the **lack of orientation** which results in less accurate or less of high-quality information. However, the majority of the students consider that the use of information only from the internet is not enough for assignments. The OCLC White Paper on the information habits of college students (2002) found that 70% students use library web sites, 67% use full articles, 21% electronic books and only 6% use online reference to search information for assignments. However, 90% pointed that used library's print resources.

In conclusion, the **students' greatest concern** is not about the accuracy but it is about the **difficulty in obtaining the information**. Nowadays, **students are first visual learners** and prefer information organized in pictures, diagrams and graphs which become faster to get the point out. The students have different levels of cognitive development and their evolution is

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not equal, thus the ability to seeking information is not equal as well. So, the assignment outcome differs among them. The supervisor or professor can be crucial for a better development, stimulating as much as possible the discussion, curiosity and deeply researches.

Many studies pointed that students are concerning about saving time in order to have the many hours of free time as possible. The **instructors and librarians** can be truly **influencers** and should contribute for students developing their skills by advising. Moreover, students should keep in mind that they have to go through some steps over the time to finally be able to seek information in a critical and reflected way.

According to George *et al.* (2006), the **main influencers** on students' information seeking behavior are primarily academic staff, other students, friends, university library staff and other people outside the university. However, people who are **heavily on the internet prefer online resources**. But even the heavy on the internet see professors and friends as people who can orient their search.

Regarding the supports, academic staff often shares the articles by e-mail or in one-to-one meetings. Usually they share books, print or electronic copies of magazines of articles. It is created their own library of materials within the research groups. The George's study also pointed that students sit together and talk about their searches, share ideas and get feedback from others which can help to shape the outcome and go far in the research. Most of the students use the **libraries' online services** because they are easily to access, fast, convenient and time-saving. On the other hand, many of the students reported that they are using the physical resources such as books, textbooks and other physical material as well. Thereby, curiosity, the used of physical material is only slightly less than online resources. It can be explain by many of the great authors' references in many areas dated by early years and they are not available in digital support.

A study done by Leemans and Stokmans (1991) show the process of decision-making according three different strategies: 1) **extensive problem solving** which is often applied to products with higher level of involvement and higher differentiated such as durable goods. The decision takes much time than usual and the individual is motivated to search, evaluate and compare information in order to take the best decision; 2) **limited problem solving** which is applied to products with less level of involvement and widely differentiated. This strategy takes less time than the first; 3) **Routinized response behavior** which is characterized by a

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routine purchase of a basic product such as daily commodities. The consumer buys without searching or evaluating any information.

According to the authors the strategy which best applies to the book buying is the last one, the routinized response behavior. Regardless the books are durable books and high differentiated (considering the content of the book), they are purchased regularly. Although there are many titles and no one buy the same.

The **decision-making process** is taken as **interactive** which following **six steps**: problem structuring, information acquisition, information evaluation, outcome, purchase and, last, post-purchase phase. The **process is hierarchical** but in the three first steps there is room for feedback loops. The process starts with a prior knowledge which is used in problem structuring. At this phase the consumer is considering buying a book and the purchase can be planned or by impulse. The difficulty level of choice depends on attributes such as genre and author. Between the problem structuring and the information acquisition the individual is considering which information he or she will need. The third phase is when the individual is acquiring and evaluating the information found. At this phase the individual is pondering the attractiveness of the attributes. There are two **rules to balance the attractiveness**: 1) the compensatory decision rule where the attractiveness level is combined into an overall attractiveness score for the product (can be also called preference). Thus, the low attractiveness of one attribute is compensated by other attribute; 2) the non-compensatory strategy the attractiveness level of the attributes are not combined. The attractiveness of one attribute is compared with the attractiveness of the same attribute however on the other choice alternatives.

When the consumer is deciding which book to buy, the decision-making process consists in two phases: first the **elimination phase** then followed by a **comparison phase**. The non-compensatory strategies described above are used in the elimination phase. On the other hand, the compensatory strategies are applied in comparison phases to get an overall evaluation of the remaining products. The outcome is when the consumer decides which product will buy. After the purchase, the consumer compares the product performance with his/her expectations. This behavior describes the post-purchase stage.

The study concluded that it was considered more attributes in the elimination phase. The most mentioned attributes were the author, familiarity with the author, genre and theme. The

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remaining two more frequently used were know what expect from the author the book has an interesting theme. Regarding the comparison phase, the most frequent attributes were theme, genre, author, familiarity with author, written in a beautiful style and style of writing. Approximately 75% of the attributes express the knowledge level of the product or category.

Later, it was concluded that the attributes that have influence in the decision-marking of durable goods are mostly intrinsic and less related with previously experiences with the product. According to D'Astaus, Colbert & Mbarek (2005) found out which attributes people most value when they are looking for buying a new book. It was analyzed five attributes – authors' reputation, publishers' reputation, cover attractiveness, relation between cover and content and the type of book – regarding the technical books two attributes out of five had highlighted: the authors' reputation and the publishers. For example, regarding the romances the most important attribute is the cover, regardless if it is linked with the content or not. Another conclusion from the study is if the books' author is well-known the same graphic design among diverse titles can make the identification easy for the reader. There is a great example in the Portuguese literature which is the José Saramago's books.

E-Books

The most valued attributes regarding the e-book is and user friendly experience, the design improving, thus, the attractiveness. The study was made with graduate students who are familiar with technology and e-learning systems. By this study it was possible to conclude which are the main drivers to an e-book succeed: legible and consistent font, easy to read and contract represent more than half. On the other hand, asked the graduate students from many countries which are the barriers to buy e-books: content, software and hardware standards, copyright manage, accessibility, type of archive, privacy policies, price and upgrades were the most pointed issues.

· Sustainability Issues

The increasing on e-books can be an opportunity to do this business in a mostly sustainable way. How? So, if digital books are not printed the environment does not suffer. However, sustainability means much more than environmental issues. Sustainable businesses are the ones which can survivor in the future with the richness that they produce by itself without investing a lot external money and be profitable to theirs stakeholders.

Opportunities to booksellers

While in other industries the consumer has to pay more to buy the most environmental friendly product, in the books sector there is another reality. The e-books are cheaper. This approach can put on risk the publishers or other elements of the books sector supply chain? No! Well, at least not all the chain, meaning it can be an opportunity to booksellers. The industry should focus attention on build new businesses models in order to attract a changed and more informed consumer. The point is doing business sustainable, meaning with environmental and social responsibility and with economic growth.

A Deloitte (2010) study regarding this issue shows that the managers have already changed the way they are doing their businesses, mostly reducing operational costs or the cost of production. A manager of an industrial company said “The only way you stay competitive as your product moves along the maturity line is by reducing the cost of production. Many of the things that we do, such as our greenhouse gas reduction, have a cost to it”. He also pointed that “using technology to drive efficiencies and productivity” make the business worth.

In a recent study by Ernest & Young in cooperation with GreenBiz Group (2012), it is shown that the most important driver for managers in terms of sustainability is the cost reduction (74%), followed by the stakeholder’s expectations (68%) and the managing risks (61%). The revenue generation (56%) and the government regulation (37%) seems that they are not so important. In the next three years, 92% of the managers said that will continue to invest in sustainability and 53% of them considering increase the funding.

According an Economist Intelligence Unit (2011) study the stakeholder who had the strongest influence to draw environmental, social and governance goals is the customer (53%). Regarding the obstacles to incorporating sustainability principles, mostly they are related with financial goals in the short term (44%). The main initiatives which companies are developing in order to promoting environmental sustainability are: reviewing the business model (33%), incorporating environmental issues into the risk management (32%), promoting green IT practices (27%), seeking alternative energy sources (24%) and reducing Co2 emissions and water consumption (20% each). Regarding the social issues the main initiatives are: driving health and safety issues in the workplace (41%), promoting diversity in the workplace (31%), engaging employees in social programmes outside the workplace (25%) and operating social care projects in the local community (25%). Last, in order to improve the governance

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structure the companies are: promoting ethical behavior and fair business practice across the company (55%), adhering to a clear code of ethics (46%), complying with corporate governance codes (35%) and incorporating governance issues into risk management (28%).

The sustainability issues have, as shown, a real impact on the companies' business models. Moreover, 44% of the companies pointed that they have been developing new products or better ways to do business. Thus, this concern becomes in evolution and progress.

A research by Book Industry Study Group and Green Press Initiative (2012) found the biggest sustainability issues in the book industry. The climate impacts are strongly related with the carbon emissions. It is estimate that all the steps from production to final consumer emit a net 8.85 pounds per books. Moreover, the loss of carbon storage capacity from a heavy reliance on wood fiber for paper and from the energy requirements for producing paper are also points of concerns. Regarding the willingness to pay of books on recycled paper, around 42% said that is willing to pay more than \$1 and 37% between 25 and 75 cents. Thereby, people are willing to pay a little bit in order to collaborate in a sustainable world. The study also finds some trends in the industry which are: shift towards the use of post-consumer recycled fiber books; companies of publishing and retailing start to have environmental policies covering some of these issues related to transportation, energy and so on; the use of virgin fiber is increasing and there are environmental policies which ensure that the standards are fulfilling. In conclusion, according to the study, the next steps towards sustainability are: reducing overproduction, ensuring the pulping of any unsold books (stocks management efficiency and demand prospects); maximizing the use of recycled and certify fiber paper; moving to lower basis-weight papers in order to reduce the paper consumption; and adopting energy-saving measures, certify sustainable building plans and purchase renewable energy.

The environmental issues and the technological evolution pop up a question: e-books or physical books which one is the greener? The e-books sales are increasing all over the world, special with the launch of the Kindle in 2007. A forecast suggests that in 2015 the e-books sales will represent 40% of the sales of the whole book industry and in 2025 around 75%. Houle defends that in 2020 although some people still by physical books because emotional, sentimental or identity reasons, he forecast that the printed books will be print-on-demand, copy-by-copy. It is a good new for the sustainable causes.

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The digital trends are an infinite world of opportunities. In 2009, the Copia was launched. Copia is a product which combines the biggest trends of the 21st century: digital and social media. The product allows buy e-books at the best price on the internet and then it is possible make notes on the books' margins and share on social media such as Twitter or Facebook.

It stills hard to found out which way of reading is less harmful to the environment. However, some experts say that if a person read less than 10 books a year is better buy physical books, printed on recycled paper. If the person read more than 10 books a year is better do it on an electronic device because it has less carbon emissions than the physical books production in a long term approach.

Moreover, a study by Cleantech Group found that the Kindle is the greener way to read. The study points that "the Kindle is able to fully offset its carbon emissions in the first year of use, as long as the owner downloads more than 22 books in a year, and additional years of use result in net carbon savings equivalent of 168 kilograms of carbon dioxide". However Amazon stills not being so transparent about the carbon emission of the Kindle's production process. But if it takes in consideration that environmental issues are not only associated with carbon emissions but specifically in this case, also associated with paper consumption, maybe e-books are greener.

The Harry Potter's books publisher – Scholastic – sets the example and used two-thirds of the 16.700 tons of paper coming from timber certified by the Forest Stewardship Council. Other publishers in U.S. are following their example and the industry is seriously going green.

However, sustainable issues are not only environmental issues. What about social issues?

In the future, the technological industry will have the power to create all the jobs that will disappear if the printed books become obsolete?

A statistic by Bureau of Labor Statistics from United States Department of Labor points that the book, periodical and music stores industry is rank as number 4 on the *Top 50 Industries with Declining Employment*. It is estimated that the employment will decrease 54% by 2020. On the other hand, the computer and peripheral equipment manufacturing – where it is possible to include the iPad, Kindle and other electronic devices which allow read e-books – is rank as number 10 with a decrease of 27%.

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Thereby, there are lots of challenges to overcome. Nowadays, the word “crisis” is everywhere since in social, cultural, economic, religious and political matters. However, while some people feel the rain, others just get wet.

Other Industries’ Examples – Music Industry

The music industry has some similarities with the book industry. Both are old industries in the whole world since the humans started to make sounds with raw materials such as sticks and stones, and write letters or piece of scriptures on leaves. Both have been changed by two main drivers: technology and internet. However, the music industry had a faster development and it is one step ahead from the book industry. Thereby, the case study of music industry will be taken as an example which should be taken in consideration and followed. Culture and all ways of art expression are trendy. Let’s take advantage of that.

The commercial phonographic industry dated from 1900’s. According to Tschmuck (2003) the industry has three “essential paradigmatic cultural changes”. First is the invention of commercial radio, where, at first, the strategy was about selling home furniture (phonographs) and home records. At that stage, around 1920’s, radio was taken as a direct competitor of phonographic industry and the potential of radio was ignored. Later, in 1950’s, the rock ‘n’ roll appeared and started one of the most iconic eras of the music industry with millions of sales and a trendy and coolness wave around the world. At this point there was an oligopolistic domination with 89% market share controlled by three major companies (RCA, CBS and Decca). Later, in 1959’s, more than 200 independent record companies and radio stations as well had entered the market and had become more competitive. However, the three biggest players did not collaborate and the independent radio stations were not allowed to play music licensed by them. Since 1980’s, the three major record labels have dominated the music industry for sales of physical compact discs and have a vertically integrated with capital-intensive production, marketing and distribution channels.

Nowadays, the music industry is dominated by four players: Sony/BMG, Warner Music, EMI and Universal/Polygram. Together they have around 80% of the market share however with a decreasing on sales in recent years.

In 2000’s album sales have dropped 45% mostly by the faster develop of the internet and the digital and illegal music. The margin of digital music is not enough to compensate the loss in

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physical albums sales. According to International Federation of the Phonographic Industry (IFPI) around 95% of all downloaded music is illegal (2009).

Over years the record labels invested in legal actions world-wide to pursue piracy and in IT projects to protect copyrights. However, the efforts may have been useless. Nowadays, there are many independent record labels that put easily on market new artists at a cheaper production and distribution costs and taking advantage of the opportunities that internet open such as marketing and promotion based on pull-oriented strategies. This movement of new and independent labels is called indie. Thereby, the third “essential paradigmatic cultural changes” is the increasing penetration and speed of the internet. Now the record labels are more flexible and creative in their ways of thinking about distribution and marketing. Indie record labels look upon their music more as a service and not as a product.

The major labels have reduced their costs. Meanwhile, artists are earning more than ever on live concerts and merchandising. The concert ticket sales have increased for years and this has a direct effect on increasing the consumption of music.

Chains around the world are reducing the space allocated for music and, consequently, it hurts the record companies' sales. On the other hand, Apple which launched the biggest online music store, selling digital music since 2002, has come to dominate the online music market. In 2009, Apple had a market share around 25% and Amazon, the second most important player, only had 8%. The Apple's bargaining power is so high that record labels face difficulties negotiating issues such as pricing. Records labels argue that the Apple's price is too low. On the other hand, Apple point that the distribution of digital music is not only about making profits but also about promoting sales of electronic devices.

In 2010 the Coachella music festival, the biggest in the indie movement, was transmitted on YouTube. The world was meeting the online live stream experience for the first time. It endangers the music festival ticket sales? Not, at all. The online live stream experience brings in people the willingness to experience the music live and share a fun moment with their friends. People are going more and more to music festivals. While a show is an “one night standing” experience, a music festival can be a holiday time at a low price.

Although the physical album sales decreased, people are consuming music more than ever. Nowadays, people value new music at low price in order to have knowledge about what is going on. Artists promote their music through the internet and the one who arouse interest

FROM BOOKSTORES TO DIGITAL ERA

bring people to their concerts since people love live experiences which brings stronger emotions. Thus, people are open to pay for experiences and no more for products. Besides that, people like sharing with friends what they are listening to. So, it is much important the chance to share and spread what they love even with people who they do not know.

Looking for book industry, the challenge is quite the same. The sales of physical books are decreasing, the online sales are increasing and one more time Apple has “blame” with the *ibook* software that has million books at low price and many others for free. The difference is that the e-books and e-readers are not so popular yet and their price is not accessible to everyone. However, they will get there. Amazon is also on business with the most popular e-reader on the market, the Kindle. Moreover, the illegal copy and the piracy are also challenges. The path to follow is take advantage of cultural trends to engage the present generations and start today changing the reading habits of the next generation.

FROM BOOKSTORES TO DIGITAL ERA

Animation Plan

Session	Goals	Means	Time
1 st Session	Introduce the case and acquire interest to solve it	Distribution of the case to the students Case summary by the professor Show publishers and retailers sites and communication Identify the main challenge	30'
Out of the session	<ul style="list-style-type: none"> - Identify and characterize the specificities of the market - Determine the threats and opportunities - Define the new general lines of a new strategy 	Case reading and analyze data	90'
		Visit the different types of bookstores and speak with booksellers	90'
		Analyze with colleagues and find new solutions	60'
2 nd Session	Learn from what the other groups done and show the ideas which was found	Each group presents one question and the others criticize Promote a debate between groups guided by the professor	90'

Case Study Resolution

1. Find out the main challenges of the sector as well its gaps. Resume all in a SWOT analysis.

The main challenges of the educational book industry are:

- » Decrease on sales
- » Competition of others entertainment activities
- » Illegal copying
- » Illegal Download
- » Obsolete business model
- » Launch of new devices that allow read
- » Economic crisis all over the world
- » Technology is changing the way of learning

FROM BOOKSTORES TO DIGITAL ERA

APEL SWOT – Strengths and Weaknesses

Strengths	Impact Assessment			Weaknesses	Impact Assessment		
	Low	Medium	High		Low	Medium	High
Books remain an essential tool for education and children encounter them early in their lives		X		Book industry in a mature stage – there is no perspectives of growth			X
Book publishing is able to attract qualify employees, regarded as an interesting and attractive industry to work in		X		Industry is focused on cost reductions and there is no product innovations		X	
The industry is diverse with a large number of specialist publishing companies with good understanding of their niche markets			X	Publishers have little or no knowledge about who their end-consumers are – there is no customers relationship management		X	
The role of publishing is recognized as important to education and culture with financial benefits by governments		X		There are lots of small booksellers which are closing doors because the consumer are moving their purchases to big chains or hypermarkets			X

FROM BOOKSTORES TO DIGITAL ERA

APEL SWOT – Strengths and Weaknesses (continuation)

Strengths	Impact Assessment			Weaknesses	Impact Assessment		
	Low	Medium	High		Low	Medium	High
The industry is already developing innovative approaches to marketing and promotion		X		Low marketing budgets		X	
				Slow response to the digital technology and internet piracy		X	
				Low IT investments in customized systems		X	
				Lack of accurate information of the market			X

FROM BOOKSTORES TO DIGITAL ERA

APEL SWOT – Opportunities and Threats

Opportunities	Impact Assessment			Probability of Occurrence			Threats	Impact Assessment			Probability of Occurrence		
	Low	Medium	High	Low	Medium	High		Low	Medium	High	Low	Medium	High
New relationships with retailers to plan and implement more effective marketing strategies		X			X		Younger people are reading less and are making use of other entertainment activities such as television, online games, video games, social networks and other entertainment through the internet			X			X
Use the technology, mostly the internet and social media, to reach different customers groups and engage them			X			X	Falling population will have immediate impact on education publishers and long-term in the whole industry		X			X	
Developing the market in the long term by encouraging children to read books – long term approach in order to change some habits towards reading			X		X		Reducing use of books in schools and universities in favor of interactive learning and self-developed materials (as example the vocational education)			X			X

FROM BOOKSTORES TO DIGITAL ERA

APEL SWOT – Opportunities and Threats (continuation)

Opportunities	Impact Assessment			Probability of Occurrence			Threats	Impact Assessment			Probability of Occurrence		
	Low	Medium	High	Low	Medium	High		Low	Medium	High	Low	Medium	High
Books delivered to a variety devices such mobile phones, digital music players, PDAs, ipads and others e-book readers			X			X	Vulnerability to digital piracy, especially if e-books and audio books become more popular. The increase of scanning books and share through the internet			X			X
Increasing the range of books delivered over the internet, especially the ones target to business, professional and academic sectors			X			X	Illegal download			X			X
Increase cooperation within the supply chain and share information and electronic between its elements to increase efficiency and promote process automation		X			X		Legislation not enough protective of authors and publishers and surveillance of illegal copying ineffective			X		X	

FROM BOOKSTORES TO DIGITAL ERA

APEL SWOT – Opportunities and Threats (continuation)

Opportunities	Impact Assessment			Probability of Occurrence			Threats	Impact Assessment			Probability of Occurrence		
	Low	Medium	High	Low	Medium	High		Low	Medium	High	Low	Medium	High
In the last few years, there are lots of new and trendy cultural spots around the country		X				X	Copied books is becoming more and more popular		X		X		
Start to have an international and global awareness campaigns related with the authors copyrights			X		X		Economic crisis, people are saving money to spend on essential goods		X			X	

FROM BOOKSTORES TO DIGITAL ERA

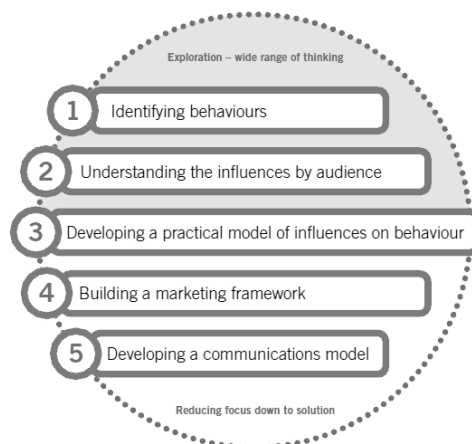
2. Define a strategy to follow in order to step out the challenges, helping the associates to think out of the box and expand its business. Examples of other sectors can be shown.

“We need an even better understanding of human behavior, not just to arrive at the optimum solution in terms of motivation but also to understand how to get as close as possible to the behavior under investigation to stand the greatest chance of influencing it.”¹⁸

The greatest challenge of book industry is change the young people behaviour related with books and copyrights issues.

The newest generations were born in a facilities and easy-take era, where, trough technologies, everything is available, everywhere, every time at a low price or even for free. Thereby, young people, mostly students, are not sensitized about copyright issues or law issues when they download stuff from the internet and copied a book. A clear example of that is when students take the copied books to classes. The majority of academic professors are writers as well which means that they will not allow such behavior. Besides that, the new generation have lot of entertainment activities and they lost the passion of reading. Nowadays, the real and physical books was replaced by video games, tablets, internet, social networks and other more interactive and technological devices.

Since there is a challenge related with behaviour, it is important to find out which behaviour they have, who or which influence students to have such behaviour and, then, develop a strategic model to influence their behaviour in order to change that. Finally, it is crucial to develop a marketing plan which integrates a mix of communication tools to reach and engage the young generation and the next generations as well.



¹⁸ Lannon, J., COI/IPA (2008), *How Public Service Advertising Works*, World Advertising Research Centre, London

The Book Industry – Building a Strategy

1. Short Term Approach - Helping Publishers and Booksellers overcome barriers

There are some issues that should be solved in the short term.

There are three main targets which should be involved and sensitized in order to make short-term improvements: 1) publishers and booksellers; 2) professors and 3) students.

a) Publishers and Booksellers

Since the players, namely the publishers do not have information about the book market, the consumer and also about the impact of illegal copy and download, and even do not have management skills, they should be taught how to collect and organized information that are available without need markets research and external help.

For example, when publishers are selling books, they should have a data base where it is possible to consult to which booksellers they are selling more by geographic area. Besides the market and consumer knowledge, they can make sales projections to future book launches. These management skills will help publishers to do an optimized management of their publishing activity and sell effectiveness.

b) Professors

Most of the times, professors are not sensitized to the impact of illegal copy. Professors should know that if the books are not selling it will have influence on book publishing and will also increase the book's price.

APEL and publishers should sensitized professors to pass the message to their students that they should buy the books and do not allow copied books at classes.

c) Students

The students should be sensitized by professors about: 1) the importance of copyright; 2) the supply chain of the books and 3) the increasing in unemployment that is the result of copying books.

Books - It is also suggested that on the first page of each university book is described the value chain of book sector and how many jobs are at risk because of illegal copy and illegal

FROM BOOKSTORES TO DIGITAL ERA

download. This simple description will be more impact that the sentence that is currently present on books about copyright since there is always "a friend of a friend that knows a friend" who are working in the sector. So, students will be more sensitized to the impacts if they are shown.

Law – The Portuguese justice takes much time to punished illegal copy or download. It is proposed to create a fast process such a summary execution and follow what is doing in other countries like France and block sites of illegal download.

2. Long Term Approach – Changing reading habits

Considering all the challenges and the trends of book industry, the biggest goals of the following strategy is to increase books sales and change the young people behaviour in relation to books. Summary, the proposed strategy aims to bring coolness back to books.

Thereby, there are two main strategic guidelines: 1) improve the reading habits and responsibility related with copyright issues of the next generation; and, 2) create a cool movement related with books and reading in order to sensitize the actual generations and make them thinking about the importance of copyright and how they can have more culture by reading and how cool that can be.

Marketing Targets	Communication Targets
- Children (6 to 17 years)	- Parents and families
- Young people (18 to 25 years)	- Professors
	- Authors, Publishers and booksellers
	- People in general

The marketing targets are the ones who will directly or indirectly impacted with the strategy which are children and young people. Besides that, there are other audiences that should be target of communication because they have influence on marketing targets. So, the communication targets are: parents and families, who have more influence on children present and future behaviour; professors, who should educate and spread the message to young people (college students); authors, publishers and booksellers, who should act correctly and in an integrated way in order to make the industry more profitable; and last, but not least, all the people in general in order to arouse interest and create a cool movement around books.

FROM BOOKSTORES TO DIGITAL ERA

The main strategic guidelines to achieve the goals and engage the marketing targets are: 1) create a strong cooperation between all the intermediaries along the supply chain; 2) start being client-oriented; and, 3) communicate effectively and create actions with a high level of engagement, meaning focus on emotion.

FROM BOOKSTORES TO DIGITAL ERA

3. Draw down some actions which can be implemented in order to support the strategy proposed. It is suggested the inclusion of the social and environmental issues.

It is important to think how to achieve the goals and draw some actions that have the power to fulfil the strategic guidelines. Thus, the following table present in an organized way the action planning. The whole plan is based on Schemas theory since the ultimate goal is change the perceptions about reading meaning bring the coolness to book sector.

Exploration Phase

Step	Outcome	Exploration
Step 1 Identifying behaviours	<p>Children</p> <ul style="list-style-type: none"> · Lots of entertainment activities available; · Born at a technology era · The taste is sharpened by electronic devices and internet · Do not care about books or traditional activities like theatre, writing, etc. <p>Young People</p> <ul style="list-style-type: none"> · They do not have reading habits · Reading is not consider a cool activity, mostly because is an individual activity and there is no interaction with friends · Copy college books, mostly because the books' price and they are not sensitized to the importance of copyright 	
Step 2 Understanding the influences by audience	<p>Children</p> <ul style="list-style-type: none"> · Personal – mostly they are not auto-motivate to read · Social – parents, family and professor are the key influencers on present and future taste for books · Environmental – since they are not the buyers, there is no influence of price, service or proximity issues <p>Young People</p> <ul style="list-style-type: none"> · Personal – can be influenced by their own beliefs and taste for books. Some young people choose physical books or the legal books (and not copy) by their own · Social – the main influencers are their peers such as colleagues or friends. The staff of spots and bars they usually go. Professors can be also influencers · Environmental – price is the most important condition. Young people much prefer save money on books and spend on other activities such as live concerts, cinema, fashion or friends meetings 	

FROM BOOKSTORES TO DIGITAL ERA

Draw the main guidelines

Step	Outcome	Towards a solution
<p>Step 3 Developing a practical model of influences on behaviour</p>	<p>Children</p> <ul style="list-style-type: none"> · Parents and professors as main influencers · Books should be part of the fun activities and not only associated with study and obligations · Its approach should be interactive <p>Young People</p> <ul style="list-style-type: none"> · Colleagues, friends and meeting points as main influencers · Should be create a cool movement around books · The meeting points are prime locations to reach and engage young people · Its approach should be social, interactive and technological 	
<p>Step 4 Building a marketing framework</p>	<p>Children - Parents/Family/Professors</p> <ul style="list-style-type: none"> · The role of books is not only education. Books should be a pleasant activity which brings fun and entertainment. <p>Young People – Students/Colleagues/Friends/Other influencers</p> <ul style="list-style-type: none"> · Have a responsible behaviour regarding copyright will save lots of jobs. It is also about your future. Besides that, reading is sexy and makes you more culture and more intelligent. 	

Communication Planning

Step	Action	Evaluation Metric	Towards a solution
<p>Step 5 Developing a communications model</p>	<p>Children</p> <p>a. Professors (basic school)</p> <ul style="list-style-type: none"> · Reading hours result into a theatre during the class · Involved parents to participate and invited them to be audience · Organized books exchanges fairs, meaning increasing the interest by sharing experiences/stories <p>b. Professors (high school)</p> <ul style="list-style-type: none"> · Reading activities and share the experience/books' story at class with colleagues 	<ul style="list-style-type: none"> · The engage level such as the requests to do the activity again · The interest and participation of parents 	

FROM BOOKSTORES TO DIGITAL ERA

Step	Action	Evaluation Metric
<p>Step 5 Developing a communications model</p>	<p style="text-align: center;">c. Parents</p> <ul style="list-style-type: none"> · Workshops at schools with the goal to help parents to encourage their children to read for pleasure · Sensitize parents to the relation between read and the scholar success by meeting parents <p style="text-align: center;">Young People</p> <p>Students/Colleagues/Friends</p> <ul style="list-style-type: none"> · Alert them to the impacts of illegal copy and download such as unemployment rate and how it can influence their own future by workshops and conferences · Involved students in a cool movement that is going out and have lunch/drink with friends on trendy libraries or iconic booksellers by an integrated campaign with the aid of owners of the spaces (since the most iconic libraries and booksellers to modern retail such as Fnac, Worten, Book.it and Continente) · Create live experiences mixed some interests of young people, such as technology, interaction, being with friends and music, like book festivals (and not fairs which is associated only with selling) · Create a teaser with a help of a website (www.whycopyright.pt) which can have partners (publishers and booksellers) and it has as ultimate goal call for attention. Everyone can write their own stories and receive credits to buy books (off and online) every time that the text is liked, shared on social networks or commented by other people · Competitions through website and social networks which improve the sharing and word-of-mouth around the industry 	<ul style="list-style-type: none"> · Workshops subscriptions · Engage level of parents <ul style="list-style-type: none"> · Workshops/conferences feedback · Engage level and adherence of owners of spaces and booksellers · Number of students/young people present who participated in the event; · Number of visits in the website · Number of participations and shared experiences · Number of fans on Facebook page, the visits, likes and other engage and interaction metrics · The buzz created around the industry and its activities · Number of booksellers and publishers involved in the initiative as partners

Towards a solution

FROM BOOKSTORES TO DIGITAL ERA

Step	Action	Evaluation Metric
	<ul style="list-style-type: none"> · Create an integrated campaign present at colleges, social networks, metro stations, bus stations, bars, cultural points, and other spots that students and their friends attend <p>Booksellers and publishers should be engaged and act like partners</p> <ul style="list-style-type: none"> · Guerrilla marketing – bus station mupis with the phrase “read a book” using the Facebook lettering and background (easy call for attention) 	
	<p>Sustainability issues (social and environmental)</p> <p>a. Publishers/Booksellers</p> <ul style="list-style-type: none"> · Alert and sensitize the publishers and booksellers to the need to become more efficient and avoid waste along the supply chain with workshops which promote discussion ideas and find ways to better estimate the books demand · Show the advantages of e-books since they make possible to have less stocks and improve the space profitability · Print-on-demand approach which helps to cut costs <p>b. People in general</p> <ul style="list-style-type: none"> · Alert to the advantages of e-books in terms of price, space needed and also to the low environmental impact · Round campaign – when buy a book, round the price to revert to a charitable organization · e-Book circle – the possibility to share bought books with a circle of 8 closed-friends paying only 1/3 of the online price of the book (online books have higher margins) 	<ul style="list-style-type: none"> · Increasing on e-books published in portuguese · Increasing on print-on-demand books · Increasing on the e-books sales through publishers and booksellers websites or online stores · Increasing on sales through iTunes stores in Portugal · The money raised by this campaign · The number of people that joined the initiative and share books with friends – how many friends buy books after joined the circle
<p>Step 5 Developing a communications model</p>		

Towards a solution

FROM BOOKSTORES TO DIGITAL ERA

Slides to Support the Case Study Resolution

CASE STUDY

FROM BOOKSTORES TO DIGITAL ERA

BOOKS SECTOR

HOW TO OVERCOME THE MARKET CHALLENGES

ILLEGAL COPY, ILLEGAL DOWNLOAD, NEW TECHNOLOGIES AND A CHANGED CONSUMER



1



CHALLENGE PRESENTATION - GOALS - TARGET - QUESTIONS - LITERATURE REVIEW - RESOLUTION - CONCLUSION

The main challenge of book's industry are:

- New technologies & internet
- E-books
- Rising of other ways of entertainment
- Illegal copy
- Illegal download
- Changed consumer

How to overcome that?

2

FROM BOOKSTORES TO DIGITAL ERA

1. Find out the **main challenges** of the sector as well its gaps. Resume all in a **SWOT analysis**.

The main challenges of the educational book industry are:

- Decrease on sales;
- Competition of others entertainment activities;
- Illegal copying;
- Illegal download;
- Obsolete business model;
- Launch of new devices that allow read;
- Economic crisis all over the world;
- Technology is changing the way of learning.

3

APEL SWOT Analysis

Strengths	Impact Assessment			Weaknesses	Impact Assessment		
	Low	Medium	High		Low	Medium	High
Books remain an essential tool for education and children encounter them early in their lives		X		Book industry in a mature stage – there is no perspectives of growth			X
Book publishing is able to attract qualify employees, regarded as an interesting and attractive industry to work in		X		Industry is focused on cost reductions and there is no product innovations			X
The industry is diverse with a large number of specialist publishing companies with good understanding of their niche markets			X	Publishers have little or no knowledge about who their end-consumers are – there is no customers relationship management			X
The role of publishing is recognized as important to education and culture with financial benefits by governments		X		There are lots of small booksellers which are closing doors because the consumer are moving their purchases to big chains or hypermarkets			X

4

FROM BOOKSTORES TO DIGITAL ERA

APEL SWOT Analysis (continuation)

Strengths	Impact Assessment			Weaknesses	Impact Assessment		
	Low	Medium	High		Low	Medium	High
The industry is already developing innovative approaches to marketing and promotion		X		Low marketing budgets			X
				Slow response to the digital technology and internet piracy			X
				Low IT investments in customized systems			X
				Lack of accurate information of the market			X

5

APEL SWOT Analysis (continuation)

Opportunities	Impact Assessment			Probability of Occurrence	Threats	Impact Assessment			Probability of Occurrence		
	Low	Medium	High			Low	Medium	High	Low	Medium	High
New relationships with retailers to plan and implement more effective marketing strategies		X		X	Younger people are reading less and are making use of other entertainment activities such as television, online games, video games, social networks and other entertainment through the internet				X		X
Use the technology, mostly the internet and social media, to reach different customers groups and engage them			X		Falling population will have immediate impact on education publishers and long-term in the whole industry			X		X	
Developing the market in the long term by encouraging children to read books – long term approach in order to change some habits towards reading			X	X	Reducing use of books in schools and universities in favor of interactive learning and self-developed materials (as example the vocational education)				X		X

6

FROM BOOKSTORES TO DIGITAL ERA

APEL SWOT Analysis (continuation)

Opportunities	Impact Assessment			Threats	Impact Assessment		
	Low	Medium	High		Low	Medium	High
Books delivered to a variety of devices such as mobile phones, digital music players, PDAs, iPads and other e-book readers			X	Vulnerability to digital piracy, especially if e-books and audio books become more popular. The increase of scanning books and sharing through the internet			X
Increasing the range of books delivered over the internet, especially those targeted to business, professional and academic sectors			X	Illegal download			X
Increase cooperation within the supply chain and share information and electronic between its elements to increase efficiency and promote process automation	X			Legislation not enough protective of authors and publishers and surveillance of illegal copying ineffective			X

7

APEL SWOT Analysis (continuation)

Opportunities	Impact Assessment			Threats	Impact Assessment		
	Low	Medium	High		Low	Medium	High
In the last few years, there are lots of new and trendy cultural spots around the country		X		Copied books are becoming more and more popular			X
Start to have an international and global awareness campaigns related with the authors' copyrights			X	Economic crisis, people are saving money to spend on essential goods			X

8

2. Define a **strategy to APEL** in order to step out the challenges, helping the associates to think out of the box and expand its business. Examples of other sectors can be shown.

Short Term Approach

a) Publishers and Booksellers

- Improve their management skills in order to better know the market, consumer and forecast future sales

b) Professors

- Should be sensitized about the impacts of illegal copy and illegal download such as less books sold the increasing of the books' price

c) Students

- Should be taught about copyright importance, the supply chain of book's sector and how illegal copy and illegal download have impact in unemployment

9

Short Term Approach - Helping Publishers and Booksellers overcome barriers

d) Books

- Create impact on first book page by showing the value chain of book sector and how many jobs are at risk everytime a book is copied or an illegal download is done;

e) Law

- Create a fast process such a summary execution and follow what is doing in other European countries like France and block site of illegal downloads.

10

Short Term Approach - Helping Publishers and Booksellers overcome barriers

d) Books

- Create impact on first book page by showing the value chain of book sector and how many jobs are at risk everytime a book is copied or an illegal download is done;

e) Law

- Create a fast process such a summary execution and follow what is doing in other European countries like France and block site of illegal downloads.

11

Long Term Approach - Changing reading habits

Strategy Goals

- 1) Improve the reading habits and responsibility related with copyright issues of the next generation;
- 2) Create a cool movement related with books and reading in order to sensitize the actual generations and make them thinking about the importance of copyright and how they can have more culture by reading and how cool that can be.

12



Long Term Approach - Changing reading habits

Targets

Marketing Targets	Communication Targets
- Children (6 to 17 years)	- Parents and families
- Young people (18 to 25 years)	- Professors
	- Authors, Publishers and booksellers
	- People in general

The **main strategic guidelines** to achieve the goals and engage the marketing targets are:

- 1) Create a strong cooperation between all the intermediaries along the supply chain;
- 2) Start being client-oriented; and
- 3) Communicate effectively and create actions with a high level of engagement, meaning focus on emotion.

13



3. Draw down some **actions** which can be implemented in order to support the strategy proposed. It is suggested the inclusion of the social and environmental issues.

Exploration Phase

Step	Outcome	
Step 1 Identifying behaviours	Children	Exploration
	<ul style="list-style-type: none"> - Lots of entertainment activities available; - Born at a technology era - The taste is sharpened by electronic devices and internet - Do not care about books or traditional activities like theatre, writing, etc. 	
	Young People	
	<ul style="list-style-type: none"> - They do not have reading habits - Reading is not consider a cool activity, mostly because is an individual activity and there is no interaction with friends - Copy college books, mostly because the books' price and they are not sensitized to the importance of copyright 	

14

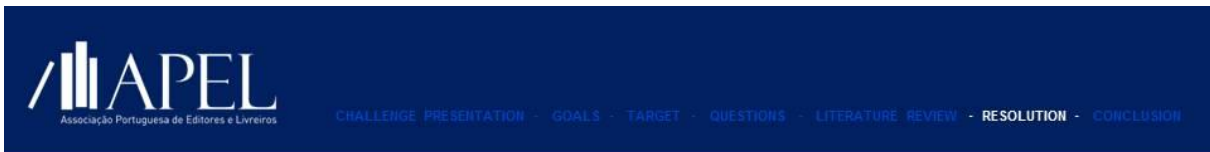


Exploration Phase

Step	Outcome
Step 2 Understanding the influences by audience	Children <ul style="list-style-type: none"> Personal – mostly they are not auto-motivate to read Social – parents, family and professor are the key influencers on present and future taste for books Environmental – since they are not the buyers, there is no influence of price, service or proximity issues
	Young People <ul style="list-style-type: none"> Personal – can be influenced by their own beliefs and taste for books. Some young people choose physical books or the legal books (and not copy) by their own Social – the main influencers are their peers such as colleagues or friends. The staff of spots and bars they usually go. Professors can be also influencers Environmental – price is the most important condition. Young people much prefer save money on books and spend on other activities such as live concerts, cinema, fashion or friends meetings

Exploration

15



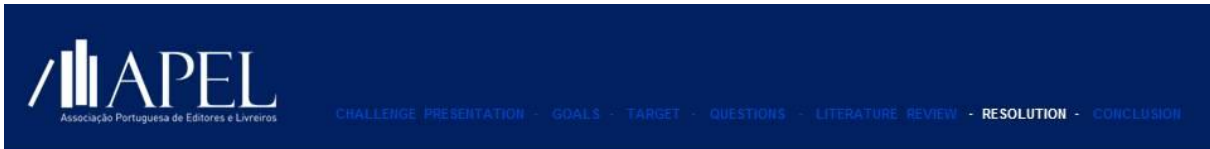
Draw the main guidelines

Step	Outcome
Step 3 Developing a practical model of influences on behaviour	Children <ul style="list-style-type: none"> Parents and professors as main influencers Books should be part of the fun activities and not only associated with study and obligations Its approach should be interactive
	Young People <ul style="list-style-type: none"> Colleagues, friends and meeting points as main influencers Should be create a cool movement around books The meeting points are prime locations to reach and engage young people Its approach should be social, interactive and technological

Towards a solution

16

FROM BOOKSTORES TO DIGITAL ERA

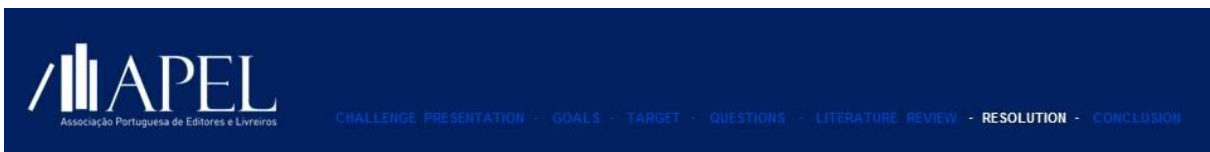


Draw the main guidelines

Step	Outcome
Step 4 Building a marketing framework	<p>Children - Parents/Family/Professors</p> <ul style="list-style-type: none"> · The role of books is not only education. Books should be a pleasant activity which brings fun and entertainment. <p>Young People – Students/Colleagues/Friends/Other influencers</p> <ul style="list-style-type: none"> · Have a responsible behaviour regarding copyright will save lots of jobs. It is also about your future. Besides that, reading is sexy and makes you more culture and more intelligent.

Towards a solution

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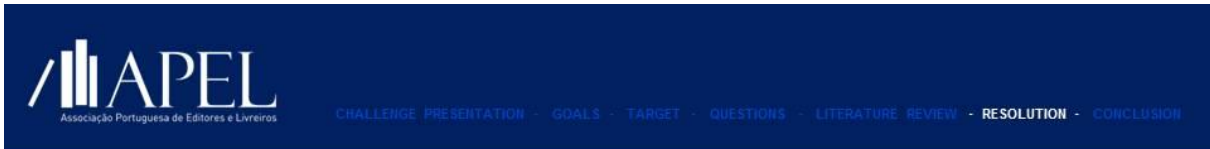


Communication Planning

Step	Action	Evaluation Metric
Step 5 Developing a communications model	<p>Children</p> <p>a. Professors (basic school)</p> <ul style="list-style-type: none"> · Reading hours result into a theatre during the class · Involved parents to participate and invited them to be audience · Organized books exchanges fairs, meaning increasing the interest by sharing experiences/stories <p>b. Professors (high school)</p> <ul style="list-style-type: none"> · Reading activities and share the experience/books' story at class with colleagues 	<ul style="list-style-type: none"> ▪ The engage level such as the requests to do the activity again ▪ The interest and participation of parents

Towards a solution

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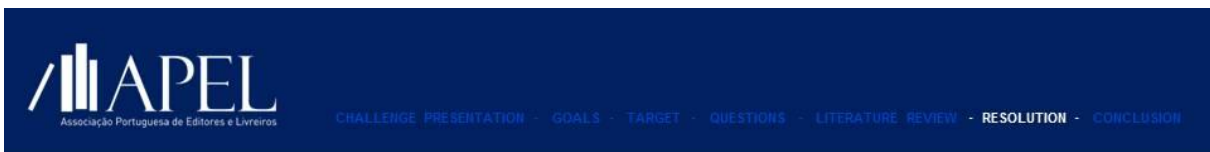


Communication Planning

Step	Action	Evaluation Metric
Step 5 Developing a communications model	<p>c. Parents Workshops at schools with the goal to help parents to encourage their children to read for pleasure. Sensitize parents to the relation between read and the scholar success by meeting parents.</p> <p>Young People Students/Colleagues/Friends Alert them to the impacts of illegal copy and download such as unemployment rate and how it can influence their own future by workshops and conferences.</p>	<ul style="list-style-type: none"> ▪ Workshops subscriptions ▪ Engage level of parents ▪ Workshops/conferences feedback ▪ Engage level and adherence of owners of spaces and booksellers

Towards a solution

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Communication Planning

Step	Action	Evaluation Metric
Step 5 Developing a communications model	<ul style="list-style-type: none"> ▪ Involved students in a cool movement that is going out and have lunch/drink with friends on trendy libraries or iconic booksellers by an integrated campaign with the aid of owners of the spaces (since the most iconic libraries and booksellers to modern retail such as Fnac, Worten, Book.it and Continente) ▪ Create live experiences mixed some interests of young people, such as technology, interaction, being with friends and music, like book festivals (and not fairs which is associated only with selling) 	<ul style="list-style-type: none"> ▪ Number of students/young people present who participated in the event;

Towards a solution

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FROM BOOKSTORES TO DIGITAL ERA

Communication Planning

Step	Action	Evaluation Metric
Step 5 Developing a communications model	<ul style="list-style-type: none"> ▪ Create a teaser with a help of a website (www.whycopyright.pt) which can have partners (publishers and booksellers) and it has as ultimate goal call for attention. Everyone can write their own stories and receive credits to buy books (off and online) every time that the text is liked, shared on social networks or commented by other people ▪ Competitions through website and social networks which improve the sharing and word-of-mouth around the industry 	<ul style="list-style-type: none"> ▪ Number of visits in the website ▪ Number of participations and shared experiences ▪ Number of fans on Facebook page, the visits, likes and other engage and interaction metrics ▪ The buzz created around the industry and its activities

Towards a solution

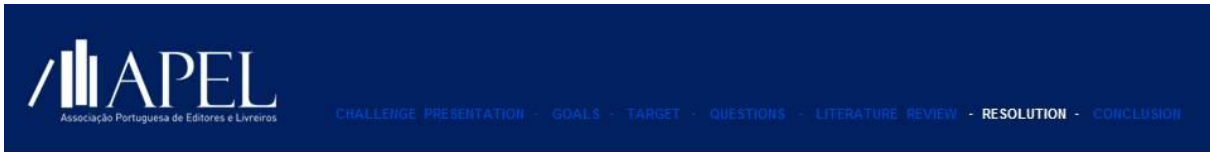
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Communication Planning

Step	Action	Evaluation Metric
Step 5 Developing a communications model	<ul style="list-style-type: none"> ▪ Create an integrated campaign present at colleges, social networks, metro stations, bus stations, bars, cultural points, and other spots that students and their friends attend ▪ Booksellers and publishers should be engaged and act like partners ▪ Guerrilla marketing – bus station mupis with the phrase “read a book” using the Facebook lettering and background (easy call for attention) 	<ul style="list-style-type: none"> ▪ Number of booksellers and publishers involved in the initiative as partners

Towards a solution

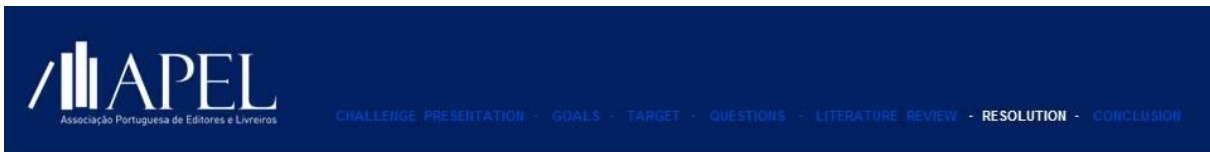
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Communication Planning

Step	Action	Evaluation Metric
Step 5	Developing a communications model Sustainability issues (social and environmental) a. Publishers/Booksellers <ul style="list-style-type: none"> ▪ Alert and sensitize the publishers and booksellers to the need to become more efficient and avoid waste along the supply chain with workshops which promote discussion ideas and find ways to better estimate the books demand ▪ Show the advantages of e-books since they make possible to have less stocks and improve the space profitability ▪ Print-on-demand approach which helps to cut costs 	<ul style="list-style-type: none"> ▪ Increasing on e-books published in portuguese ▪ Increasing on print-on-demand books ▪ Increasing on the e-books sales through publishers and booksellers websites or online stores

Towards a solution



Communication Planning

Step	Action	Evaluation Metric
Step 5	Developing a communications model b. People in general <ul style="list-style-type: none"> ▪ Alert to the advantages of e-books in terms of price, space needed and also to the low environmental impact ▪ Round campaign – when buy a book, round the price to revert to a charitable organization ▪ e-Book circle – the possibility to share bought books with a circle of 8 closed-friends paying only 1/3 of the online price of the book (online books have higher margins) 	<ul style="list-style-type: none"> ▪ Increasing on sales through iTunes stores in Portugal ▪ The money raised by this campaign ▪ The number of people that joined the initiative and share books with friends – how many friends buy books after joined the circle

Towards a solution

FROM BOOKSTORES TO DIGITAL ERA

APEL
Associação Portuguesa de Editores e Livreiros

CHALLENGE PRESENTATION - GOALS - TARGET - QUESTIONS - LITERATURE REVIEW - RESOLUTION - CONCLUSION

Campaign Example // Posters

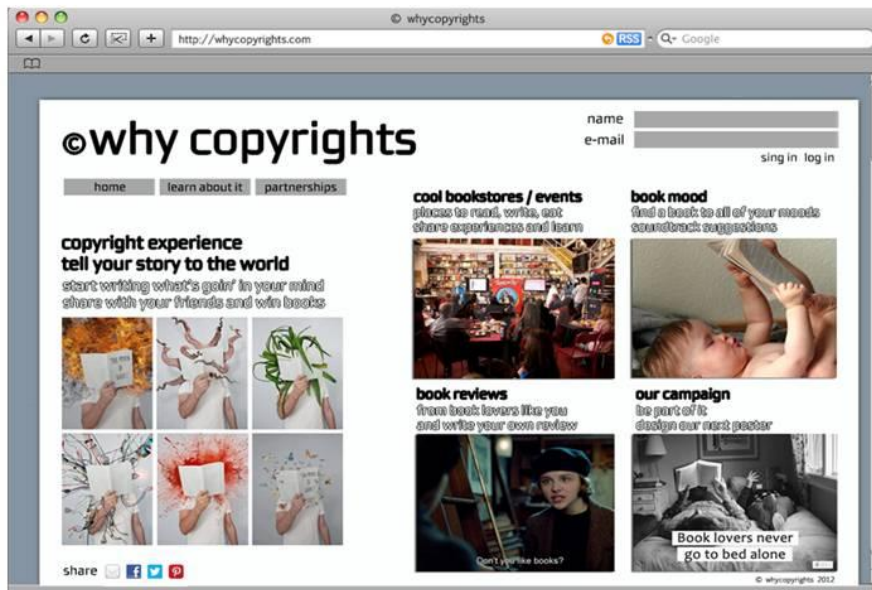


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APEL
Associação Portuguesa de Editores e Livreiros

CHALLENGE PRESENTATION - GOALS - TARGET - QUESTIONS - LITERATURE REVIEW - RESOLUTION - CONCLUSION

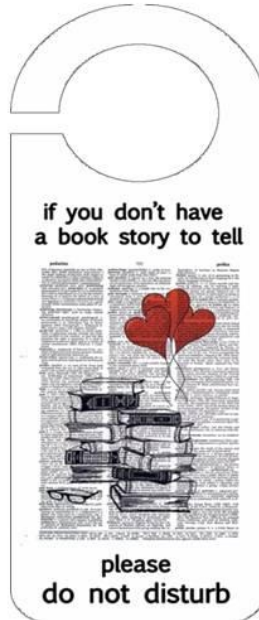
Campaign Example // Site



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Campaign Example // Door Hanger



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Campaign Example // Guerrilla Marketing



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FROM BOOKSTORES TO DIGITAL ERA

Campaign Example // Merchandise



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Campaign Example // Social Responsibility



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Topics to Be Drawn From this Case to the Management

The book industry is facing a great challenge mostly by the evolution of the technologies and the internet. This case is an opportunity to think, based on a real situation, how to improve and develop an industry that never had so much competition. Take in consideration the learning from a similar industry – music industry – it is possible to find out which path the book industry has to follow.

However, the solutions do not have to be the same. Since not all strategies were well succeed in the music industry, the example should keep in mind but it is important to find new ideas and concepts. Change behavior is a hard job and takes patience and time. A long term strategic approach and an investment in the new generation education can solve that challenge.

The managers should know the trends and try to take advantage of them. Being consumer-oriented, taking the trends in consideration, being where our targets are (physical and digital) and communicate effectively with them is the main guidelines regardless the business. Besides that, there are specificities of each business that should be considered in detail.

Thereby, this case study allows its participants to:

- Learn a new approach to an old industry
- Rethink what is done and think more consumer-oriented
- Identify strengths and weaknesses of an industry in a way that its competitive position can be improved and the challenges overcome
- Draw a new strategy taking in consideration the targets
- To develop methods and techniques of market approach with focus on a long term thinking
- Develop a communication planning and be creative thinking about some real actions target to different audiences

After solving this case study, the participants should be capable to develop a business strategy and a marketing plan with good consumer-oriented skills and trends focus.

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