Industry Analysis

**Objective:**

With the growth of platforms such as YouTube, Amazon, and Netflix, recommender systems have become increasingly prevalent in our daily lives. From e-commerce sites recommending products of interest to buyers, to online advertisements suggesting content based on user preferences, these systems are now an integral part of our online experience. In essence, recommender systems are algorithms that suggest relevant items to users, whether it be movies, texts, products, or something else. The significance of recommender systems cannot be overstated, as they have the potential to generate substantial revenue for companies or distinguish them from their competitors. A book recommendation system can bring numerous benefits for users. Firstly, it can offer a personalized experience for users by suggesting books that match their reading preferences and interests. This can save time and effort for users as they won't have to search through a vast library of books to find something they like. Furthermore, the recommendation system can also assist users in discovering new books and authors they may not have considered otherwise, broadening users' reading horizons.

**Industry Overview:**

***The Global Book Industry:***

The global book market was valued at USD 138.35 billion in 2021 and is expected to grow at an annual rate of 1.9% from 2022 to 2030. North America was the largest contributor to the global market, accounting for nearly 33% or USD 45.655 billion in 2021. Within the global market, the hard copy segment accounted for the majority of the market share, totaling 78.7% or USD 35.93 billion.

***Online Book Sales in the US:***

In the United States, online book sales amounted to USD 8.8 billion in 2022. Major players in the non-online book market, such as Amazon, accounted for 96% of the market share. The market was dominated by hardcover and paperback books, which accounted for 56.3% of the market. As a result, online sales of hardcover and paperback books made up 54% of the online book market. In 2022, online sales of paperback books generated revenue of USD 4.756 billion.

***Market Growth:***

The online paperback book market is projected to grow at a rate of 4.5% per year. As a result, it is estimated that the revenue generated from online paperback book sales will reach almost USD 5 billion in 2023.

***Goodreads Overview:***

Goodreads is a popular social media platform that focuses on books. It is a subsidiary of Amazon and is based in the United States. With Goodreads, users can create their own personal library catalog, reading lists, and join book clubs. In addition to these features, users can also participate in various community activities such as surveys, polls, blogs, and discussions. Goodreads has become a well-visited website, attracting around 119.7 million visits per month in 2022. Most of its desktop traffic comes from the United States, accounting for approximately 42.64% of its desktop traffic. In the same year, Goodreads generated a revenue of approximately $5.0 million.

**SWOT Analysis:**

***Strengths:***

Goodreads provides one of the largest online catalogs of books in multiple languages and versions, which is its biggest advantage. With such a vast selection, users are able to find books they are interested in with ease.

***Weaknesses***:

*User Experience*: Goodreads has been criticized for its poor user experience. Many users find the website confusing and difficult to navigate.

*Search Engine*: The poorly manufactured search engine algorithm is another weakness of Goodreads. The algorithm does not effectively pull books from the database, making it difficult for users to find the books they are looking for.

*Poor Book Recommendations*: Recommendations are not specific enough, which limits their usefulness.

*Librarian System*: Goodreads relies on a team of anonymous volunteers to answer questions, but there is no direct communication (phone number/email). The concern is reported into a forum, which results in inefficiency or no response at all.

***Opportunities***:

*Increase the usability of social media features to promote a community feel*: By improving the social media features, Goodreads has an opportunity to increase user engagement and create a stronger community feel among its users.

***Threats***:

*Being too slow in adopting user feedback, wants, and needs:* With the rise of new and improved book recommendation platforms, Goodreads may lose its competitive edge if it fails to keep up with the changing needs of its users.

***Pain Point:***

Despite Amazon's acquisition of Goodreads for $150 million in 2013, the user experience hasn't undergone significant aesthetic transformations. Despite recognizing Goodreads' need for a revitalization, Amazon seems to be inactive in making any improvements. This lack of attention to user experience and lack of tailored book recommendations is a pain point for users.