

# Barnes & Noble Booksellers

## Marketing Plan



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## Executive Summary

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Barnes & Noble has been around for over a century, with origins beginning in New York as far back as 1917 (Barnes & Noble, Inc., n.d.). Before software advances and up until the early 2000s, Barnes & Noble was the go-to bookstore across the United States of America. However, in recent times, with the rise of ebooks and the ability to purchase books online, there has been an alarming decline in the demand of bookstores across the country. In this marketing plan, I will be proposing some alternative strategies to give Barnes & Noble a reboot and a new lease on life during these modern times. Throughout this plan, I will be referring to the iconic '90s movie *"You've Got Mail"* starring Meg Ryan and Tom Hanks, not only because it is my favorite movie but also because it centers around the theme of bookstores.

To save Barnes & Noble from collapsing, it is necessary that it invests in technology and finds new ways to attract new customers and retain them, not only in person but also online. To combat the decline of books and bookstores, we could use a price matching strategy for in-store purchases to drive traffic in physical stores. To drive traffic up in Barnes & Noble online and ebook stores, I propose we create a virtual bookstore or a digital twin of Barnes & Noble, whereby a customer can browse the book they had in mind as well as look at the adjacent shelves while being at the comfort of their own home. This will undoubtedly increase sales as customers can also see what kinds of related books are nearby just as they would in a regular bookstore.

Barnes & Noble's main competitor is Amazon.com and that can mainly be attributed to Amazon's vast and fast distribution and shipping capabilities. In order to decrease the competition with its competitors, Barnes and Noble needs to not only focus on their current target customer, but also expand their marketing plan to also include a younger demographic. Barnes & Noble can achieve this by being more engaging in their social media platforms. Finally, we will employ strategic promotions in order to drive sales up, retain employees and customers as well as convert and attract new customers.

Although Barnes & Noble is mainly a B2C company, they will also have the opportunity to pivot and expand into a newly identified competing Market, which is online courses. This would imply that Barnes & Noble might expand into more B2B companies as well. As such, Barnes & Noble can look into joint ventures and Partnerships

# Situational Analysis

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## Industry Background

### *Booksellers Industry*

In these modern times, booksellers or bookstores, big and small, struggle or fail to remain in business because of the unmatched competition with Amazon.com, the original online bookseller (Stone's 2021). In hindsight, without a doubt, the booksellers industry was not prepared for a foundational overhaul of how books are sold and they did not pivot in time for the digital age of book consumption. This marketing project will discuss one particular bookseller: Barnes & Noble. This bookstore has been one of the few lucky bookseller businesses to still be around, despite the fierce online competition. A similarly sized bookseller, Borders Books, had not been so lucky. Borders Books closed its doors in 2011 despite dominating the bookselling industry for 40 years, mainly due to not investing in online book e-commerce (Noguchi 2011). Luckily for Barnes & Noble, they did pivot, although a little late in the game, to also include e-books as part of their NOOK e-reader product as well digital products such as e-books and audiobooks.

It is a little ironic that these 'Big-Box Stores' that closed many 'mom & pop' bookshops in the Nineties are finding themselves to be in the same position as those small businesses when compared to the shark that is Amazon.com. In the famous nineties movie "*You've Got Mail*" starring Meg Ryan and Tom Hanks, "Fox and Sons Books" was largely based on Barnes & Noble and "The Shop Around the Corner" was representative of the 'mom & pop' bookstores (Bricker 2023). Coincidentally, the subplot centered around how the "big bad chain store" is out to run all the small bookstores out of business (Ephron 1998). How the tables have turned, given that now Barnes & Noble finds itself in the same spot as the fictional independent bookstore "Around the Corner", where it is being threatened to be put out of business by the "big-box store" equivalent of "Fox and Sons books" that is present day Amazon.com.

In the present day, Barnes & Noble (B&N), ticker symbol BNED, has recently hit an all-time low of \$0.99 per share and is still struggling to stay competitive in this market (Kellaher 2023). The company claims that there is a secondary competition to their industry, namely online courses that do not require any books and analysts are not

optimistic about the rest of the year, despite reassurance from BNED (Kellaher 2023). This is particularly worrying given the new strategy that BNED has recently incorporated after hiring James Daunt as their CEO: getting B&N to feel more like a cozy local bookstore rather than a big-box store, a striking shift from the B&N customers are used to (Harris 2022). Daunt was able to turn things around for Waterstones, the UK's equivalent of B&N (Harris 2022). Initially, after these changes, B&N saw a positive change and profits were trending in the right direction. However, in light of this newly discovered competition with a similar industry, it seems that Barnes & Noble has a way to go before they can pick back up.

As of June 2023, the growth rate and price forecast for the next year has a median of \$3.50 per share, with a conservative estimate of \$3.00 per share and an optimistic estimate of \$4.00 per share. This implies a “+207.02% increase from the last price of 1.14” (CNN Business 2023).

### Barnes & Noble Education Inc (NYSE:BNED)

**1.14**

Delayed Data  
As of Jun 26

**0.00 / 0.00%**

Today's Change

TODAY

0.99

3.31

52-Week Range

**-34.86%**

Year-to-Date

Quote

Profile

News

Charts

Forecasts

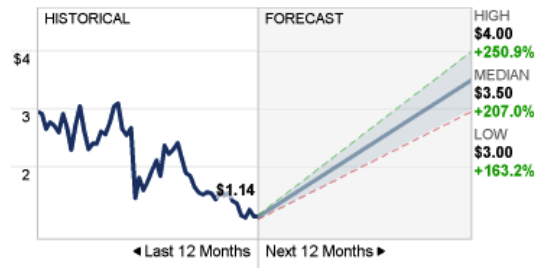
Financials

Shareholders

Competitors

### Stock Price Forecast

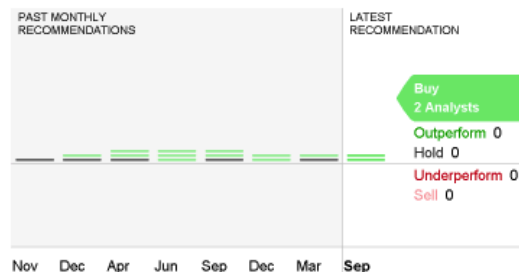
The 2 analysts offering 12-month price forecasts for Barnes & Noble Education Inc have a median target of 3.50, with a high estimate of 4.00 and a low estimate of 3.00. The median estimate represents a **+207.02%** increase from the last price of 1.14.



### Analyst Recommendations

The current consensus among 2 polled investment analysts is to **buy** stock in Barnes & Noble Education Inc. This rating has held steady since September, when it was unchanged from a buy rating.

Move your mouse over past months for detail



Source: Data from CNN Business (2023)

## Competitive Analysis

Before going into Barnes & Noble's *competitors'* Competitive Analysis, it is important to get acquainted with Barnes & Noble's market share and target markets:

- Market share: 26.6% of US book sales
- Target market: young, educated customers, and women with small children (Sax 2016)

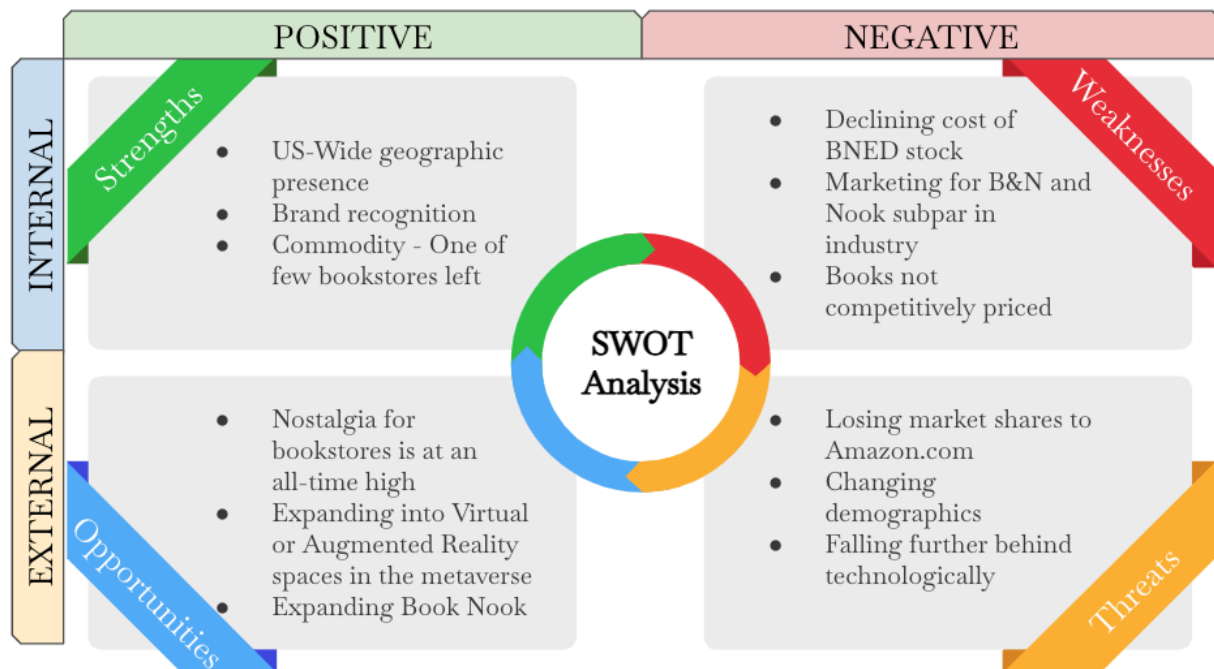
### Major Competitors (Gitnux 2023):

1. Amazon.com
  - Market share: 60% to 70% of total book sales in the USA (Gitnux 2023)
  - Target Market: middle-age families across all socio-economic strata, with an average annual household income of nearly \$85,000 (Start.io 2022).
  - Amazon.com seems to be the main competitor of almost every single industry. By cutting out the “middleman”, they are able to extend very low prices to customers, and customers can usually receive their book the very next day. Due to many publishers also trusting Amazon's distribution network, Amazon is nearing a monopoly on book sales in the US. As such, Amazon.com is the main competitor to B&N
2. Target
  - unknown market share
  - Target's target market is a college educated millennial suburban mom with a household income of \$80,000 (Reuter 2023). They are targeting a similar demographic as B&N
  - Target shares a target market with B&N and they also provide the luxury of perusing books, albeit in only an aisle, as well as online purchasing or the drive up methods. Furthermore, they also offer deep discounts or promotions on books. This makes Target very competitive with B&N.
3. Walmart
  - unknown market share
  - Target market: late-middle aged, white suburban married women with income of \$80,000 (Walton 2022)
  - Same as Target's reasoning, Walmart offers in-store book browsing as well as an online option with frequent promotions and discounts
4. Costco
  - unknown market share

- Target market: 39-year-old Asian American woman earning more than \$125,000 a year (Reuter 2023)
- Costco is known for its unbeatable prices due to bulk buying. Costco also has the capability of shipping items as well. Additionally, Costco shares a similar customer base as Target

## SWOT Analysis

### Barnes & Noble SWOT Analysis



Potential Problems	Risk	Mitigation
Internal Weakness	Declining cost of BNED stock	Invest in new marketing strategies and make use of social media. B&N demographic is very active on Instagram & TikTok and there is already a community of readers that refer to themselves as “Bookish” or are a part of the “BookTok” subcommunities on TikTok, Instagram, and Twitter. B&N should invest in and engage with these BookTok influencers to expand their followers, especially among younger generations to keep Barnes & Noble relevant. The more online presence B&N has, the more likely these followers will translate to online customers, the more likely
Internal Weakness	Marketing for B&N and Nook subpar in industry	Just as above, targeted marketing should be improved by B&N and NOOK as well as to expand to younger demographics by being more engaged on social media
Internal Weakness	Books not competitively priced	B&N needs to find a different sales model for their book prices. Perhaps they can offer a price-matching policy in-store to not only get more sales, but also to increase foot traffic.
External Threat	Losing market shares to Amazon.com	B&N needs to beat Amazon at its own game: technology. They should invest in developing a virtual bookstore whereby a user can peruse the bookstore and neighbouring books while sitting at the comfort of their own home. This will surely intrigue readers and will increase online foot traffic. Coupled with online price-matching with Amazon, they have a great shot at increasing their market shares
External Threat	Changing demographics	With the impending shift in demographic, B&N needs to start additionally catering to a younger demographic and getting them engaged by highlighting books and genres they are interested in. Again, their best bet is to have target marketing using the popular social media platforms, especially Instagram, TikTok and Twitter
External Threat	Falling further behind technologically	B&N needs to expand its online and social media presence and prioritize this at all costs. The idea of having a virtual bookshop to be able to navigate would undoubtedly breathe a breath of fresh air to a dying industry.



# Marketing Objectives

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This will be a B2C marketing plan. Using the SMART method of outlining the Marketing Objectives:

1. Increase online and instore B&N foot traffic by 50% through the use of technological development: digital bookstore twin, price-matching in-store and increased media engagement in the next 2 quarters
2. Increasing stock prices of BNED by 10% in the next 2 quarters
3. Increase social media followings by 15% across all platforms over the next 2 quarters

# Target Customers

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The following are traits for Barnes & Nobles' Target Customer

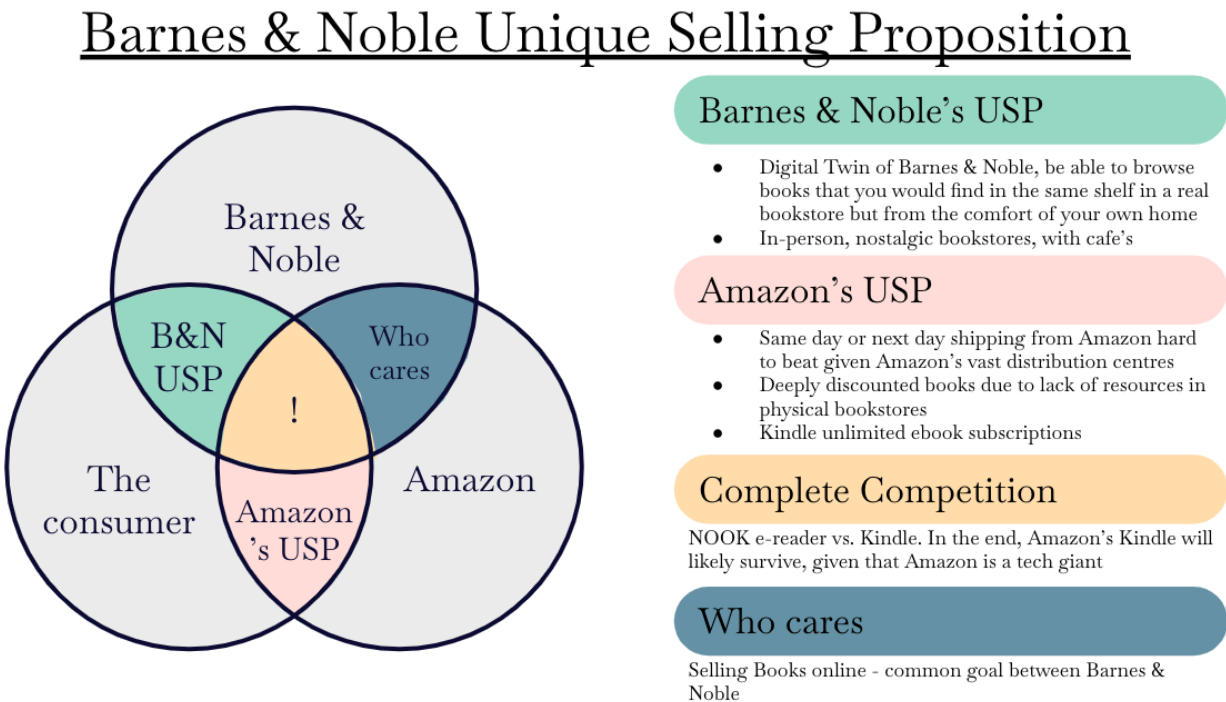
Profile Factors	Traits	Market wants & needs
Demographic	Young customers (avg. 35), and women with small children	Younger demographic to gain interest in reading and buying books
Psychographic	Educated, wealthy (avg yearly income 80k + )	Customers with a higher income
Geographic	Across the USA	Customers in cities and suburban towns
Behavioral	prefer nostalgic feel of bookstore, tech savvy to buy online from a digital twin of bookstore	Tech-savvy customers preferring e-commerce

# Unique Selling Proposition

Barnes & Noble's USP could be:

**“Escape to a world of books, caffeine and knowledge”**

*USP Venn Diagram:*



# Pricing & Positioning Strategy

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## Positioning Statement

For booklovers and bibliophiles, who miss the comforting, familiar feeling bookstore, B&N offers a nostalgic yet packed bookstore. Unlike its competitors, B&N offers both a local bookstore as well as a virtual digital twin, where customers can also browse other neighbouring books instead of relying on site algorithm's recommendations.

## Pricing Strategy

*B&N will offer an in-store price-matching policy to get more foot traffic into the physical stores.*

*Additionally, as a price segmentation to appeal to a younger demographic, B&N will establish a student discount of 10% off each transaction, provided they can provide proof of study*

## Offers

Offer birthday coupons for a free book under \$25.

Additionally, B&N will create monthly book clubs for 5 popular genres and for a subscription of \$25/month, you will get a free book every month as well as a free drink during a monthly local chapter meet of the book club.

## Strategy for Increasing Transaction Prices

*By price matching in-store, it will increase foot traffic and as such, will increase the likelihood of a customer buying more, especially when they will view the enticing popular reads in strategically placed locations across key areas of the store.*

## Distribution Plan

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There will be 2 main places where customers will be able to purchase books:

1. **Physical, local B&N Bookstores**
  - Local B&N stores will be stocked with the latest and most popular bestsellers, customized according to the regional book preferences
  - They will also be able to ship a book to the store and pick up for free to increase foot traffic
  - B&N locations across the USA will be renovated to ensure the atmosphere is that of a nostalgic bookstore while also having sections that appeal to a younger demographic
2. **Virtual Digital Twin Online Bookstores**
  - A prototype can be seen in the video below which I created using the open source 3D modeling software Blender and edited using Canva
  - “digital twin” is a term used to describe recreating a particular environment into a digital version.
  - In this case, I would propose that B&N creates a digital version of their grandest bookstore where they have virtually stocked it with the latest books in the correct sections of the bookstore.
  - The user then can navigate to the section of the bookstore they prefer and be able to not only find the book that they were looking for, but also be able to browse other books of the same subtopic
  - This will surely drive up sales as it is a novel idea that has not been implemented by a bookstore yet.

# Promotions Strategy

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## Phase 1: Lean into Social Media, engage with “Reese’s Bookclub” and “Oprah’s Bookclub”.

As mentioned earlier in the report, there already are communities or lifestyles centered around reading, commonly called “Bookish” or “BookTok” communities. There are also celebrity book clubs with large followings on social media that B&N could lean into and collaborate with. There are a lot of social media users of the target customer demographic who have a large following that Barnes & Noble can sponsor in order to get more followers.

Most avid readers are also familiar with Haven't readers are familiar with actress Reese Witherspoon's book club called Reese's book club. Another famous book club is Oprah's Book Club created by none other than Oprah Winfrey. These two book clubs have the same Target Customer as Barnes & Noble. Barnes & Noble could easily collaborate with these two celebrity book clubs to promote Barnes & Noble even further as well as gain new followers on their social media accounts.

Alternatively Barnes & Noble could reach out to a younger celebrity and collaborate with him or her to create a celebrity book club that Barnes & Noble can collaborate with in order to establish or expand into a new and younger demographic.

## Phase 2: Product placement in films



Source. Tom Hanks' character gathering the FedEx packages he could find after he survived the plane wreck. FedEx was an integral part of the films storyline.

Who could forget iconic product placements such as FedEx in the film Castaway or Nikes in the film Back to the Future? Such subtle and yet effective product placements in films could evoke an emotional response from the customer and get them to take action and buy the product. In the previously mentioned film “You've Got Mail”, it had a few product placements, notably Starbucks, and it was seamlessly intertwined within the film's story. As such, I always associate Starbucks with the warm cozy feeling I had when I watched the film.



*Source. Starbucks product placement in the film “You’ve Got Mail” as Tom Hanks’ (once again) character Joe Fox narrates the following: “The whole purpose of places like Starbucks is for people with no decision-making ability whatsoever to make six decisions just to buy one cup of coffee. Short, tall, light, dark, caf, decaf, low-fat, non-fat, etc. So people who don’t know what the hell they’re doing, or who on earth they are can – for only \$2.95 – get not just a cup of coffee but an absolutely defining sense of self: Tall. Decaf. Cappuccino.”*

Given that film remakes are very popular these days, it would not be far-fetched to rewrite the film “You've Got Mail” with a modern twist whereby Barnes & Noble is now the equivalent of “The Shop Around The Corner” and to provoke a sense of nostalgia and coziness from the viewers which would propel them to take action and go back into visiting Barnes & Noble in person as well as online. This would also be a great opportunity to exhibit the new feature that I am proposing Barnes & Noble to invest in which is the virtual bookstore and show the actors and actresses using this app to navigate a bookstore. We could maybe even have an additional feature, in order to tie into the movie, of a chat function with other users! Bringing back Barnes & Noble into films will undoubtedly increase its popularity and attract new customers .

### Phase 3: Sweepstakes: Book Lottery: A book a week for life

As a book lover myself I have often fantasized about winning the lottery but not winning the lottery in the traditional sense of earning money but rather earning the book lottery. I often imagine there being a book lottery where if you take all the right numbers then you could earn a book a week for the rest of your life. It would be every bibliophile's dream. and it would be the first of its kind. One can argue that this could also help expand our demographic as well as diversify Barnes & Nobles Niche industry! For example, at checkout, either online or in person, a customer will have the option to purchase a \$5 ticket and they can either pick out their own numbers or get a randomly generated ticket and they can check in the following week to see if their ticket has been selected for a lifetime of weekly book giveaways. This will undoubtedly increase Barnes and Nobles Revenue as well as Peak the interest of Book Lovers everywhere.

### Phase 4: Weekly coupons, promotions & price-matching for customer retention

Another approach we can take is that of the hobby store Michaels. Michaels sends out weekly coupons and these coupons become more personalized and greater and value for recurring customers the more frequently you visit the store. not only will this attract new customers but it will also retain our current customer base as well as reward them for their loyalty. Another way we could attract and retain customers is by offering price matching in in-store purchases. as mentioned before this will increase the physical foot traffic of Barnes & Noble.

### Phase 5: Nook subscriptions

This next promotion strategy of providing ebook subscriptions, just like Amazon's Kindle Unlimited subscription, may come as a conflicting idea since we are told not to pursue a competitor's USP, especially one that is great at it. However, in order to compete with Amazon Barnes & Noble should still offer similar products and services to its customers in order to attract Amazon's customers. this strategy might eliminate the doubts of some Kindle unlimited users from switching to Barnes & Noble



# Conversion Strategy

## Awareness

- Increase awareness of how bookstores are declining and need to be treasured.  
This can be done through social media
- Increase Barnes & Noble's presence online by engaging followers

## Interest

- Provide targeted ads through social media for weekly coupons and offers
- Do product placements in popular movies

## Desire

- Promote and expand bookish lifestyle and communities through social media and increase foot traffic to both physical bookstores as well as virtual bookstore / online website

## Action

- Renovated, nostalgic and cozy-feeling physical bookstores with cafe ambience music inspires the customer to purchase a product from Barnes & Noble to be a part of this lifestyle.
- Online virtual bookstore will allow the customer to feel like they are part of the future of books and feel more compelled to try out this new technology and make purchases from the comfort of their home

## Joint Ventures & Partnerships

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### Starbucks

Perhaps it is time to have a joint venture with Starbucks and let go of Barnes & Noble Café. Starbucks is a globally renowned coffee shop known for its reliably delicious and ethically sourced coffee. They also have a very similar target customer (Start.io 2022). This partnership will allow for a higher foot traffic into Barnes & Noble stores

### Coursera and LinkedIn Learning

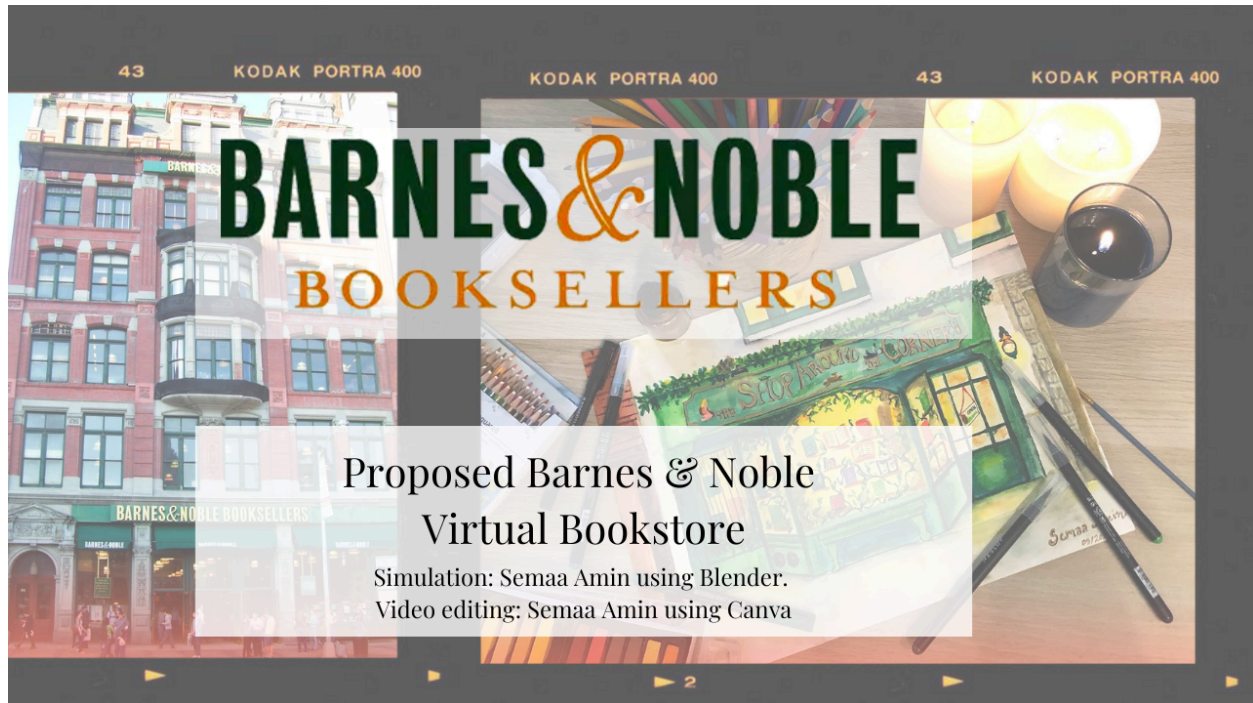
These two ventures or partnerships might not seem very intuitive at first. However, given that Barnes & Noble has mentioned that they are facing a decrease in textbook purchases due to online learning, perhaps a partnership with either of these two educational companies might give them the opportunity for a pivot to be profitable in the education industry once again.

### Spotify

Spotify already has a Barnes & Noble Cafe playlist in their app. However, this playlist was created by Spotify users and not by an account from Barnes & Noble or from spotify. More often than not people who love browsing books in the bookstore would enjoy Ambience Cafe music in the background. furthermore a partnership between the two would allow customers to experience Barnes and Noble music in the comfort of their home further increasing their attachment to Barnes & Noble the brand.

## Appendix A: Marketing Materials

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*Click the video above to find a prototype of a virtual bookstore that I created in Blender.*

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