



Barnes & Noble  
3800 State Road 16  
La Crosse, WI 54601

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## Mission Statement

**To operate the *best* omni-channel specialty retail business in America, helping both our customers and booksellers reach their aspirations, while being a credit to the communities we serve.**

# Executive Summary

## **Barnes and Noble**

Barnes and Noble is a bookstore located in La Crosse. In addition to the books, magazines and stationary items sold in the store, customers will also find a Café and a music department. It is a store where you are welcome to sit awhile and just enjoy the experience!

### 2018 Social Media Channels:

- Facebook
- Instagram
- Pinterest
- Instagram

Industry Code in NAICS: 451120

Ownership: 633 Retail stores - Chain (owned B. Dalton Books)  
Public since 1999

Type of Retailer: Retailer of Books

This is a book store that also sells magazines, music and a Café' .

Sales Channels: Brick and Mortar

- E-commerce
- E-mail solicitations
- On-line Catalogues
- Direct marketing

# Company Analysis

## 2018 Sales Summary

STATEMENT OF OPERATIONS DATA:	
<b>Sales</b>	
Barnes & Noble Retail	\$ 3,575,614
NOOK	111,487
Elimination <sup>a</sup>	(24,821)
<b>Total sales</b>	<b>3,662,280</b>
Cost of sales and occupancy	2,551,077
<b>Gross profit</b>	<b>1,111,203</b>

<http://investors.barnesandnobleinc.com/static-files/30698ead-afc7-4da7-919c-e597e7e4524c>

- Risk Positions –
  - Rising pay level movement to \$15 an hour may decrease the profit margin.
  - Changing consumer buying behavior online may impact the brick and mortar store sales.
  - Rising cost of raw materials may impact the selling price and may no longer be as profitable.
  - Supply of innovative products may diminish and hurt their “go to” reputation for quality products.
  - Page 7 of the Fiscal 2018 Report indicated six stores closed in 2018 and opened three, down from ten closings the year before.
- Overall, the retailer posted a loss of \$125 million on a 6% sales drop ending in June of 2018.

## PRODUCT AND HISTORY ANALYSIS

Barnes and Noble offers publications from every publishing company there is. If it is not in stock, you are able to order it and have it either delivered to you or shipped to the store for pickup.

### Barnes & Noble Website Offerings

Books

Nook Books

Nook

Textbooks

Newsstands

Teens

Kids

Toys

Games & Collectibles

Gifts, Home and Office

Movies & TV

Café' offers food and Starbucks Coffee

[https://www.barnesandnoble.com/b/gift-home-office/electronics/\\_/N-8qgZ1hj0](https://www.barnesandnoble.com/b/gift-home-office/electronics/_/N-8qgZ1hj0)

# Industry Analysis

	Barnes & Noble	John Wiley & Sons	Mc Graw Hill Education	Amazon	Hobbylinc.com
Established	1917	1807	1888	1994	1971
Tags	Books	Books	Books	Books	Art Books
2018 Revenue	\$3.7b	\$1.8b	\$1.7b	232.9b	N/A
Net Income	(\$125.5m)	\$192.2m	N/A	\$10.1B	N/A

<https://craft.co/barnes-noble/competitors>

The readership has changed since the printed word began with “The Bible”.

As the chart above indicates, Amazon is the leader in printed material and has clearly cornered the market over Barnes and Noble.

Is Barnes and Noble an artifact and ready to retire? No, because people want to experience the leisure and the opportunity of opening a book and smelling the ink.

# Competitive Analysis

Barnes and Noble has many competitors, who discount their print publications:

- o Walmart offers 25% off the monthly offerings.
- o Some magazines are 10% off
- o Target offers a percent off publications.

But what about they do better than others? You can order a book and have it mailed to yourself or to the store. Discounts abound and where else can you sit and read a book before purchasing it?

According to Retail Dive article, Barnes and Noble has been having issues that may attribute to challenges this company is facing. With declining sales and the growing use of e-books, the book giant may need to cut expenses and grow their business in other ways. Another interesting point made was the loss of the CEOs after a short period of time.

Supply is another issue they may be dealing with because the merchandise offering when purchased may not be available when you may want to purchase at another time.

<https://www.retaildive.com/news/can-barnes-noble-be-saved/532416/>



# Differentiation

Barnes and Noble has identified a differentiation of their customers by identifying multiple segments and offering multiple products. While the segments identified may not have the same number of items, they do have offering for every customer segment. An example is preschool book selection in the La Crosse store and the offering of Dr. Seuss books. In addition, the shopping experience adds value because of the pleasant atmosphere in the store.

The main groups in all of the segments are the under 30 population. A portion of Generation Y and all of Generation Z are included.	18-29: 83%	18-29:83%	18-29:80%	18-29: 92%
Total Segment	Men: 76%	Men: 83%	Men: 61%	Men: 81%
Below \$30,000	Women: 84%	Women: 84%	Women: 54%	Women : 83%
\$30,000-\$49,999				
\$50,000-\$74,000	76%	78%	44%	77%
\$75,000+	80%	83%	55%	83%
	82%	86%	64%	85%
	88%	93%	76%	86%
White	83%	84%	56%	84%
Non-white	79%	83%	62%	76%
Hispanic	68%	80%	50%	75%



## Geographic

The location of the present Barnes and Noble business was not always at that location. The location was across the street previously and a move to the mall benefited them, and the existing mall. Instead of making multiple stops, a person can now stop in one place.

- The present store in is a regional shopping center.
- The closest Barnes and Noble store to the 54601 zip code is Madison and Wausau, both 50-plus miles away.
- Both inshoppers and outshoppers (local and non-local residents) utilize the mall and surrounding areas for their needs. While some products are less-expensive in a larger city, it does save money if you shop in your local area and do not need to drive half-an-hour or more to La Crosse. If you have many items to purchase, driving to La Crosse is a good idea and the stores benefit from that money-saving idea.
- The store type is not a stand-alone building but as a mini-anchor, as you are able to enter from the outside and from inside the mall. In one way, that adds convenience and you are able to park fairly close to the building. The local mall has general mall entries and entries from inside JC Penney's and Barnes and Noble. With the closure of Sears, Herbergers and Macy's, the alternate point of entry no longer exists.
- With the closure of the other three anchors, the survival of the mall may be in question, unless the stores are re-rented. The state of the economy may come into play, but there are many stores in the mall that brings people in on a daily basis. At this time, to find a parking place on the weekend is very difficult.

## Trade Area

The Trade Area diagram is on Page 12.

Below is a Secret Shopper report in regards to Barnes and Noble.

Barnes and Noble	
Cleanliness	The snow has been a challenge and I noticed that sometimes when there is a lot of snow in the parking lot, it does get tracked in. I have never seen anything really bad, such as spilled drinks, but I imagine it does happen. While eating in the Café, I have never seen the dishes and cups sit there more than a half-hour or so.
Employee Knowledge/Customer Service	Within ten feet of entering the store, someone came up and asked me if I needed assistance finding something. When I checked out with my purchase, I was asked if I found everything and did I need a "gift receipt" for my purchase. I was asked if I was a Member and if I had my card with me, which I replied that I only had my phone number to give her.
Do All Customers Buy	Yes, I waited in line for a few minutes, and while my purchase was only \$26, the person in front of me had over \$50 in books, and one child's toy (box, but I am not sure if it was a craft or a toy). I also stopped for a coffee and everyone purchased a drink and several purchased a food item.
Overall	The store was busy, but not as busy as it could have been. It was a weekday evening, but it was more of the high-school/college age than older. The "new release" display was not full, and I felt that the books were being sold at a good pace.

### Comment:

*I enjoy reading and am never disappointed in purchasing something here. Years ago, I was searching for a book and one of the employees informed me about buying books through Amazon in the future. To this day, I have purchased probably fifteen books because Barnes and Noble did not have them in stock. (While they may have been able to restock at a later time, I did not want to wait.)*

## Internet Analysis

Barnes and Noble is rolling with the punches, as they may offer items one year, and may change the offering the next year. While the La Crosse store may not be as big as Madison or Minneapolis, by offering items online for ordering, they are serving their base.

- If you are not computer literate, the Customer Service employees will help you and it is always secure. You can call the 800 number for help, or go into the store for assistance ordering.
- All segments are able to shop in store or online, it is not limited to just one segment.
- In regards to geolocation, I have not noticed the “This stores wants to know where you are located” pop-up when online and it will know when you enter your personal information at checkout time. With ad popups, it does remember the computer location, as if I log on to Facebook, I sometimes get an ad pop-up.
- This store is not solely online and their website is easy-to-use.



# Audience Analysis

People read for different reasons, whether pleasure, school or work. By targeting their end results is one way that Barnes and Noble Is able to satisfy all needs.

Group Name:	General Population Base in location-reach	Customer Segment 1	Customer Segment 2	Customer Segment 3 (optional)	Customer Segment 4 (optional)
Indicate which is/are the target(s)		Enjoys a good book to Read	Research/Specific Topics	For Work or School	Current Events
Bricks or Online (or both).	Both	Both	Both	Both	Both
Market Size	Per Pew Research Center <a href="http://www.pewinternet.org/2016/09/01/book-reading-2016-appendix-a/">http://www.pewinternet.org/2016/09/01/book-reading-2016-appendix-a/</a>	80% Pleasure	84%	57%	82%
List Demographics Characteristic topics (see chapter) Include the 'Age group/Generation' in this section instead of age (if appropriate)	The main groups in all of the segments are the under 30 population. A portion of Generation Y and all of Generation Z are included. Total Segment Below \$30,000 \$30,000-\$49,999 \$50,000-\$74,000 \$75,000+	18-29: 83% Men: 76% Women: 84%	18-29:83% Men: 83% Women: 84%	18-29:80% Men: 61% Women: 54%	18-29: 92% Men: 81% Women : 83%
	White Non-white Hispanic	76% 80% 82% 88%	78% 83% 86% 93%	44% 55% 64% 76%	77% 83% 85% 86%
		83% 79% 68%	84% 83% 80%	56% 62% 50%	84% 76% 75%

<http://www.pewinternet.org/2016/09/01/book-reading-2016-appendix-a>

# SWOT

## Strengths

Barnes and Noble offers a wide range of products, online and in their store. By offering books online, someone who lives a distance away is able to purchase and have the item mailed to their home. In addition, the Customer Service Department, online and in-store, offers quality service to customers.

- We are able to offer our products online and in La Crosse.
- Our hours allow someone to visit our store during the day and in the evening.
- We can ship products to your home, or if you prefer, have them ready for you when you come to our store.
- We are kid-friendly and have a large Children's books department.
- We have happy customers that keep coming back to visit us. We aim to please.
- We may not have everything in stock, but we refer people to Amazon, because we care about our customers and what they want.
- By offering a Members Card, we are able to offer discounts on all purchases, in-store or online.
- By offering the ability to ship to store or ship to customer, we are always putting the customer first. We aim to please and customer satisfaction is very important to us.

## Weaknesses

Barnes and Noble is keeping its head above water, at the moment. In the futures, it is hard to say what will happen because as more and more people read books online, Barnes and Noble will need to invent new avenues for their customers.

We are being realistic in reviewing our company's hold on book stores, both online and a brick and mortar store.

- In order to improve, we could offer more items online and focus on things that are doing well for us.
- We should expand, but we should grow slowly and evaluate frequently.
- Where do you have fewer resources than others?
- What are people in your market likely to see as weaknesses?
- What factors lose you sales?

## Opportunities

We will look internally at opportunities and ask ourselves whether these open up any new opportunities. Also, we will look at our weaknesses and ask ourselves whether we could open up more opportunities by eliminating them.

- We can limit what we offer by easing out introducing products and services that no longer provide revenue.
- We will continue to support the services, as long as we are able.
- We may expand our Nook offerings to include more magazines.
- We will continue to monitor changes in social patterns, population profiles, lifestyle changes, and segment as needed.
- We will offer more local events, in our store and in the community.

## Threats

It is the dawn of changes in minimum wages and we must be kept informed as much as possible.

- The age of the \$15 an hour wage may be a barrier to employing the number of employees we may need.
- Our competitor, Amazon, can offer books at a lower price.
- Is the Nook nearing the end of the "newness" or "need to have" desire of the customers?
- We have been closing stores, but we have also opened several stores in the last few years.
- We opened three stores in the last couple of years, but we also closed ten overall.
- Is it because of our company that we are closing stores or is it the economy.

