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Mr. Andy Milevoj
Barnes & Noble Inc.
122 5th Avenue
New York, NY 10011-5605

Dear Mr. Milevoj:

Since Barnes & Noble opened its first bookstore in 1917, it has been a store that is beloved by readers. Since its founding, the company has continued to offer readers wide selections of books and a place to enjoy them. The company has developed over time, remaining innovative and new, and as it has grown it has constantly updated itself to provide readers with new products and features, offering an improved experience.

Unfortunately with growth, however, comes change. Electronic books are now in direct competition with print books, and with the rise of eReaders, Barnes & Noble now faces strong competition. The company must make decisions about how to deal with this change. The right decisions could allow Barnes & Noble to capitalize on eReaders and eBooks while continuing to operate as a successful bookstore. However, Barnes & Noble also needs to act cautiously in order to continue their presence as a bookstore that provides a haven for readers.

To help Barnes & Noble act correctly, I have enclosed a proposal which suggests an innovative strategy that will allow the company to maintain a strong presence as a bookstore while capitalizing on the new eBook trend. More specifically, I propose that Barnes & Noble combine the sale of print books with the sale of eBooks in order to continue a steady sale of print books while encouraging consumers to purchase eReaders and eBooks. By selling eBooks as a supplement to print books, more revenue will be generated and sales are likely to increase. It will also encourage consumers to purchase the eReader offered by Barnes & Noble so that they can take advantage of the digital copies that are available for a cheaper price. This plan will allow Barnes & Noble to preserve its presence within communities as a bookstore while maintaining and likely increasing its eBook sales.

If you have any questions and/or comments regarding the enclosed plan please feel free to contact me at the addresses or phone number above.

Sincerely,

Alexander Hoffman

Enclosure: Proposal to Barnes & Noble: Combining the eReader with Print Books

Decline in in-store book sales

Before describing the plan, I would like to identify some factors that caused the decline in the sales of hard copy books. I believe that this decline is a result of the new eReader technology that has been developed both by Barnes & Noble as well as competitors, which is becoming increasingly more popular.

Amazon first released the Kindle eReader in November of 2007 and it became widely popular. In 2009, Barnes & Noble launched the Nook eReader, which was later followed by the launch of the Kobo. Now the new eReader devices are readily available to consumers from several different sources for affordable prices. Unfortunately, these devices have directly led to the declining sale of physical books because they encourage the consumer to purchase eBooks.

Based on my research and observations, electronic copies of books are generally cheaper than physical copies, though not by much. The main reason that eBooks are cheaper is that they do not need to be printed and bound. They also do not have to be shipped to the stores and then stocked. Because of this, consumers who own an eReading device are more likely to purchase eBooks than going to a store and buying a physical copy of the same book. This is a problem because Barnes & Noble faces strong competition, so offering customers and communities “a place where our dedicated booksellers can grow and prosper” becomes a difficult task to manage.

Electronic reading devices also pose a problem because they allow users to purchase eBooks anywhere where there is Wi-Fi. This is a powerful and helpful tool for eReaders to have because it allows customers to purchase a book whenever they want from the comfort of their own home. However, it takes away from the in-store experience. Customers who use eReaders are unlikely to visit the Barnes & Noble stores, which takes away from the atmosphere that the stores offer. Barnes & Noble aims to provide a place for readers to gather and sample books in a welcoming environment. The eReader, however, takes readers away from the stores, which is bad if the readers are not using Barnes & Noble’s Nook.

The main problem Barnes & Noble faces is that eReading devices are taking readers away from the stores and discouraging them from purchasing books. This is problematic because even though Barnes & Noble offers the Nook, Amazon’s Kindle is a strong competitor. Barnes & Noble’s advantage is the ability to offer a reading environment in stores. However, the Nook is very successful and it would be a conflict of interest to discourage using eReader because customers would be lost. The problem, then, is how to maintain or improve the eReader market while simultaneously encouraging readers to continue coming to Barnes & Noble stores and purchasing physical books. I can offer the solution to this problem.

The Plan: Combining eBooks and print books

The declining sale of printed books requires a plan that will encourage readers to continue coming to Barnes & Noble stores and purchasing printed books without negatively affecting the sale of eBooks or eReaders. Therefore, a successful solution must meet the following objectives:

- Increase the sale of printed books.
- Have no negative impact on the sale of eBooks or eReaders.
- Increase revenue to justify the continued printing of books.
- Minimize costs to make the plan more immediately effective.
- Be quickly implementable.
- Appeal to consumers.

In order to meet these objectives and preserve Barnes & Noble as a strong provider of printed books, I propose that electronic copies of books be sold along with print books for a small extra fee. The primary advantages of this plan are that it generates more revenue per book, it will bring revenue in through stores by increasing the amount of print books sold, and it will generate more interest in Barnes & Noble's Nook.

Implementing this system will require a procedure involving five major steps. First Barnes & Noble will need to evaluate the possibility of successfully implementing this plan. Second, the company will need to evaluate consumer interest in the proposed plan. Third, the company will begin the project by designing and implementing the software necessary to provide eBooks with print books. Fourth, Barnes & Noble will prepare to begin using the new system. And finally, Barnes & Noble will need to assess the functionality of the new system in stores. With this system in place, Barnes & Noble will attract a wider range of consumers and be able to expand itself to meet the needs of both the new generation and the old generation of readers.

Phase One: Evaluate the possibility of implementing the plan

Before moving forward with the project, I believe that it is important to evaluate the feasibility of implementing such a project. While it is clearly possible to implement such a plan, it must make sense to do so. This analysis will allow you to determine the problems that you would face in implementing this plan.

In the first phase of the plan, the company should aim to collect as much information as possible in order to determine what problems you will encounter. This will ensure that the plan does not fail and can develop smoothly and effectively.

- First, Barnes & Noble would need to assess the possibility of creating new software to provide digital copies of books. The software should be affordable and able to be developed relatively quickly (within the span of several months). In addition to these criteria, the software system needs to be secure so that outsiders cannot steal or copy the data.
- Second, you would interview all of the major and minor publishers. This would allow you to determine whether or not the publishers would be interested and willing to provide digital and print books together.

This phase should take no longer than thirty days. After that time period, a report should be written in order to detail the findings of the surveys and analysis. The report should also describe what the new software should be like and recommend the next step.

Phase Two: Evaluate Consumer Interest

After evaluating the relative feasibility of this plan, the next step would be to evaluate the consumer interest in the plan. Doing this will help to show whether or not the plan will be successful and it will provide statistics that will allow Barnes & Noble to predict figures about how this will affect the company.

There will be two parts to this phase, the data collection and the data analysis. The main focus, however, will be the data collection. Barnes & Noble should aim to collect as much information as possible in order to accurately predict how the plan will turn out. By doing so, Barnes & Noble will know whether the consumers will be favorable to the plan or not and then you will be able to prepare accordingly.

- The first step of this phase is to create and administer surveys to consumers. The surveys will evaluate consumer interest in the idea in order to make sure that the product is desirable.
- Also, either in a separate survey or as part of the previous survey, Barnes & Noble should ask consumers whether this new offer will lead them to purchase Nooks and/or come to Barnes & Noble stores more often. The goal of selling print books together with eBooks is to combine the two markets and increase revenue. This survey will show whether or not the print book consumers will become interested in eBooks and eReaders.
- In addition to this, Barnes & Noble will also survey or find the number of eBook consumers and the number of print book consumers in order to establish what the market is for each. This will assist you in predicting how the markets will increase when the two products are combined.
- From there you will need to calculate the number of Nook owners in order to project the increase in Nook sales. By establishing the number of people who own Nooks and projecting how many consumers will switch to eBooks, you can determine what the rise in eReader sales will be.

This phase should take between one to two months. Obtaining the data from the surveys will take a little over a month, and then the rest of the time will be needed in order to analyze the data. After this is done, the data and the analyses should be detailed in a report. While this is being done, the third phase of the project can be worked on.

Phase Three: Design and Implement the New Software

Once the first two phases are complete, the next step is to begin working on creating the new system because now there is data that shows that the project should be successful. This will be followed by testing and implementing the new system. In order to keep this phase inexpensive and effective, this project should be kept in-house rather than contracted out. Doing so will keep costs down because you are using employees that are already being paid instead of paying extra in order to have an outside company work for you. Additionally, keeping the project in-house means that the employees working on the software will already be familiar with the system and will therefore be more equipped to work on it.

- The first step will be to design the necessary software to provide electronic books to customers who purchase print books. The software needs to be designed in order to instantly provide an electronic copy of a book at the time of purchase.
- Once the software has been developed, the system needs to be secured in order to protect the data and to prevent unlawful copying or theft of the electronic books that are sent out. To provide a level of security, the software should be supplemented with some sort of encryption and the files that are sent out should be secure.
- Following the development of this software, the product should be evaluated and tested for functionality. To do this, the software should first be double checked by a second team to make sure it appears to be finished. Then, there should be several in-house trial tests which will be followed by several independent trials. Running several different trials will ensure that any problems will become evident and can be fixed before the software is used.
- Once the software has been thoroughly tested, it should be installed on the current hardware that Barnes & Noble uses. In order to do this, Barnes & Noble should distribute the software to the different branches to be installed by the store. This is the cheapest method and should not require any change in the actual hardware.

This will be the longest phase, probably taking up to six months. This amount of time is necessary in order to develop the software that will be used and to implement the software. And while this is happening, Barnes & Noble should use this time in order to launch an advertising campaign to generate consumer interest. By the end of this phase, the system will be ready for use in stores.

Phase Four: Prepare to Release the New System

Phase four will take place during the final stages of the third phase. This phase will focus on preparing Barnes & Noble to begin using the new system. Because the new system will change the way that things work, Barnes & Noble employees will need to be trained in order to operate the new software. Additionally, Barnes & Noble should launch an advertising campaign in preparation for the new system. By training employees and advertising the changes that are being made, the company will be ready and able to deal with the changes.

- The first step in preparation is to offer training to employees. There should be workshops and seminars in order to instruct employees on how to operate the new software. These training sessions will ensure a smooth transition into the new system.
- Additionally, Barnes & Noble should create training manuals in order to supplement the instruction of employees. These manuals can then be referred to afterwards for any problems or questions that employees have at a later point in time.
- While the software is being made ready for implementation, there should be an advertising campaign in order to publicize the new system and generate interest. This should focus on encouraging consumers to purchase eReaders in order to take advantage of the new system. It should also focus on emphasizing that Barnes & Noble will continue to be a presence within local communities in order to continue providing services.

This phase should be going on during the end of the previous phase. This will allow the new system to be implemented more quickly because employees will be ready to use it as soon as it is completed and in place. Additionally, the advertising will ensure that the public is aware of the changes and are anticipating its arrival.

Phase Five: Release the New System and Asses its Functionality

Phase five is the final step of the proposal. Now that the software has been developed and placed in stores, this phase focuses on what to do once it is being used. Once this plan has been put into action, Barnes & Noble will need to assess the success and functionality of the new system. This will provide information about the system's effectiveness and reveal the ways that it can be improved.

- First, Barnes & Noble should conduct a survey on customer satisfaction with the new system. This will act as a follow-up to the initial surveys that were given before the system was released. These two surveys can then be compared to show whether the reactions to the new offers measure up to the consumers prior expectations. This will show how well the offer of combining eBooks with print books is doing and how much customers enjoy it.
- In addition to surveying customer satisfaction, data should be collected on customer purchasing habits to see which books and genres are the most popular to buy as both an eBook and a print book and which books are purchased individually. This information can be studied so that Barnes & Noble will know what types of books to offer and which reading demographics to market the new system to.
- Second, there should be a re-evaluation of the functionality of the new software. Now that it is being used in stores, are there any problems being encountered that weren't anticipated or revealed during testing. This will provide information on what might be changed or fixed in order to improve the system.
- Finally, a report should be written that reviews all of the data collected so far and details the effectiveness and appeal of the new system. It should answer questions such as: Have the projected sales been met? Now that the system has been implemented, what sales projections can now be offered? Is customer interest meeting the initial expectations? Are consumers satisfied? This report should also focus on offering recommendations for improvement. The purpose of this report would be to have a physical document that details how effective the new system is and uses the information gathered to project more accurate.

This phase is very important in order to find out how successful offering eBooks and print books together is. Information should start being collected as soon as possible after the new system is in place and should continue to be collected for at least one to two months. This information will be documented in a report that will allow the new software to be modified and improved. However, I would recommend that Barnes & Noble continue to collect information about customer purchasing habits and satisfaction for a short time after the report is written, and possibly again whenever improvements are made to the system.

Benefits

This plan is the most effective way to improve revenue and increase the sale of print books without negatively affecting the sale of eBooks or eReaders. By providing a digital copy of a printed book for an added fee, Barnes & Noble would increase profits and be able to maintain its presence within communities as one of the leading bookstores.

By following the plan that has been outlined above, this system can be quickly and effectively implemented with minimal costs. The objective that was set out at the beginning of this section was that a successful plan should meet the following criteria:

- Increase the sale of printed books.
- Have no negative impact on the sale of eBooks or eReaders.
- Increase revenue to justify the continued printing of books.
- Minimize costs to make the plan more immediately effective.
- Be quickly implementable.
- Appeal to consumers.

The plan that I have outlined meets all of these criteria. It can be quickly implemented and it has minimal costs. Most importantly however, it will increase the sales of print books while increasing or having no effect on the sale of eBooks. This plan offers an effective means to appeal to customers and increase revenue.

Background and Qualifications

I recognize that this is a pivotal time for Barnes & Noble. eReaders are becoming increasingly popular with consumers and Barnes & Noble faces strong competition. To ensure financial security and stability, Barnes & Noble needs to adapt its product in order to appeal to consumers and defeat competition without overextending itself financially. In this respect, I am uniquely qualified to propose this project because I represent the consumers that you aim to please.

I am studying Literature and Creative Writing, so I am well versed in the field of English and in handling/using texts. In addition, I am first and foremost an avid reader who enjoys both using eReaders and print books. I am very dedicated to the preservation of books and bookstores. I also was not initially favorable towards the idea of eReaders because I prefer print books. In this way I represent the type of consumer that Barnes & Noble appeals to, especially in regards to my proposal, which targets readers who prefer print books. Beyond the fact that I represent the ideal consumer, I am also very dedicated to the success of this plan. I have a vested interest in seeing this plan implemented because, as a reader, I want to continue to enjoy the books that Barnes & Noble provides while also experiencing the new eReaders.

Conclusion: The Benefits of Combining Print and Digital Books

To conclude, let me summarize the advantages of implementing my plan and discuss the costs of doing so. Our research shows that Barnes & Noble will be able to maintain its presence as a strong book provider. The decline in competing bookstores has led to an increased demand for Barnes & Noble's services. We believe that the most effective way to capitalize on this opportunity for growth is to combine the sale of e-books and print books in order to meet the demands of both markets.

Cost is one of the most significant advantages of our plan. This plan can be cheaply and quickly implemented. This investment will allow Barnes & Noble to grow as a company and capitalize on the opportunities presented by the new market.

But the advantages of implementing this plan go beyond cost. This investment will serve to preserve Barnes & Noble as a distributor of print books and establish the company as a distributor of e-books. Selling electronic copies of books along with print copies for an additional charge will encourage readers to purchase the physical copies. Readers who don't use the eReading devices will have more incitement to buy one, and readers who do use eReading devices will have an incitement to purchase print books and generate revenue through the stores. This will give Barnes & Noble an advantage over other eReader competitors because the company will be able to offer more to readers by maintaining the presence of stores.

Additionally, this will create a positive image for the company by placing more focus on an in-store experience. The company's continued presence within communities allows it to provide a more personal experience for readers.

When this system is in place, Barnes & Noble will be positioned to grow as a provider of electronic books and eReading devices while maintaining a customer friendly environment. The company will be able to make readers new and appealing offers that will allow them to embrace the changes in reading technology or continue to enjoy the physical comforts offered by printed books. And by making readers happy, Barnes & Noble will create a positive, appealing image.

Thank you for hearing my proposal. I look forward to the opportunity to submit a full proposal that will outline my plan in greater detail. I will contact you on March ** in order to discuss the proposal and, if possible, set up a meeting.

If you have any questions about the proposal or suggestions for improvement, please call me (Alexander Hoffman) at (858)442-1487 or email me at alex4hoffman@yahoo.com.