

Jasmine¹ Used Book Store in Taiwan: A SWOT Analysis

Sze-Huey Soo^a, Yen-Nee Goh^{b*}, Rosly Othman^c

^a*Altera Corporation (M) Sdn Bhd, Penang, Malaysia*

^{b*,c}*Graduate School of Business, Universiti Sains Malaysia, Penang, Malaysia*

Abstract

This paper employs SWOT analysis in an attempt to examine the strengths, weaknesses, opportunities and threats of Jasmine used bookstore in the Taiwan context. Data was collected via semi-structured interview, observation technique and documentary reviewing. Being a used bookstore, Jasmine aims for generating sales and profits. Nevertheless, Jasmine also put great emphasis in promoting a reading culture among the Taiwan community through charitable activities. In addition, employee hiring and training process are viewed as important to the Jasmine's management in order to meet customer satisfaction. Inventory management, independent business model and employee's satisfaction/retention are identified to be Jasmine's weaknesses. As for opportunities and threats, external threats from globalization and e-books transformation are inevitable for a used book store like Jasmine albeit having a supportive government and a strong reading culture among the Taiwan community. This paper illustrates useful insights on the real case experience with an up-close and in depth examination of a used bookstore in Taiwan.

Keywords: Case study, used bookstore, Taiwan, SWOT analysis

1. INTRODUCTION

The reading trend nowadays is more encouraging with the accessibility with reading materials. Reading becomes a source of renewing personal enrichment at all stages of life while books must be accessible everywhere, at all times (Després, 2009). Hence, bookstore serves the purpose for society to find a book. The bookstore may be either part of a chain, or just an independent bookstore. The bookstore business operation strategy can differ from brick-and-mortar to internet-only or brick-and-click concept (Lieber and Syverson, 2011). Given the existence of the big chain, like Barnes & Nobles (headquarter in United States) and Eslite (headquarter in Taiwan) to e-bookstore like Amazon.com and books.com.tw, a person will easily get a new book at convenience. For bookstore industry, sales number is proportional to the amount of books being sold. Berson (2011) highlighted that there was about 30 million trees were used annually in the making of books in United States and in every year there was about 30% of all books printed have been returned unsold. The 2012 report from State of America's Libraries mentioned that even though e-books start to grow its popularity over the last few years, it is still a relatively new concept to community. There is an increase in digital sales, but printed books remains the choice for the majority readers (Alison, 2012).

Habits are difficult to change. Readers have a way of thinking that printed books feel more natural and hand-able compare to e-books. Consequently, for readers who prefer to buy printed books at affordable price, a used book store turn out to be one of the best option for them. Used bookstore or second hand bookstore becomes widely accepted amongst book purchasers. For example, Powell's Books (<http://www.powells.com/>) is one of the established used book stores in Portland and the store buy 3000 used books over the counter every day (Powells.com, 2013). The used bookstore buys and sells used and out-of-print books, either through internet, a store or a combination of both. To readers, the motivation of purchasing a used book may be desired for economic, personal or environmental consideration. Moreover, a product is transformed to a new cycle of usage when it goes

¹ The name of the actual used book store around which the case is built is disguised.

*Corresponding author. Tel.: +604-6535294, Fax.: +000-00000000
E-mail: yngoh@usm.my

through recycle or reuse process after reaching its end of life. Arguably, the purchased of used book reduces the environmental impact (Matsumoto, 2009).

1.1 Issue of Jasmine used bookstore

Jasmine Used Book Store is a second hand bookstore, which was founded in year 2002 in Taiwan. Its foremost visions are to raise the environmental awareness among the society and encourage the society to read, as well to contribute in social welfare (Jasmine.com, 2012). Jasmine identifies and focuses the business on the book lovers and individual who are willing to purchase second hand items such as parents, elderly citizen, students and office workers who are more budget and environmental conscious. Jasmine able to grow in Taiwan market in view of its unique bookstore environment, better service cape like spacious, orderly books arrangements, soft background music, café service and most importantly is the company philosophies. The management wants to position Jasmine with the strong brand name relates to environmental protection in order to prolong the life cycle of a book. Subsequently, Jasmine introduces “recycle plastic bag” to encourage the customer practicing reuse terminology. Apart from that, Jasmine’s management also targets to build Jasmine’s image under the quo of “charity”. Jasmine demonstrates the 7P’s marketing mix, which includes place, price, product, physical evidence, participants, promotion and process at their best effort to improve its marketing strategy. Jasmine shops locations are strategic where the price of the products sold are reasonable and well-maintained, store layouts are organized and well-planned, employees are professional and processes are efficient too. Jasmine also formulates strategies from the perspective of information technology, customer relationship management and corporate social responsibility in order to create values and competitive advantages in Taiwan bookstore industry. Barcode system is introduced to sync-up all the inventory management process, membership and rewards programs are provided to customers and highly involve in charitable and environment protection actions.

In Taiwan, the market for books is very promising. The reading trend in Taiwan is high where people love to purchase books. It shows from the sales record of books.com.tw, an online bookstore in Taiwan, that able to achieve NT\$1.1 billion of sales volumes per year (Tsai & Yen, 2009). Besides that, according to the report from Eslite bookstore, the largest bookstore chain in Taiwan, the current membership that had been recorded in its bookstore within these three years is 80 million, and on average 18 books had been purchased per person (Eslite Corp.com, 2012). Eslite Bookstore provides 24 hours bookstore service, with well-organized and gentle atmosphere (Mo, 2013). Compare to Eslite bookstore, Jasmine used bookstore is a second hand bookstore in Taiwan. From business perspective, new trade bookstore seems to be the business competitor for used bookstore via selling books. However, from a different perspective, the source of inventory for used bookstore relies on the liquidity of book in the market. The better the performance of new trade bookstore, the supply of used books will have lesser concerns, and vice versa (Rosen, 2010). Meanwhile, used book is able to sell to end users at a lower price compare to a brand new release book. Readers also can sell the old books to bookstore in exchange of cash (Jasmine.com, 2012). Jasmine used bookstore not only faces competition with the new trade bookstore, but also to the challenges that came after digitalization and globalization in book and media market. For example, eBooks titled with “The Hunger Games” which written by Suzanne Collins is one of the best sellers of 2012 in Amazon.com’s Kindle eBooks (Amazon.com, 2013). The e-books are getting popular among the society and creating a new form of publishing industry.

Nevertheless, some of the people still have a negative perception on second hand goods where purchasing a second-hand item might demonstrate a poor image on one self. Moreover, they will have a mind-set that used bookstore is an unpleasant place with bad smell and poorly organized books. All these negative perceptions indirectly posed some challenges to Jasmine in generating higher sales. In order to stimulate company growth and obtain a competitive edge, Jasmine used-book store must attempt to reinvent the business strategy itself. Jasmine needs a breakthrough in resolving the stagnant condition in its business stimulation. Also, Jasmine has a lower popularity compare to others bookstore available in Taiwan’s market. This case study aims to adopt SWOT analysis in an attempt to examine the strengths, weaknesses, opportunities and threats of Jasmine used bookstore in the context of used book industry in Taiwan, as well to access and identify the performance and growth, limitations and challenges of the Jasmine in the used book market.

2. METHODOLOGY

2.1 Data collection

In this study, primary data information is collected through individual in-depth interview and on field observation in Jasmine Used Books Store. Interview is useful to gather subjective perspective from interviewees. Interviewees

also can respond freely to the question asked. Freedom for the respondent to answer how they wish to is important in giving them a feeling of control in the interview situation. Consequently, also becomes a respect act to the respondent. However, the concern of semi-structured interview is time consuming. The amount of interview time depends on the interviewee. Another difficulty for this research during the interview process is the reluctance of top management of the organization to give chances for more employees to be interviewed or quoted.

Qualitative and quantitative questions, which involved mostly as open-ended questions were asked in the semi-structured interviews. The targeted interviewees for this research were Director (one of the founders of Jasmine Used Book Store), Executive Director and managers from different business units. The interviews were conducted for at least 45 minutes in each interview sessions. Three face to face interviews were done during the working hours at Jasmine Office in Taipei City while another two interviews were conducted via online messenger tool (MSN) at the later stage.

Another primary data collection methodology was observation technique. By directly observing the bookstore environment, a holistic perspective of understanding of the context within the case can be obtained. This technique also provided good opportunity for identifying unanticipated outcomes in the business operations. The concerns arise from this methodology are researcher has least control over the situation, the selective perception of observer may distort the data and it may affect behavior of the participants (Haron, Abdul Khalid & Ganesan, 2012). Secondary data collection was done through reading, interpreting and extracting key points from the public and non-public domain documents. The secondary data were source from Internet, company website, government website and reliable news media website. Documentations such as pricing strategy, training guidelines and hiring policy had been shared by the company as supplementary information for the study. A number of documents are not allowed for sharing due to the company confidential policy and to protect its business model.

3.0 CASE ANALYSIS

The internal factors of SWOT was analysed based on McKinsey 7S (strategy, structure, systems, staff, skills, style, shared value) model while the external factors was performed from political, economic, social, technology, environmental and legal perspective.

3.1 SWOT analysis

Jasmine's strengths and weaknesses are examined with McKinsey 7S framework. The hard elements (Strategy, Structure and Systems) and soft elements (Shared values, Skills, Style and Staff) are interdependency. Table 1 summarizes the factors that obtained from the case write up and these factors are the determinants to Jasmine's strengths and weaknesses.

Table 1: Analysis of Jasmine based on McKinsey 7S Framework

Hard Elements	Descriptions
Strategy	Jasmine's direction and scope over the long term, e.g. Servicescapes, Pricing strategy, inventory management, customer relationship management, corporate social responsibility
Structure	Store location and business operation structure
Systems	Information Technology. e.g. Company Website, Barcode system
Soft Elements	Descriptions
Shared Values	Jasmine's business philosophies, e.g. Respect the environment, Love the Humanity and Treasure the Things
Skills	Capabilities and competencies, e.g. books evaluation technique
Style	Jasmine's overall operating approach
Staff	Employee's attitude

3.1.1 Strengths

Jasmine Used Book Store has a clear vision and mission on used bookstore business. A firm and strong vision helps Jasmine on overall business direction. Used bookstore itself undoubtedly has a strong motive in environmental protection action. Besides that, Jasmine also aims to foster the used bookstore business with charity

intention. Hence, Jasmine able to create values and competitive advantages from the marketing strategy and strategy formulation based on the business philosophy. Furthermore, Jasmine had put effort to increase employee quality through a more stringent recruitment and training process. Jasmine understands that in order to achieve customer satisfaction, knowledgeable and well trained employee is the key criteria. In addition to that, Jasmine also provides employment opportunities to individuals with Autism as part of the corporate social responsibility. As for inventory management, Jasmine utilizes the convenient of information technology in inventory tracking and control system. Meanwhile, Jasmine also follows the technology trends and establishes a virtual bookstore, as well as using Internet (Company Website) as communication channel with customers. Another strength that keeps Jasmine to grow in the used bookstore industry is the strategic decision making from management. Bookstores locate strategically around the residential and school area, which consequently provides a stable traffic flow to bookstore. Moreover, Jasmine also improves its servicescape, be the pioneer to invest and transform the used bookstore image regardless the nature of the selling products is entitled with second hand value. Jasmine also provides the options to consumers to claim the tax deduction on charity action. Customer is allowed to donate the money, either from the action of buying or selling the books, to the dedicated charity organization by himself or through Jasmine.

3.1.2 Weaknesses

Inventory sources for Jasmine are unstable and unpredictable. Any programs or promotions that related to inventory availability only able to plan and implement if having desired inventory on-hand. For example, promotion for children books only able to conduct if the variety and quantity of children books are able to meet the purpose. Even though information sharing already enforced amongst Jasmine's branches, but the activity of price evaluation and book collection yet is independent operation model at respective branches. Price discrepancy is common to Jasmine due to the price evaluation is subjective to each branch. Besides, a gap exists before the inventory database updated in system, especially to the bulk used book collection. The books that trade by customer, especially for the case where home collection service is provided, will only able to update in system after back to bookstore. Used book store is not a high profit business but the work load in used book store as heavy as other retail service business, or more responsibilities compare to others business. Employee satisfaction normally depends on self-motivation and the job's enthusiasms. The reward system in Jasmine is not comprehensive compare to other business type.

3.1.3 Opportunities

Taiwan economic grows healthily and the number of periodicals and publishing corporations increase exponentially since 2002 as based on the statistical data published by Taiwan Council for Economic Planning and Development (CEPD). Together with the high literacy rate (~98% in 2011) among the society, mission to promote reading culture is encouraging. Ministry of Culture is introduced by Taiwan government during the Cabinet reformation 2012. The vision and mission of Ministry of Culture is to improve the culture in Taiwan from all the perspectives. One of the missions of Ministry of Culture is promoting the reading culture in the Taiwan society. Moreover, the background of the Minister of Culture, Lung Ying-Tai as a writer, does help the bookstore and publisher industry in Taiwan. She understands the difficulties and challenges that facing by bookstores and publishers compare to other Ministers. In the other words, Taiwan government is supportive and encourages the activities that able to increase the society cultural level for a stronger soft power in country. Moreover, Ministry of Culture is urging for the proposal of tax deductible on books purchase strategy in order to embrace the reading culture. Taiwan government also improves the legalization on piracy and protects the business Intellectual Property (IP). Activities such as illegal copying on and near University campuses and Internet piracy is highly monitored by government. Besides that, Ministry of Finance also allows the tax deductible on charitable contributions that encourages Taiwan society involves in charity. Taiwan government also enforces society to implement the "reduce, reuse and recycle" practices in daily life. Public is familiar with the reuse and recycle concept and has higher acceptance of second hand products. Besides that, Taiwan has a different e-commerce development compare to other countries, which is a new logistics service called retail delivery (RD). Taiwan has a high density of convenience stores and most of the stores provides 24-hours service. RD provides an easy online shopping services, safe payment method, quick delivery services and self-pick-up approach that become the major logistics model for online bookstores in Taiwan.

3.1.4 Threats

Globalization makes the world has no boundary and leads to the development of business without boundaries. E-commerce is a common activity and many entrepreneurs start to involve in "clicks only" business model. Shopping

becomes a fingertips activity. Bookstore business also involves in the business model transformation. Consumers will have more choices on bookstore where they are not only limits to shop locally but to worldwide, with the delivery service provided by the respective online bookstore. Meantime, globalization causes physical shop is not a popular choice for entrepreneurs due to the business that running through physical shop tends to have higher operating costs. And because of that, the offered prices by virtual shop are lower compare to the prices available in physical shop. This scenario happens in bookstore industry as well. The price competitive among new trade book stores in Taiwan, especially between virtual bookstore and clicks and mortar bookstores cause the books' price getting lower and lower. Even though the offered price by used bookstore will always lower than new trade book store, but because of the lower price offered by new trade bookstore, subsequently it will influence the revenue margin that able to gain at used bookstore. Meantime, when everyone easily gets a new trade book at affordable prices, used books become less preferable. The world is moving towards digital edge. Moreover, environmental protection is widely promoting together with green sustainability concept. The business of digital books and audio are blooming. New generations has higher acceptance on the new technology.

4.0 CONCLUSIONS AND RECOMMENDATIONS

Jasmine used bookstore aims to become a company that helps to promote reading culture in Taiwan society, to contribute in social welfare and to increase the environmental awareness among the society. With that, Jasmine used bookstore strategizes and formulates its appropriate marketing strategies in managing the organization to achieve its vision. However, even though Jasmine Used Book Store already becomes the largest used bookstore in Taiwan, the business yet is facing stagnant condition and needs a breakthrough. The concept of the used bookstore is not well-known and fully understood to every level of the community. For the case analysis, the overall marketing strategy and strategy formulation that applied by Jasmine used bookstore are studied via SWOT analysis. SWOT analysis reviews the internal factors that underline the company's strengths and weaknesses, and external factors that become the company threats and or to be viewed as business opportunities.

Jasmine used bookstore has clear vision and mission that able to lead the company's direction. Jasmine also concerns on the employee skills and attitude in order to achieve highest customer satisfaction, as well as efforts to retain the employee in the second hand industry. In order to add the company value and be more comparative, Jasmine also improves on its company system and business operating style. Nonetheless, because of the nature of the second hand industry, the sources of inventory becomes the main business constraint, especially currently Jasmine is only focusing on used books, magazines or audio products. Independent business model at each branch also decreases the business efficiency. On the other hand, support from government and the healthy economy in Taiwan are revealed as business opportunities to Jasmine, even though Jasmine is threatening by the rising of digital books, as well as the e-commerce business model and price competition amongst bookstores. One of the recommendation suggested by the authors are Jasmine used bookstore should diversify its business opportunity. Inventory is the main concern that faced by Jasmine used bookstore. Currently, Jasmine used bookstore only concentrates on the business of printing materials and audio products. However, with the rising of the technology initiatives, those materials will slowly transforming into digital format. In order to sustain the business, business diversification and product differentiation should considered by Jasmine. Based on the Porter Diamond Model, chances are forming through understanding the company factor and demand condition; and evolve via the competition and any supported or related industry. For example, Bookoff Company in Japan is a successful case for the used good market. The company starts from selling second hand books, but currently the second products are covered from different perspective, such as sports equipment and human attires. Hence, Jasmine can follow the example and introduce the product differentiation on it business model.

One of the Jasmine philosophies is for the purpose of environmental protection. Exploration into different second hand products will still meets the expectation and it is not contracting with each other's. Diversification and differentiation creates more opportunities. As per reviewed in literature, business that involves with the product that has short product life cycle tends to be easily facing supply shortage and exposed to higher risks. Hence, this recommendation will spread the risks and maximize the returns. Furthermore, to have a better strategy improvement in terms of having an efficient inventory control, Jasmine can introduce a systematic book collection schedule, on par with the current barcode system. A well-planned schedule will bring two significant benefits. Firstly, Jasmine able to have timely reviews and revises on the assets status. Secondly, it will increases the company planning process and reduces uncertainty and risks during planning process. Consequently, decision making on organization direction such as promotion activity is able to decide and plan ahead.

The challenges for Jasmine increase with the blooming of Internet and the independent business model at respective branch. As per stated in literature, a common infrastructure and operations able to align the business's

goal and explicit coordination. Because of the consistency and standardization, it can reduce the costs and improve trust among employee as well as customers. As a bricks-and-clicks business entity, Jasmine should enhance and improve the management strategies on every single branch. For example, the membership promotions should be able to use across all the business channels and the products prices should have a minor discrepancy amongst the business channels. Standardization in business model minimizes the misunderstandings amongst customers, and consequently increases customer satisfaction. Besides that, in the literature review, Cox and Dale (2002) shared that customer needs and market competition are factors to determine the value proposition and consequently, web site quality will increase with the user friendly interface, high confidence features, good relationship service and reachable on-line resources. As of now, Jasmine is using the third party internet platform for its online bookstore. With self-development online platform, Jasmine will be able to have full authority and control on the activities and interface that to be implemented on Web Site design. This might be costly investment for Jasmine at the current stage, but it is advisable for long term enhancement. Meanwhile, Taiwan has its own unique retail delivery system that benefits the e-commerce business. Jasmine can utilize the service providers and improve its online business.

In addition, Jasmine can increase its customer satisfaction through improving its employee professionalism, through soft skill training workshop or sharing session. Professional development benefits both employers and employees, especially for the business that related to buy and sell terminology. Used book evaluation and justification are important during the trading process. Moreover, brand image increase with employee professionalism. Besides that, Jasmine can improve the customer relationship management through the action of personalization. According to Srisuwan and Barnes (2008), personalization will be perceived as an effort to build relationship with customer. Moreover, getting the support and cooperation from the government would be another possible alternative. The newly formed Ministry of Culture by government tends to be a chance to Jasmine used bookstore for business expanding. Jasmine should take the initiative and ownership to engage with government in promoting the existence and importance of used bookstore. As, increase the popularity of used book will reduce the illegal activities such as book photo-copying and music/movie downloading. Besides that, Ministry of Culture should still continue fight for the approval of proposal on tax deductible on books purchase, either new trade book or used books in the parliament. Moreover, this proposal indeed is having overwhelming response from Taiwan society. There was 68.5% of the 1079 interviewers that aged above 18 years old that live in Taiwan can increase the intention to buy books and improve the reading culture. (Global View Magazine, 2010)

In a conclusion, Jasmine Used Book Store overall has a good performance growth in Taiwan used book industry. Starting from a small business that operates at underground and as of now, Jasmine is the biggest used bookstore in Taiwan with five physical branches and one virtual bookstore. Jasmine demonstrates its philosophies "Respect the environment, Love the humanity, and Treasure the things" into the marketing strategy and strategy formulations. The business is not mainly targets for profits and revenues, but with the vision of promoting reading culture in the society, charity involvement and environmental sustainability. Jasmine needs to consider for the business diversification, product differentiation, improve the current marketing strategy and strategy formulation, and as well as utilize the available resources and supports from Taiwan government in order to create value chain and competitive advantages in the second hand market.

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