

Study on Marketing Strategies of Physical Bookstores Based on Customers' Perceived Value

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Abstract: Advances in Internet technology have driven the rise of digital reading and online physical bookstores, changing consumers' reading habits and weakening the demand for physical bookstores. Despite the government's policy support, physical bookstores are still in an existential crisis due to high rents, rising operating costs and low sales. In this context, a large number of Physical bookstores are facing the risk of closure, and the industry as a whole is in a difficult situation of transformation. This paper takes Pioneer Bookstore as a case study, analyzes its marketing strategy based on the theory of customer perceived value and puts forward optimization suggestions, aiming to provide new ideas for the transformation of physical bookstores.

Keywords: Customer Perceived Value; Physical Bookstores; User Experience.

1. Introduction

Under the impact of the digital wave, physical bookstores are experiencing a structural crisis. The digital reading rate of adult nationals has exceeded 80%, short-video e-commerce has taken up nearly 20% of the book retail market, and the price of online channels is generally 20% lower than that of brick-and-mortar stores, which has directly led to the shrinkage of physical bookstores' market share to 11.93% (Liu, 2022). At the same time, the average annual increase in commercial real estate rent of 8%-12%, coupled with rising labor costs, the traditional "book sales + coffee and light food" composite business model can only maintain break-even. Although the "Notice on Promoting the Participation of Entity Bookstores in Public Cultural Services" was issued in 2023 to provide policy support, entity bookstores still face endogenous problems such as homogenization of selection and lagging service quality (Liu, 2022).

Currently, Physical bookstores have shifted from the "battle for survival" to the "value reinvention period", and the only way to withstand the impact of digitalization is to build an irreplaceable offline cultural experience (Zhang, 2023). In this context, what kind of marketing strategy can be adopted by physical bookstores to break through the current predicament, which has become an urgent issue for physical bookstores in the whole industry. By analyzing the marketing strategy of Pioneer Bookstore, this paper proposes marketing strategy optimization suggestions for Pioneer Bookstore from the perceived value of customers, in the hope that it can provide theoretical and practical references for the transformation of other related physical bookstores.

2. Literature Review

Since the 1970s, the center of gravity of enterprise competition has shifted from products to customers, which pushed scholars to research on customer-perceived value, and the theory was formally put forward in the 1990s and triggered extensive attention in the academic and business circles. The definition of customer-perceived value is divided among scholars, mainly due to the subjectivity of value judgment, Woodruff (1997) regarded it as a new source of competitive advantage for enterprises, Porter (1985)

emphasized the direct link between value creation and competitive advantage, and Slater (1994) focused on emphasizing the subjective perceptual characteristics of value. Although there are some differences among scholars on customer-perceived value, the consensus lies in the fact that value is perceived by the customer and originates from the customer rather than the enterprise. Obviously, how to efficiently transform enterprise resources into customer-perceived value has become a key issue in enhancing core competitiveness.

Scholars' interpretation of the composition of customer perceived value is multidimensional: Sheth, Newman and Gross (1991) proposed a five-dimensional model of functional, social, emotional, cognitive and conditional value; Sweeny and Soutar (2001) divided it into four dimensions of emotional, quality, social and cost from the quality/price point of view; Babin (1997) focused on the dichotomy between utilitarian and hedonic value; and the dichotomy between utilitarian and hedonic value was also discussed in the study of the "Customer Perceived Value" (CPV). Babin (1997) focuses on the dichotomy of utilitarian and hedonic values, while Ravald (1996) proposes the formula "value = core solution benefits + additional service benefits - relationship costs", emphasizing the dynamic interaction between benefits and costs. Based on the characteristics of pioneering bookstores as both cultural consumption and spatial experience, this study adopts Sweeny and Soutar's four-dimensional framework (affective, quality, social, and cost) to adapt to the comprehensive characteristics of customers' perceptions of the value of cultural products, spatial service quality, social attributes, and cost of consumption in the brick-and-mortar bookstore scene.

3. Business Status

3.1. Introduction of Pioneer Bookstore

In 1996, the first Pioneer Bookstore was established in Taiping South Road, Nanjing, from the initial 17 square meters of floor space, gradual development, just three years to obtain the most influential one of the top ten private entity bookstores. 2003 in Nanjing, the famous attractions in Fuzimiao to set up a branch, the area has reached 2,000 square meters, and in the same year was awarded the title of the

double excellence unit. In the following year, the underground garage was used to reconstruct the Wutaishan main store, covering an area of 4,000 square meters, which became a miracle of academic physical bookstores with its unique scenery. 2006, Pioneer Bookstore Longjiang Store was opened, with a variety of 30,000 kinds of books, and in the same year, it successively won the award for the best contribution to China's private physical bookstores.

Even in the face of the impact of online physical bookstores and the development of the real estate industry, Pioneer Bookstore continues to transform, integrating cultural creativity and deriving a rich variety of cultural and creative products. On the basis of the original physical bookstore, Pioneer Bookstore adds different industries that are conducive to the profitability of physical bookstores, such as setting up a catering area, adding food and coffee, etc., setting up a cultural and creative area, displaying and selling cultural and creative products, and setting up a number of cultural and entertainment zones, showing movies, etc., while still retaining its own unique style, and has continued to grow and develop and opened dozens of outlets in China.

Pioneer bookstore to product and customer priority for the concept of providing customers with high quality books, the founder of the physical bookstore to personally select each book on the shelves of the Pioneer bookstore, focusing on the taste of the book and the depth of thought. Attentive service for customers, create a comfortable reading environment, provide leisure areas, and build a public library for friends who like to read.

3.2. Current Situation of Marketing of Pioneer Bookstore

1.Brand positioning out of focus and market competition homogenization. Pioneer Bookstore has gradually been defined as a "Netflix spot", which has led to a change in the main purpose of customer visits from reading to taking photos. At the same time, other competitors (e.g., Xinhua Brick-and-Mortar Bookstore and Yanjiye) introduced concepts similar to the "Village Brick-and-Mortar Bookstore + Experience" concept, which further intensified homogeneous competition in the market and caused Pioneer Bookstore to lose the uniqueness of its brand. The over-reliance on marketing has caused disappointment in the customer experience and undermined the image of the physical bookstore as a cultural gathering place with emotional ties. Against this backdrop, the brand's rural offshoots have encountered difficulties in conveying social meaning, and their value in the eyes of customers has declined. Furthermore, in the face of fierce market competition, the brand adopted a strategy that was too similar to that of its competitors, causing aesthetic fatigue among the general public and losing the advantage of differentiation; as a result, the number of loyal followers of the brand began to diminish over time due to the lack of sufficient novelty to attract the customer base.

2.Insufficient product structure and operational efficiency. The vague categorization and labeling of books led to inefficient searches, increasing the time cost for consumers to conduct targeted searches. At the same time, the books in the store were not sufficiently unpacked and properly displayed, reducing their attractiveness to customers. Among the derivative services provided, both food and beverage and cultural and creative products have quality problems, making it difficult to meet customers' needs for diverse experiences,

thus further weakening the functionality and attractiveness of the entire space. In addition, the lack of professional skills and service motivation of the staff, coupled with the long response time of the reading area and catering services, all these factors work together to ultimately affect the overall user experience.

3. Spatial function imbalance and environmental management failure. With the increase in the number of visitors, the environment inside Physical bookstores has become more and more noisy, which makes it difficult for frequent readers to concentrate on reading under noisy and crowded conditions. The space originally intended for reading has also been continuously eroded. As a result, the brick-and-mortar bookstore has shifted from being a place focused on cultural activities to being more of a tourist hotspot. In this case, the basic function of being able to provide a quiet reading environment was diminished, and customers were no longer satisfied with their experience here. Although the total number of visitors has increased, this has not resulted in a commensurate financial return, leaving the operator with the challenge of finding a balance between increasing operating and maintenance costs.

4. Broken emotional connection and loss of brand equity. As a result of over-marketing strategies, many attracted customers were dissatisfied after the actual experience because their expectations were not met, a phenomenon that undermined consumers' trust in the brand. At the same time, there are problems with service quality, such as the professionalism and responsiveness of the staff are not up to the mark and it is difficult to satisfy the individual needs of the customers, thus making the emotional bond between the brand and the customers weak. In addition, in a competitive market, the brand failed to offer enough features or added value to differentiate itself, and its core functions were not adequately demonstrated, which together led to a loss of customers and impeded the brand's ability to develop in the long term.

4. Optimization Recommendations

4.1. Strengthen the Emotional Value of Space

Physical bookstores can strengthen the emotional value of space through environmental optimization and emotional connection. On the one hand, Physical bookstores should rationally plan the space layout, divide the quiet reading area, communication and interaction area, etc., to meet the needs of different customers. For example, comfortable seats, good lighting and appropriate temperature should be set up in the reading area so that customers can concentrate on reading for a long time. Strengthen the noise management, through soundproof materials, signs and guidance, etc., to reduce external noise and unnecessary noise in the store, to create a quiet reading atmosphere for customers. On the other hand, the staff of physical bookstores should focus on emotional communication with customers, serve with enthusiasm and patience, and take the initiative to understand customers' needs and provide assistance. For example, employees can give sincere greetings to customers when they enter the physical bookstore and provide professional advice when they select books. Moreover, all kinds of cultural activities can be held, such as book sharing sessions, authors' book signing sessions, theme lectures, etc., to enhance the emotional bond between customers and physical bookstores, so that customers can feel the cultural atmosphere and unique charm of physical bookstores in the process of participating

in the activities.

4.2. The Extension of the Value of Knowledge Services.

Employees need to continuously improve their professional knowledge and recommend books accurately according to customers' reading interests and needs, such as recommending classic and popular new books for customers by understanding their preferences; at the same time, we use big data and artificial intelligence to analyze customers' purchasing history and browsing behavior, and provide personalized knowledge services, such as recommending similar masterpieces according to purchasing records or pushing thematic articles according to the content of browsing. In addition, value-added services such as book guides and book reviews help customers understand and digest the reading content, for example, book guides are regularly held to invite experts and scholars to interpret key books to guide in-depth reading; online knowledge platforms such as the official website of physical bookstores or mobile applications are also set up to provide e-books, audiobooks, knowledge courses, and other resources to facilitate the customers' access to knowledge at any time in order to enhance their knowledge service experience.

4.3. Community Belonging Value Construction

Physical bookstores can set up special social areas, equipped with comfortable tables and chairs and free tea to encourage communication and interaction between customers, such as organizing small book club activities, so that customers can share their reading experience. At the same time, the use of social media platforms to establish online communities, publishing physical bookstore activities, new book recommendations and reading tips, etc., to enhance interaction and communication with customers, and enhance the sense of belonging to the customer community. In addition, the establishment of a perfect membership system to provide members with points exchange, priority purchase rights and exclusive privileges, such as incentives to consumption and increase the frequency, such as members to enjoy discounts on the purchase of books or points in exchange for cultural and creative products. In addition, the organization of members-only activities, such as reading salons, cultural lectures, etc., to enhance members' sense of identity and belonging, and promote exchanges and cooperation among members.

4.4. Cultural Identity Value Cultivation

Entity bookstores need to define their own brand positioning and cultural values, through store decoration, staff image and publicity and promotion, to show the unique brand culture. For example, its decoration style can present regional cultural characteristics or specific cultural themes, so that customers can feel a strong cultural atmosphere once they enter the store. At the same time, Physical bookstores should actively participate in social welfare activities, such as donating books to schools in poverty-stricken areas, supporting the development of cultural undertakings, etc., in order to enhance the brand's social image and cultural identity. In addition, focusing on the promotion of traditional cultural heritage, organizing activities related to traditional festivals and cultural practices, such as the Spring Festival Book

Market, Mid-Autumn Poetry Festival, etc., so that customers can feel the charm of traditional culture in the participation. Cultural innovation should also be encouraged, the launch of creative cultural products and activities, such as combining modern technology to create a virtual reality reading experience, interactive cultural exhibitions, etc., to bring customers a new cultural experience, and cultivate the value of customers to the entity bookstore cultural identity.

5. Conclusion

Today's Physical bookstores are facing the pressure of online Physical bookstores at the same time, not only affected by the real estate industry, Physical bookstores need to find a solution and adopt appropriate marketing strategies to cope with this difficult environment. Through the analysis of the marketing strategy of the pioneer bookstore, this paper puts forward four major optimization suggestions from the dimension of customer perceived value: the strengthening of spatial emotional value, the extension of the value of knowledge services, the construction of the value of community belonging, and the cultivation of the value of cultural identity. It is hoped that it can provide certain reference significance for the optimization of marketing strategy of physical bookstores, provide practical basis for the transformation of physical bookstores, and change the status quo of physical bookstores.

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