

Research on Strategic Transformation of Physical Bookstores

-- Take Xinhua Bookstore as an Example

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Abstract: Xinhua Bookstore is not only the main body of publishing and distribution, but also a strong link in the whole industrial chain. In the context of constant changes in the publishing industry chain, the value chain of Xinhua Bookstore is also constantly extending and reshaping. At the same time, the physical bookstores represented by Xinhua Bookstore have suffered from multiple practical difficulties of the negative influence of the Internet, the incomplete system and mechanism, and the imperfect evaluation system. In order to promote the strategic transformation of Xinhua Bookstore, on the one hand, we should devote ourselves to the industrial chain reconstruction of value appreciation, on the other hand, we should strengthen the management mode innovation of value enhancement, and focus on the improvement of service function of value expansion.

Keywords: Physical Bookstore; Xinhua Bookstore; Strategic Transformation; Value Chain.

1. Introduction

Founded in 1937, Xinhua Bookstore has experienced more than 80 years, and now it has become a cultural "aircraft carrier" with 10,000 stores and annual sales of more than 100 billion yuan, occupying more than half of the market share of China's book market. Xinhua Bookstore has an irreplaceable position in China's publishing industry. Even with the rapid development of digital publishers, private bookstores and foreign bookstores today, it is still the most significant subject. Since its establishment, reform and transformation has always been the theme of the development of Xinhua Bookstore. To some extent, Xinhua Bookstore is leading the wind direction of the value chain development of physical bookstores [1]. Its development process and transformation experience have important reference significance for the future development of the whole industry.

2. The Logical Basis of Xinhua Bookstore's Strategic Transformation

The physical bookstore is a place with the physical space as the carrier, with books as the main business, and while providing offline wholesale and retail services [2]. Compared with online bookstores, physical bookstores have always maintained an important position with their advantages of unique shopping experience, direct sales services and rich cultural atmosphere. However, with the rise of online book buying, physical bookstores are facing huge challenges.

In terms of the composition of the industrial chain of physical bookstores, scholars have made a relatively careful analysis of the industrial attributes and industrial chain composition of physical bookstores. However, few studies have conducted a comprehensive and in-depth discussion on the physical bookstores from the perspective of the value chain. Therefore, this paper will make an in-depth analysis of the realistic dilemma and realization path of the strategic transformation of Xinhua Bookstore. By deeply excavating the competition situation of Xinhua Bookstore in the value

chain, putting forward effective ways and methods for Xinhua Bookstore to realize strategic transformation, so as to better promote the development of Xinhua Bookstore in the new era.

In terms of the concept of value chain, its advocate Michael Porter thinks, each enterprise is in the design, production, sales, sending and auxiliary products in the process of various activities, enterprise activities are the raw materials into the final product and realize the value appreciation, the process of a series of process is the sum of the value chain [3].

As a kind of competitive strategy theory for enterprise development, the value chain has been widely recognized by the academic circle, and has become a vital perspective to consider the core competitiveness of enterprises. After Porter, scholars Peter Hans, John Shank and Vijay Govindarajan have enriched the connotation of value chain theory. Since the 21st century, with the in-depth development of globalization and informatization, the process of industrial economic integration has been accelerated, and the competitive environment for enterprise development has undergone fundamental changes. The value chain theory has been further enriched and improved, which is gradually applied to the planning and management of different industries.

The industrial chain of publishing and distribution is a linear chain formed by the author's creation and publisher as the upstream, the distribution and distribution links as the middle, and the retail and readers as the downstream. The upper, middle and lower reaches are interlinked and closely linked. The change of each link in the middle will have an impact on the next link or the whole value chain [4]. Industrial chain is the form and form of the value chain, and the value chain is the premise and foundation of the industrial chain building. If it is recognized that publishing is a main part of the whole publishing industry chain, we must identify with the objective existence of the industry chain and value chain of Xinhua Bookstore. With the acceleration development of the Internet, the traditional publishing form and users' reading habits have changed, forming a diversified digital publishing model, and thus constructing a new value chain model of physical bookstores.

The continuous innovation of digital technology has

produced a profound change to the traditional brick-and-mortar bookstores, and for Xinhua Bookstore, as the industry leader, the impact of this change is more significant. The traditional publishing industry chain, composed of "author — publishing — printing — distribution — readers", is gradually transformed into a more concise and more direct "author — publishing — readers" mode, or even a new chain composed of "author — network platform — readers". This transformation is not only constantly reshaping the value chain of publishing and distribution, but also driving the profound changes in the entire value chain of book distribution.

Under this new model, Xinhua Bookstore, as a traditional entity bookstore with profound market resources and relationship resources, its value chain is also undergoing drastic changes. In the past, Xinhua Bookstore occupied a significant position in the value chain of book distribution by controlling market resources and relationship resources. However, with the rise of the network book city, Xinhua Bookstore needs to face directly to the readers. This change makes Xinhua Bookstore no longer just integrate the market resources and relationship resources, but needs to understand and master the knowledge resources, as well as the common action of market resources and relationship resources. This new value chain model has brought new opportunities and challenges to Xinhua Bookstore and the whole book distribution industry.

In fact, the value chain is the theory of the internal value generation and agglomeration of enterprises, which reflects the process of the formation and transfer of enterprise product value. Through the analysis of the value chain, we can find the link of the continuous appreciation of enterprises, and deeply understand the endogenous power of enterprise development. As the main position of the market, Xinhua Bookstore, to constantly improve its own market competitiveness, it must constantly enhance the ability to create value for customers, so as to realize the appreciation and agglomeration of profits. From this point of view, the building of the value chain is the key to the transformation and development of Xinhua Bookstore.

3. The Strategic Transformation of Xinhua Bookstore

3.1. The Negative Impact of the Internet

The Internet and digitalization are the gravedigger of traditional industries. The impact of the Internet has caused a flood of brick-and-mortar store closures, not just in China, but not just in the book industry. The impact of the Internet on the physical bookstores is mainly the marketing model and product form change and industry upstream and downstream information asymmetry.

First, the Internet marketing impact entity. The data suggests online sales have been growing, but brick-and-mortar bookstores are starting to turn negative. Online shopping provides consumers with a large number of goods, easy comparison and consumption experience of enjoying services without leaving home. In addition, with various types of promotion methods, consumers are unable to favor online shopping. Most of the comprehensive e-commerce platforms take books as drainage commodities, and make profits through the sales of non-map commodities. The average discount of online book sales is nearly 30% lower than that of physical bookstores, while the operating costs of stores and

personnel of physical bookstores are relatively high, and they have no competitive advantage in price.

Second, the Internet affects product forms. In the Internet era, with the continuous development of information technology, the reading of the public is no longer limited to paper newspapers, periodicals and books, but more developed to the mobile terminal and the network terminal. Among them, mobile phones and the Internet have become the main body of adult national media contact in China, and the digital reading habits are gradually being accepted by the public. At the same time, the vigorous development of network literature also provides a richer content choice for the public digital reading. It can be seen that more and more common digital reading and more and more high-quality network literature, to a certain extent, on the operation of physical bookstores [5]. Although traditional physical bookstores have certain advantages in paper publication marketing, they can provide readers with live experience and scholarly taste for e-books, database, audio, video and audio books.

Third, the information island in the industrial chain. The publishers, bookstores and libraries in the upstream and downstream of the publishing industry chain are independent, and the publishers do not know how much books are in each bookstore, who to sell, and the reading preferences of the readers; the bookstores do not know what major topics the publishing house is planning, what marketing methods should adopt for market segments, and how to feed back the demands to the publishing institutions; the libraries, and whether the books that the readers want to see most. Information asymmetry brought about by information island In the Internet era, there are greater industrial risks hidden, especially publishing and distribution, and it is difficult to realize the supply-side reform of publishing without solving the problem of information island.

3.2. Incomplete Systems and Mechanisms

The continuous deepening of the reform of the cultural system has given birth to a number of publishing and distribution groups with strong strength, which have strong productivity and competitiveness in the industry. Its products are rich and large, which not only meets the diversified needs of the market, but also promotes the rapid development of the whole publishing and distribution industry. However, we should also be soberly aware that, in some areas, the market mechanism of orderly competition has gradually evolved into a regional blockade and fragmentation, which has seriously affected the healthy development of the publication market.

In some groups combining publishing and Xinhua Bookstore, the group's publications are put on the shelves and sold in the local Xinhua Bookstore, which has become a crucial indicator for assessment and consideration. This regional fragmentation of sales channels has led to a serious problem, that is, it is difficult to form sufficient market competition for publications products. Due to geographical restrictions, excellent publications are unable to get fair competition opportunities in the broader market, which limits the innovation and development of the publishing industry. This phenomenon not only causes inconvenience to consumers, but also affects the prosperity of the entire publishing industry. Therefore, breaking this regional fragmentation and establishing a unified, fair and competitive market environment is a significant problem to be solved in the current publishing and distribution industry.

3.3. Imperfect Evaluation System

Press and Xinhua Bookstore are main cultural institutions under the leadership of the Party, which undertake the historical mission of inheriting culture and carrying forward civilization. At the same time, they are also a part of the market subject, and we need to correctly handle the relationship between social benefits and economic benefits. In the assessment of these institutions, it is necessary to give full consideration to the two indicators of social benefits and economic benefits, especially to pay attention to the priority of social benefits.

If market standards are simply used to evaluate cultural enterprises, cultural enterprises may pay too much attention to market demand and sales performance, while ignoring the ideological value and social significance contained in cultural products themselves. This will not only deviate from the purpose of the publishing house and Xinhua Bookstore, but also does not conform to the social responsibility that cultural enterprises should bear [6]. However, if there is no market-oriented mechanism and the simple emphasis on social benefits, the production and operation vitality of cultural enterprises may also be limited. The market mechanism can promote the competition among cultural enterprises and the survival of the fittest among cultural enterprises, and promote the continuous innovation and development of cultural enterprises. Therefore, on the premise of adhering to the priority of social benefits, it is also necessary to gradually introduce a market-oriented mechanism to activate the production and operation vitality of cultural enterprises and promote the sustainable development of the cultural industry.

4. Suggestions and Prospects

4.1. Suggestions

4.1.1. Committed to the Restructuring of the Industrial Chain with Value Appreciation

The industrial chain and the value chain are an organic whole, and the value added of the value chain cannot be separated from the reconstruction of the industrial chain. "The whole industrial chain layout" refers to the extension and expansion of Xinhua Bookstore to the upstream and downstream of the industrial chain, so as to drive the extension and value-added of the value chain. To better enhance the ability of enterprises to adapt to the market demand change, improve the overall profit level, reduce business risk, Xinhua bookstore can extend to the industrial chain upstream, involved in publishing, through property joint and project cooperation, by means of merger and acquisition, restructuring, expand the profit space, realize the extension of Xinhua bookstore value chain and benefit diversification.

First, to continue to expand the scope of business. Through diversified operation, let the Xinhua Bookstore surplus store space to operate non-book products, with the golden signboard of Xinhua Bookstore as a reputation guarantee, will have their own institutional resources into operational advantages [7]. This strategic adjustment is not only conducive to the adjustment and optimization of industrial management structure and product management structure, so that Xinhua Bookstore can better adapt to market changes and consumer demand, but also further realize the diversification of investment subjects, providing more investment opportunities and cooperation platforms for social capital. In addition, the diversified operation is also conducive to

accelerating the pace of the industrialization process of Xinhua Bookstore, and promoting its development to the direction of modernization, specialization and scale. By establishing close cooperative relations with various enterprises and institutions, Xinhua Bookstore has expanded the space of the upstream and downstream of its industrial chain and formed a more complete and efficient business model. The acceleration of this industrialization process not only enables Xinhua Bookstore to maintain a leading position in the market competition, but also injects new impetus and vitality into the development of the whole publishing industry.

Second, we will vigorously develop digital publishing. In our country more than ten years of publishing industry in the digital transformation process, with Xinhua bookstore as the main body of the traditional publishing enterprises in the platform construction, process reengineering, product and technology innovation reform and development, initially formed a new distribution forms, product form and business model, but this does not mean that Xinhua bookstore has realized the digital transformation and upgrading, the value chain reconstruction is still a long way to go. At present, the focus of Xinhua Bookstore is still the book market. Although the new digital network business is developing rapidly, it still exists as an appendage of the traditional book publishing and distribution industry, and has not become the mainstream product of the business. Therefore, Xinhua Bookstore should broaden its vision in the market development, shift the key of transformation and development from the book market to the reading market, extend its business scope to the upstream publishing link, seize the content production, and give play to its own advantages to make digital publishing bigger and stronger.

Third, we will develop digital reading platforms and equipment. The emergence of new product forms, such as online education, smart classroom and online games, makes today's Xinhua Bookstore must re-examine its product strategy to adapt to this new market environment. This also means that Xinhua Bookstore needs to vigorously develop the digital reading platform and equipment, not only to expand the value chain of its products, but also to improve the value-added services of its products. On the basis of paying attention to content production, on the one hand, they need to attach great importance to channel construction to form a strong support. Among them, rural bookstores, as a market that has not been fully developed, are expected to become a new development direction for physical bookstores to boost the development of rural culture and promote the sinking of channels, and their function as a cultural station will be further highlighted [8]. Xinhua Bookstore and other physical bookstores should take advantage of this opportunity, channel sink, open up new markets. At the same time, they should also expand marketing and promotion channels through new media platforms, and enhance readers' stickiness with diversified online services. On the other hand, Xinhua Bookstore needs to strengthen the research and development of hardware products to develop mobile electronic reading devices that are convenient to read anytime and anywhere, so as to better meet people's needs for digital reading. In addition, they should also actively promote the upgrading and transformation of physical bookstores, break the traditional functional restrictions, introduce VR, AR, big data and other emerging technologies, change the reader experience environment, and realize the transformation and upgrading of traditional Xinhua Bookstore. They focus on building a

"smart book city" and creating a new comprehensive service platform for smart and cultural people to provide readers with a new reading experience, and strive to become the main force leading the high-quality development of China's distribution industry [9].

4.1.2. Strengthen the Management Mode Innovation of Value Enhancement

Xinhua Bookstore, as the main channel of China's book market distribution, is closely related to the development of China's publishing and distribution industry. At present, with the accelerating transformation and development, the level of management science has become more and more a restricting factor affecting the value and benefit of Xinhua Bookstore. Improving the management mode and improving the management level and ability are related to the value enhancement of Xinhua Bookstore and the development trend of China's book distribution industry.

First, we should strengthen the construction of talent team to provide basic guarantee for value enhancement. Attach importance to the property rights incentive of human capital, and provide guarantee for the improvement of the company's management environment through the formulation and implementation of systems and mechanisms conducive to the sustainable development of the company. Since the 1960s, economists have found that the knowledge and skills of the economy.

Long contribution is very large, so human power is also regarded as a kind of capital. This kind of capital can be understood as natural personal assets, such as mastering and applying knowledge skills, innovation, adventure, sensitivity to potential market opportunities and all the human resources with market value are not only always attached to natural individuals, but only belong to individual call and transfer. In the condition of complying with national policies, we should not only strengthen the incentive of senior managers, but also pay full attention to the property rights incentive of key personnel, "bundle" individual interests with the interests of enterprises, and encourage employees to develop and share the destiny with Xinhua Bookstore. We will comprehensively carry out reform and innovation of the personnel system, break the "iron rice bowl" and the post tenure system, and establish an employee evaluation mechanism, performance reward and punishment mechanism, and human resource allocation mechanism that suits market-based operation. At the same time, Xinhua Bookstore should establish a scientific talent introduction mechanism, build a talent training mechanism with colleges and universities through updating the training program, establishing the internship and training base, build a complete internal training and overseas learning mechanism, establish a talent sharing pool, and constantly reserve and supplement interdisciplinary talents [10].

Second, we should strengthen the construction of enterprise culture and improve the scientific management. In the face of the new competitive changes in the business environment, the management of the company must attach great importance to and vigorously strengthen the construction of corporate culture. The core values and business philosophy of the company should be deeply integrated into the daily operation and management, and in this way, the overall cohesion and centripetal force of the company should be improved, and the employees' sense of pride and belonging of identity to the company should be further enhanced. To achieve this goal, it is necessary to improve the implementation of the post responsibility system

as an effective carrier, and to strengthen the basic work of standardized management. Gradually establish the responsibility system of employees to the company, through the cultivation of responsibility positioning and sense of responsibility, which will help to improve the overall execution of the company. In this process, we must always maintain a risk awareness and implement active risk management. At the same time, enhance the awareness of law-abiding management, standardize business behavior, to ensure that the company can always abide by the legal provisions, keep the bottom line of law-abiding operation. Such corporate culture and business philosophy will provide a solid guarantee for the long-term and stable development of the company, and create more opportunities for the career development of employees.

4.1.3. Perfect the Service Function Focusing on Value Expansion

In essence, Xinhua Bookstore is a spiritual communication space to serve the readers with the books as the media. "Familiar with readers, familiar with books" and "find readers for books, looking for books for readers" is a critical embodiment of the bookstore to serve readers. For Xinhua Bookstore, public service itself is a main part of its functions. Taking readers first, focusing on the needs of readers, to provide diversified, diversified and personalized products and services, is the only way for Xinhua Bookstore to expand the value-added space. Therefore, starting from the needs of customers, fully tap customer needs, improve the service facilities of the bookstore, enhance the service function of the bookstore, is the meaning of realizing the value-added service of Xinhua Bookstore. One is to enhance the aesthetic taste of bookstores.

Xinhua Bookstore as a well-known bookstore brand in China, on the one hand, should pay more attention to details in terms of user experience, from environmental design to atmosphere creation, should enhance the comfort of user perception as the goal. In the design and facilities of the bookstore, more fashion elements should be injected, so that readers can feel that Xinhua Bookstore is keeping pace with The Times and keeping pace with the pace of development of the city. At the same time, Xinhua Bookstore should also pay attention to improve the service level of the store, to provide readers with a more intimate book shopping experience, so that Xinhua Bookstore becomes an ideal place for people to relax and enjoy reading. On the other hand, Xinhua Bookstore needs to pay attention to improve its own cultural taste and aesthetic value, through the combination of reading space and cultural space, to meet more readers' thirst for knowledge and culture. In addition, Xinhua Bookstore can also enrich its product line and improve its brand value and market competitiveness by adding creative products and services, such as cultural and creative products and art works. In this process, Xinhua Bookstore also needs to pay attention to the integration with the local culture and the community, and become an important place for local cultural activities and social communication.

Second, to increase the bookstore service content. Compared with the Internet virtual space, Xinhua Bookstore is a physical space, with the lack of presence and reality of network bookstores. From the perspective of distribution, the distribution network of Xinhua Bookstore is all over urban and rural areas, reaching various cities, with natural network coverage. Xinhua Bookstore should make full use of its own advantages of wide network coverage, with the help of

Internet technology, open up the online and offline space, and build a super network community. From the perspective of development trend, the future consumption in bookstores may be "non-book" consumption, bookstores have become a stylish place, and experience diversified service experience has become the main purpose of customers to bookstores. On the one hand, increase business projects, sales of calligraphy and painting, paper and other cultural related products. While readers' consumption concept of culture-related products is constantly changing, the scene role of bookstores plays a key role, and books play an irreplaceable role in enhancing the cultural atmosphere, increasing the value of products and consumer sense of identity., On the other hand, can carry out cross-border business, set up some high profit products in the bookstore, such as high-end supermarkets, catering, cafes, cinemas, sports products, etc., increasing services and content, attract users to stay, gather popularity, at the same time the crossover sales profit subsidies books, get additional benefits.

Third, to improve the service level of bookstores. Peter F. Drucker, a famous management scientist, said that the purpose of business is only one real meaning, that is, to create customers, and to improve the perceptibility of service by changing the intangible service into the tangible service. In the process of contacting and interacting with readers and customers, Xinhua Bookstore should pay more attention to improving the service level and readers' consumption experience, and better provide a full range of services. For example, patiently answer the questions raised by readers, pay attention to the communication with readers, grasp what readers think, need, and seek, interact with readers, enrich readers' perception, guide readers to consume, meet their needs, and provide super value services for them. In addition, attention should be paid to strengthen the awareness of "Internet + ", need to online, interact, network, together with Xinhua bookstores across the country to refine the reader group, provide personalized customized services, build a unique "customer big data", and on this basis to provide more personalized and customized professional value-added services. These new service patterns provide new ideas and new opportunities for the innovation and transformation of physical bookstores [11]. As a public cultural space, physical bookstores have been integrated into People's Daily life. They not only spread culture, but also carry people's emotions and spirit, realizing the beautiful interaction and experience between people and themselves, people and others, people and books, and people and space.

4.2. Prospects

The future bookstore industry will face tremendous changes and opportunities, and the industrial chain and value

chain must be realized through the market. The market is the touchstone for testing the transformation and development effect of Xinhua Bookstore, and also the driving force for Xinhua Bookstore to become bigger and stronger. In the future, Xinhua Bookstore can achieve strategic transformation and achieve sustained growth and success by constructing a value chain and striving to build a modern enterprise with complete industrial chains, advanced management models, complete service functions, and sound channel platforms that adapt to market development and have a high level of management.

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