

A SWOT Analysis on Jasmine Used Book Store in Taiwan

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Abstract

The objective of this study is to perform a SWOT analysis on a used bookstore in Taiwan named Jasmine. Semi-structured interviews, observations and documents review were used for data collection. Jasmine used bookstore aims for better sales and higher profits besides promoting a reading culture among the Taiwanese society through charitable activities. Employee hiring and training process are important to Jasmine's top management in order to ensure customer satisfaction. Inventory management, independent business model and employee's satisfaction/retention are acknowledged to be Jasmine's weaknesses. As for opportunities and threats, external threats from globalization and e-books transformation are foreseeable for a used book store like Jasmine albeit having a supportive government and strong reading culture among the Taiwanese society. This paper intends to provide an up-close and in depth examination of SWOT analysis based on a real case perspective.

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

1.0 Introduction

Recently, the availability of conventional bookstore and online bookstore has provided an avenue for book lovers to access reading materials. For them, reading has always been a source of personal knowledge enrichment at all stages of life (Després, 2009). Bookstore is the place for book lovers to find their favourite reading materials either through visiting the bookstore or purchasing via virtual bookstore.

In Taiwan, there are international franchised bookstores such as Book Kinokuniya Malaysia or local bookstores such as the Eslite bookstore. Eslite is one of the largest retail bookstore chain in Taiwan. The availability of the bookstore chains in Taiwan such as Eslite and Kinokuniya have provided easy access to new books with convenience. However, access to the used bookstore in Taiwan is very limited. There are only a few used bookstore operating throughout Taiwan, such as Jasmine used bookstore (hereafter is referred as Jasmine) that is used as the case company in this study.

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Despite the growing popularity of e-books over the last few years, majority of book readers still prefer printed books (Alison, 2012). This is partly because the reading habits of people seem difficult to change over time. The readers tend to perceive that holding a printed book gives them a natural feeling and convenient reading experience compare to e-books or Kindle. Hence, book readers who would like to buy printed books with the best price available might prefer a used book or second hand book since the price is much lower. To date, used bookstore or second hand bookstore is getting acceptance amongst book purchasers. For instance, in Portland, one of the established used bookstores buy 3000 used books over the counter every day (Powells.com, 2013). Usually, the used bookstore buys and sells used and out-of-print books, either through internet, store or a combination of both. To the readers, the motivation of purchasing a used book may be economic, personal or environmental consideration. For example, Matsumoto (2009) highlighted that the purchase of used book reduces the environmental impact since the books are not thrown away but goes through recycle or reuse process.

2.0 Issues in Jasmine Used Bookstore

In 2002, Jasmine, a used bookstore was founded in Taiwan. Besides generating profit, it also aims to raise the environmental awareness among the society and encourage the society to read as well as contribute to social welfare (Jasmine.com, 2012). Jasmine's target markets are the individuals and book lovers who are budget savvy and environmental conscious, such as parents, elderly citizens, students and office workers. In addition, Jasmine strengthens its business operations through providing a unique bookstore environment, better service-scape like becoming more spacious, a well-organized book arrangements, soft background music, and café service and most importantly is the company's philosophies. It's management team has position its brand name with strong emphasis on environmental protection such as the concept of prolonging the life cycle of a book through the selling and buying of used book. Besides, Jasmine also introduces "recycle plastic bag" to encourage their customers to reuse and recycle. Jasmine's management has also targeted building Jasmine's image as a charitable organization.

In view of the strong reading culture in Taiwan, the market for books is very promising. This can be demonstrated from the sales records of books.com.tw, an online bookstore in Taiwan, that recorded sales volume for books of about NT\$1.1 billion per year (Tsai and Yen, 2009). Moreover, a report from Eslite bookstore recorded that its current membership is 80 million in which on average, 18 books have been purchased per person (Eslite Corp.com, 2012). Eslite Bookstore provides 24 hours bookstore service, with well-organized and gentle atmosphere (Mo, 2013). Apparently, Eslite bookstore is the largest bookstore chain in Taiwan. Jasmine, on the other hand, operates on a smaller scale as a used bookstore or second hand book store in Taiwan. From business view, new trade bookstore seems to be the business competitor for used bookstore. However, from a different standpoint, the source of inventory for used bookstore relies on the

liquidity of books 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).

Concerning its operations, Jasmine is located at a strategic location. It utilises the 7P's marketing mix, which includes place, price, product, physical evidence, participants, promotion and process as their best effort to improve its marketing strategy. The prices of its products are reasonable, store layouts are organized and well-planned, employees are professional and processes are efficient. At Jasmine, a barcode system was introduced to sync-up all the inventory management process, membership and rewards programs and to provide good customer experience. Jasmine formulates strategies from the perspective of information technology, customer relationship management and corporate social responsibility in order to create value and competitive advantage in the Taiwanese bookstore industry. Used books can be sold to the end users at lower prices compare to brand new books. Readers can also sell their old books to the bookstore in exchange for cash (Jasmine.com, 2012). Jasmine does not only face competition from the new trade bookstore, but also the challenges that came after digitalization and globalization in the book and media market. The e-books are getting popular in the society and creating a new form of publishing industry thus increases the competition among bookstores entrepreneurs.

Despite the opportunities and gain from the Taiwanese book market and reading culture, Jasmine also faces challenges from the people's perception of used books. People tend to perceive that purchasing a second-hand item might demonstrate a poor image about one self. Furthermore, the negative perceptions of majority of people on used books store as a place with unpleasant smell and poorly organized books posed another challenges for Jasmine. All these negative perceptions indirectly pose some challenges to Jasmine in generating high sales. With the intention of stimulating company growth and obtaining a competitive edge, Jasmine used-book store must try to reinvent its business strategy. Jasmine needs a breakthrough in resolving the stagnant condition of its business in view of its lower popularity. As such, this case study aims to conduct a SWOT analysis on Jasmine used bookstore and to provide a better understanding of the company's current situation and facilitate the process of reinventing its business strategy.

3.0 Methodology

3.1 Data Collection

In order to conduct the SWOT analysis for Jasmine, a case study approach was used. Data was collected using semi-structured face-to-face interviews and observation. Saunders, Lewis and Thornhill (2012) stated that the strength of the semi-structure interview is that it provides the opportunity to 'probe' answers where the interviewees could explain and build on their responses. The use of open questions during the semi-structured interviews allows interviewees to provide extensive responses (Saunders

et al. 2012). However, the semi-structured interview is time consuming. The amount of interview time depends on the interviewees' willingness to commit their time. In addition, it is difficult to get the consent of the company's top management to allow more employees to be interviewed.

The targeted interviewees for this research were the company's Director (one of the founders of Jasmine Used Book Store), the Executive Director and managers from different business units. The interviews were conducted for at least 45 minutes for each session. Three face-to-face interviews were conducted at Jasmine's main office in Taipei City while another two interviews were undertaken in real time via online messenger tool.

Besides the semi-structured interviews, the observation technique was also used to gather the data for this study. By directly observing the bookstore environment, a holistic perspective for understanding of the context within the case can be obtained. This technique also provides an opportunity for the researcher to identify the unanticipated outcomes in the company's business operations. The weakness of this methodology is that the researcher has least control over the situation and the selective perception of the observer may distort the data and may affect the behaviour of the participants (Haron, Abdul Khalid and Ganesan, 2012). Moreover, the data were also gathered from secondary sources from the internet, company website, government websites and reliable news media websites. Documents related to pricing strategy, training guidelines and hiring policy were also shared by Jasmine's management for further analysis.

3.2 Case Analysis

3.2.1 SWOT Analysis

In this study, Jasmine's strengths and weaknesses were examined based on McKinsey 7S framework as stated in Table 1 below.

Table 1

Analysis of Jasmine Strengths and Weaknesses Based on McKinsey 7S Framework

Hard Elements	Descriptions
Strategy	Jasmine's direction and scope over the long term, e.g. service-scapes, pricing strategy, inventory management, customer relationship management and corporate social responsibility.
Structure	Store location and business operation structure.
Systems	Information technology e.g. company website and barcode system.

(continued)

Soft Elements	Descriptions
Shared Values	Jasmine’s business philosophies, e.g. respect the environment, love the humanity and treasure things.
Skills	Capabilities and competencies, e.g. books evaluation technique
Style	Jasmine’s overall operating approach
Staff	Employee’s attitude

3.2.2 *Strengths*

Every business organization summarizes their goals and objectives in their mission and vision. Jasmine’s has a clear and strong vision in its overall business operation. Its business philosophy: “Respect the environment, love the humanity, and treasure the things” with the vision of “Environmental Protection, Charity and Reading Culture Development” outlines its strategic focus and future plans. Besides, Jasmine had made effort to improve employee quality through a more stringent recruitment and training process. Jasmine believed that to achieve customers satisfaction, retaining knowledgeable and well-trained employees is one of the key criteria. Additionally, Jasmine also provides employment opportunities for individuals with autism as part of its corporate social responsibility practices. Jasmine utilizes the convenience of information technology in inventory tracking and control system to improve its existing inventory management. In view of the trend of online or virtual stores, Jasmine establishes a virtual bookstore, as well as using the corporate website to interact and communicate with customers. One of the identified strength of Jasmine is the strategic decision making from top management. The top management realized that the bookstore location, which is strategically around residential and school areas, would subsequently provide a stable traffic flow to the bookstore. Furthermore, Jasmine also improves its service-scape, be the pioneer to invest and transform the used bookstore image regardless of the nature of the products. Jasmine also provides the options to consumers to claim tax deduction on charity. Customers are allowed to donate money either from the action of buying or selling books to the dedicated charity organization by their selves or through Jasmine.

3.2.3 *Weaknesses*

The first weakness of Jasmine is that the supply and demand of used books are not easily foreseeable. Many of the marketing programs or promotion activities could not be planned in advance because information pertaining to inventory is insufficient. Inventory sources for Jasmine are unstable and unpredictable. For example, promotion activities for children books will only be possible if the variety and quantity of children books meet the purpose. While information sharing is already enforced amongst Jasmine’s branches, the activity of price evaluation and book collection at its respective branches

are still independent and decentralized. At Jasmine, the issue of price discrepancy is common because the price evaluation process is subject to each branch's discretion.

The second weakness is the gap that exists in Jasmine's inventory database before and after the data is updated in the system, especially to the bulk used book collection. This happens when the books that are traded by customers, especially for the case where home collection service is provided. Books will only be updated in system after the person in charge comes back to the bookstore. Even though a used book store is not a high profit business, the work load is as heavy as in other retail service businesses or even more. In addition to these, the top management of Jasmine also failed to provide a comprehensive reward system that suits the need of their employees, thus affecting employee motivation and enthusiasms to perform.

3.2.4 Opportunities

Based on the economic, social and cultural perspectives, there are several conditions that provide opportunities to Jasmine. Firstly, the statistical data published by Taiwan Council for Economic Planning and Development (CEPD) shows that Taiwan's economy grows healthily and the number of periodicals and publishing corporations increase exponentially since 2002. In addition, the literacy rate among the Taiwanese society is also high (98% in 2011). This indicates that there are many readers who are willing to spend money to purchase reading materials like books and magazines thus providing a wide market for Jasmine.

Additionally, the Taiwanese Ministry of Culture is also promoting reading culture among the society which accelerates demand for books hence providing market for Jasmine. Moreover, the Minister in charge, who is a writer herself, does play an important role in raising the awareness and supporting reading culture. Furthermore, the ministry is also working towards proposing tax deductible on books purchase to enhance reading culture. The government also emphasizes strongly protecting intellectual property (IP) where activities such as unauthorized copying on and near university campuses and Internet piracy is highly monitored by government. Moreover, the Ministry of Finance allows the tax deductible on charitable contributions that encourage Taiwan society to be involved in charity. Taiwan government also encourages society to implement the "reduce, reuse and recycle" practices in daily life. The outcome of this practice is very promising where the society tends to be familiar with the reuse and recycle concept, which indirectly contributes to a higher acceptance of used products or second hand products. In Taiwan, a new logistics service called retail delivery also helps to expand the e-commerce business. This retail delivery which depends on 24 hours convenience stores located in a high density neighborhoods are able to provide easy online shopping services, safe payment methods, quick delivery services and self-pick-up approach that has become the major logistics model for online bookstores in Taiwan. This indirectly helps to solve the logistic issues and improve the online shopping experience.

3.2.5 Threats

In view of the globalization trends, Jasmine is facing threats from the competition with the online or virtual bookstores. Many of these online bookstores are practicing the business to consumer (B2C) business model where consumers can place their order anywhere or anytime. It does not require the seller and the buyer to be present as in the conventional bookstore. Thus, book shopping becomes easy with just a 'mouse click'. Online bookstores also provides more choices of books, which are not limited to only the local shops but also bookstores worldwide, with the delivery service provided by the respective online bookstore.

In the meantime, the conventional bookstores business also lose its attractiveness among the entrepreneurs. Furthermore, it also lose its competitive advantage due to its high rental costs as a result of technological advancement and globalization. The online or virtual bookstore which is borderless have no issues with regards to rental and other operating costs where they can offer lower prices compared to the conventional bookstores. The similar threats also come from the new trade bookstore. There are occasions where new trade book store offered discounts and lower the price of their new books. Used books tend to be less preferable since the price for new books are much lower. Moreover, the profit margin for a used bookstore is also affected when the prices for new books are lower.

4.0 Conclusions and Recommendations

The objectives of Jasmine's used bookstore are: "to promote reading culture, contribute to social welfare and to increase environmental awareness among the Taiwanese society." Being the largest used bookstore in Taiwan, Jasmine's business operation is facing stagnant condition especially in terms of sales due to customers' negative perception of second hand books. Although Jasmine has formulated its marketing strategies to better suits the company's objectives, there are some internal weaknesses and external threats that influence its overall business operation and performance. The Jasmine's SWOT analyses show that the bookstore has a clear vision and mission that has enabled it to focus and lead its business direction. Jasmine also understands that to ensure customer satisfaction, managing and developing its employees by building up their skills is highly important. Moreover, to achieve continuous customer satisfaction, Jasmine believed that retaining experienced and satisfied employees is adding value to its business performance because the services provided by them would ensure happy customers, who eventually become return customers. To remain competitive, Jasmine has improved some features of its business operation and company system. Nonetheless, due to the nature of the business which deals with the used or second hand books, sourcing for available inventory remains one of its constraints since Jasmine is currently focusing only on used books, magazines or audio products. Independent

business model at each branch also decreases the business efficiency. It is apparent that the government support and healthy economy in Taiwan are some of the opportunities available to Jasmine. Nevertheless, the rise of e-books and price war between the conventional bookstore and virtual bookstore remain a threat to Jasmine's survival. Hence, diversifying its business model could be another solution for Jasmine. Besides, product differentiation, it is also crucial for Jasmine to develop brand positioning for its business especially in the used book market.

One of the Jasmine philosophies is to protect the environmental. Expansion into different second hand products will still align with its philosophy as long as it is not in conflict with its current product. Diversification and differentiation could create more opportunities to Jasmine. Literature shows that businesses that sell a product that has a shorter life cycle tends to face shortage of supply issue and is exposed to higher risks. Therefore, this recommendation will spread the risks and maximize the returns for Jasmine. Besides, Jasmine could also improve its inventory control system by introducing a systematic book collection schedule, on top of the current barcode system that it uses. It is expected that a well-planned strategy will bring two significant benefits to Jasmine. First, Jasmine would be able to have timely reviews and revises on the assets status and secondly, it will increase the company planning process and reduces uncertainty and risks during planning process. Subsequently, the company would be able to plan its direction and activities such as marketing and promotion ahead.

The challenges faced by Jasmine increases with the booming of internet and the independent business model at its respective branches. As a bricks-and-clicks business entity, Jasmine should enhance and improve its management strategies on every single branch. Standardization in its business model minimizes the misunderstandings amongst customers, and consequently increases customer satisfaction. Besides that, Cox and Dale (2002) illustrated that customers' needs and market competition are factors that determine the value proposition and consequently, website 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 third party internet platform for its online bookstore. With self-developed online platform, Jasmine will have full authority and control of its activities and the interface that will be implemented on its Website. This might be a 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 improves its online business.

Furthermore, Jasmine can increase its customer satisfaction by improving its employee professionalism through soft skill training workshop or sharing session. Professional development benefits both employers and employees, especially for a service provider like Jasmine. Used book evaluation is important during the trading process. Moreover, brand image increase with employee professionalism. Jasmine can improve its 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 customers. Besides, getting the support and cooperation from the government would be another possible alternative. The newly formed Ministry of Culture provide opportunities for Jasmine to expand its business. Jasmine should take the initiative and ownership to engage with the government in promoting the existence and importance of used bookstore. Besides that, Ministry of Culture should also continue to fight for the tax deductibility on book purchase, either new or used books in the parliament. Moreover, this proposal indeed is having an overwhelming response from Taiwan society.

In conclusion, Jasmine Used Book Store has an overall good performance and growth in Taiwan used book industry. Starting from a small business that operates underground, 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 does not mainly aim to maximize its profits, but also aims to promote reading culture in the society, charity involvement and environmental sustainability. Jasmine needs to consider business diversification, product differentiation, improve the current marketing strategy and strategy formulation, as well as utilize the available resources and support from Taiwan government in order to create value chain and competitive advantages in the second hand book market.

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