

kobo



BORDERS



Borders Group Inc
Kobo Reader Marketing Brief
11 May, 2010



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Background and Overview

Executive Summary

Borders Group Inc. is an international retailer specializing books, periodicals, and digital media (music, movies, and e-books). Based in Ann Arbor, MI, Borders sells primarily in the US but have stores in several other countries.

Borders operates under multiple names, including Borders (and its derivatives) and Walden Media (Walden Books). Borders caters exclusively to the consumer market, not selling to other businesses.

In recent years the company has been losing market share and is becoming unrelated. This is partly due its failed e-reader (other similar companies have successful e-reader ecosystems to drive business). The Kobo Reader, Borders' e-reader, was met with harsh reviews and criticism and quickly died. Borders/Kobo want a new e-reader accommodating the demands from the consumer. Creating a product that will elicit large consumer demand and extend the e-reader demographic. The primary goal is to launch a successful new e-reader.

BORDERS

Strengths

- Borders Group is a long-standing company that has their feet firmly planted in the market.
- The company offers a variety of popular products.

Weaknesses

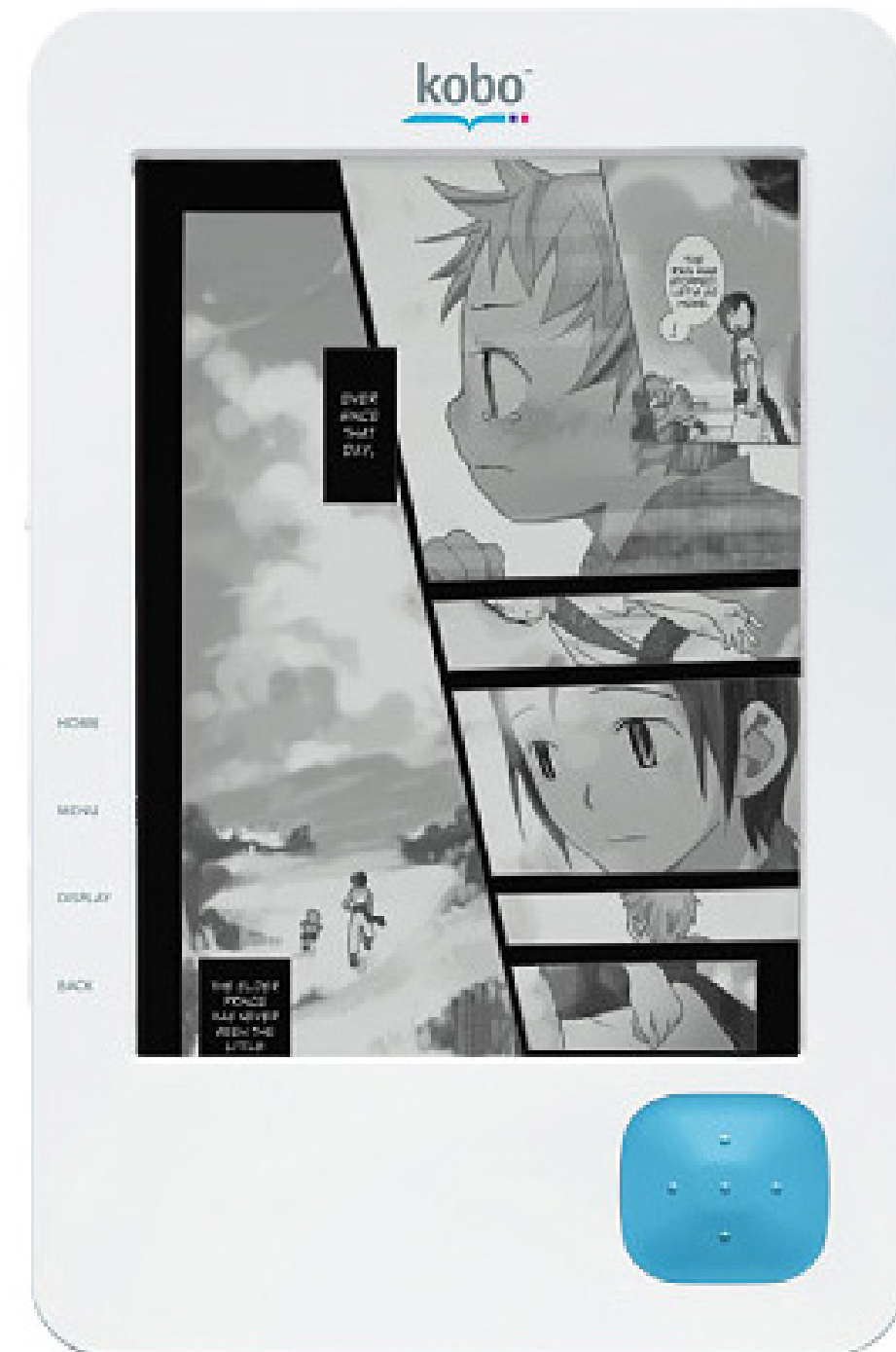
- Despite being well rooted in the market, they are experiencing a drop in popularity
- Further compounding their loss of market share, their current generation of e-readers sold poorly and never developed its own ecosystem like the Kindle.

Opportunities

- Borders Group is an international company, with a presence in new emerging markets as well as in thriving markets.
- Currently, they are developing an innovative new e-reader, designed to meet the consumers' demands.

Threats

- The rapidly rising popularity of full-featured tablets. Many consumers are opting for devices that can do more than just display books and newspapers.



Phase 1

Client Orientation (6 April, 2011). Discuss all facts and limitations of the project with the client. \$600

Design Brief (6 April – 11 May, 2011). Create a document showing product information, inclusive brand appraisal, target market research, business objectives and design strategies, and project timeline and scope. \$3000

Phase 2

Phase 3

Design Brief Approval (11 May, 2011). Receive client approval on written design brief in order to advance to phase four. \$150

Creative Development (12 May – 1 June, 2011). Design product prototype and develop comps for presentation to client. \$1800

Phase 4

Phase 5

Concept Approval (1 June, 2011). Submit preliminary design creative for written client approval. \$150

Concept Implementation (1-8 June, 2011). Create packaging and ad campaign with product prototype. \$1950

Phase 6

Phase 7

Develop Final Presentation (8-15 June, 2011). Create a presentation of all resources from design brief. \$600

Final Client Meeting/Presentation (15 June, 2011). Present final design brief and product. \$150

Phase 8

Phase 9

Product Marketing Implementation (16 June – 6 July, 2011). Launch the product marketing campaign.

Product Implementation (7 July, 2011). Launch the product.

Phase 10



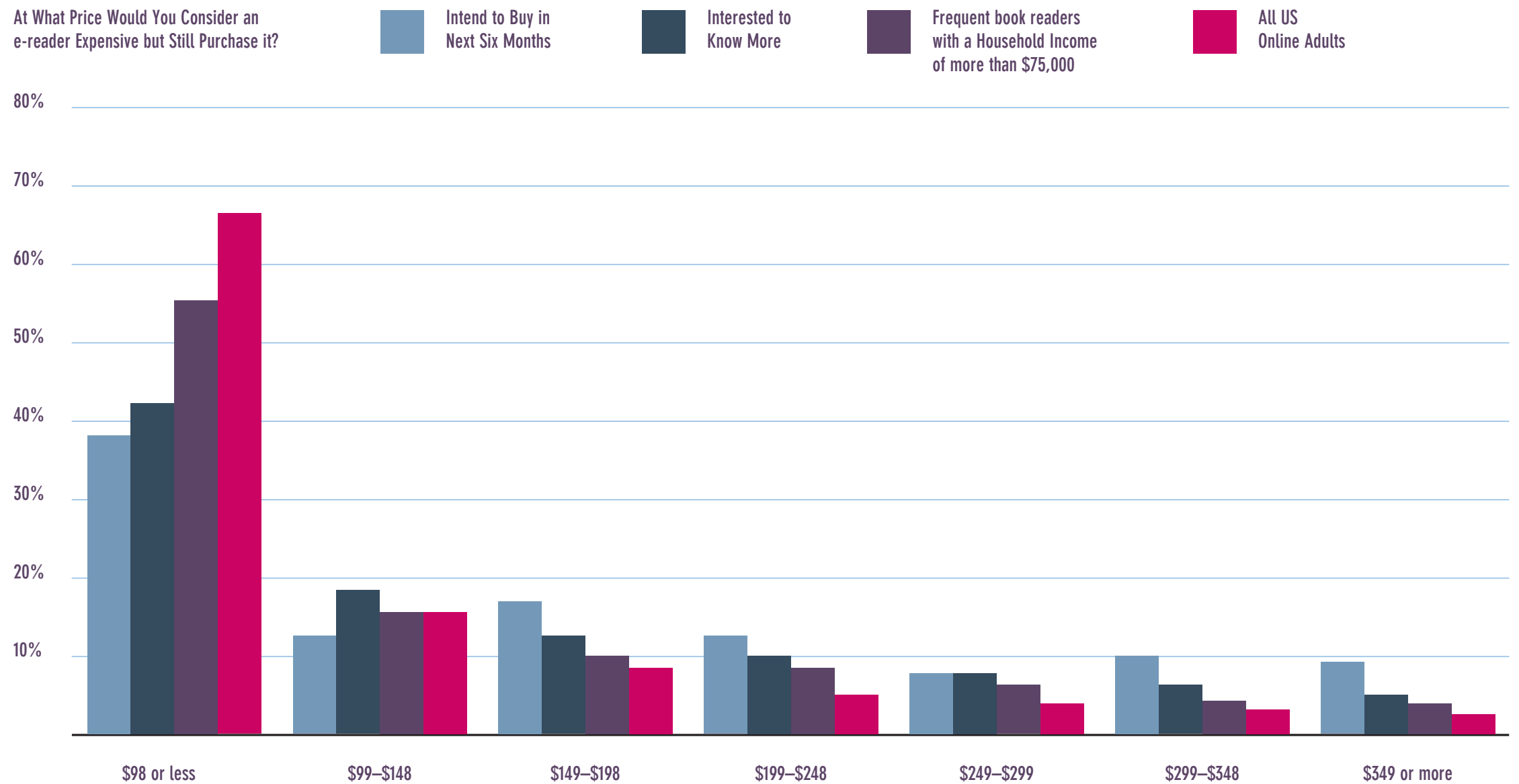
Competitive Analysis

Industry Overview

The e-reader/e-book market has three main competitors; they are, in order Amazon's Kindle, Barnes & Noble's Nook, and Sony's E-Reader Daily Edition. These companies and products compete in a global market, concentrating in the United States and China.

Among e-readers, the trend for people to lean towards full-featured tablets has emerged. What keeps people loyal to traditional e-ink based e-readers is the price point. Full-featured tablets like Apple's iPad cross the consumers' \$300 psychological threshold, making them think twice about purchasing them; whereas most traditional e-readers are significantly cheaper with an average price point of \$150, which sits well within the minds of consumers. The price point isn't too high, creating hesitation, nor are they too low, creating the notion of them being a cheap inferior product.

“Full-featured tablets like Apple's iPad cross the consumers' \$300 psychological threshold, making them think twice about purchasing them[...].”



Strengths

- Amazon is known as the online store and has become synonymous with online retail, as well as books.
- Due to its large size and the fact that they offer an online storefront service (Amazon Marketplace) they have a product selection most companies cannot compete with.
- Amazon has a global presence, selling products in multiple languages to literally thousands of counties.

Weaknesses

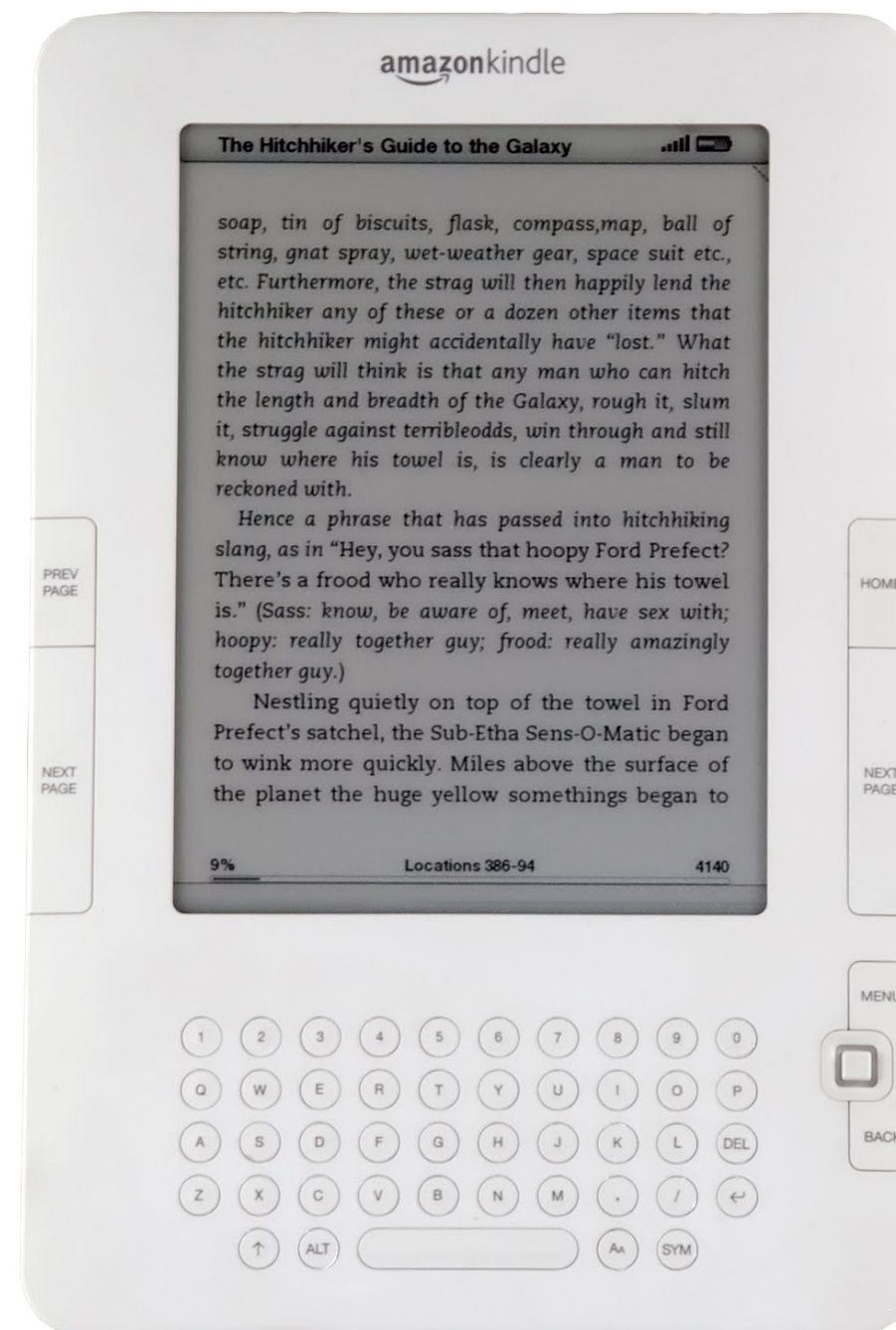
- Much like Borders Amazon and its Kindle are not immune to the fact that dedicated e-readers are losing popularity to full-featured tablets as the device is used for little more than reading books.

Opportunities

- Amazon has an ever-growing line of private products that continues to make Amazon an attractive choice for consumers, which is what has made them a stable and respected company.
- They have the largest collection of e-books.

Threats

- Other companies' e-readers have more features.
- Amazon lacks brick and mortar stores, which is the only place some customers like to shop.



Amazon is a web-based store that sells a massive variety of products, often at significant discounts. Amazon started selling books, and that remains their specialty.

Sony | e-reader Daily Edition

Strengths

- Sony creates high quality products.
- They have built a substantial brand identity.
- They are recognized for their originality and innovation.
- Sony is responsible for creating new standards. They are a global company.
- They have high sales internationally.

Weaknesses

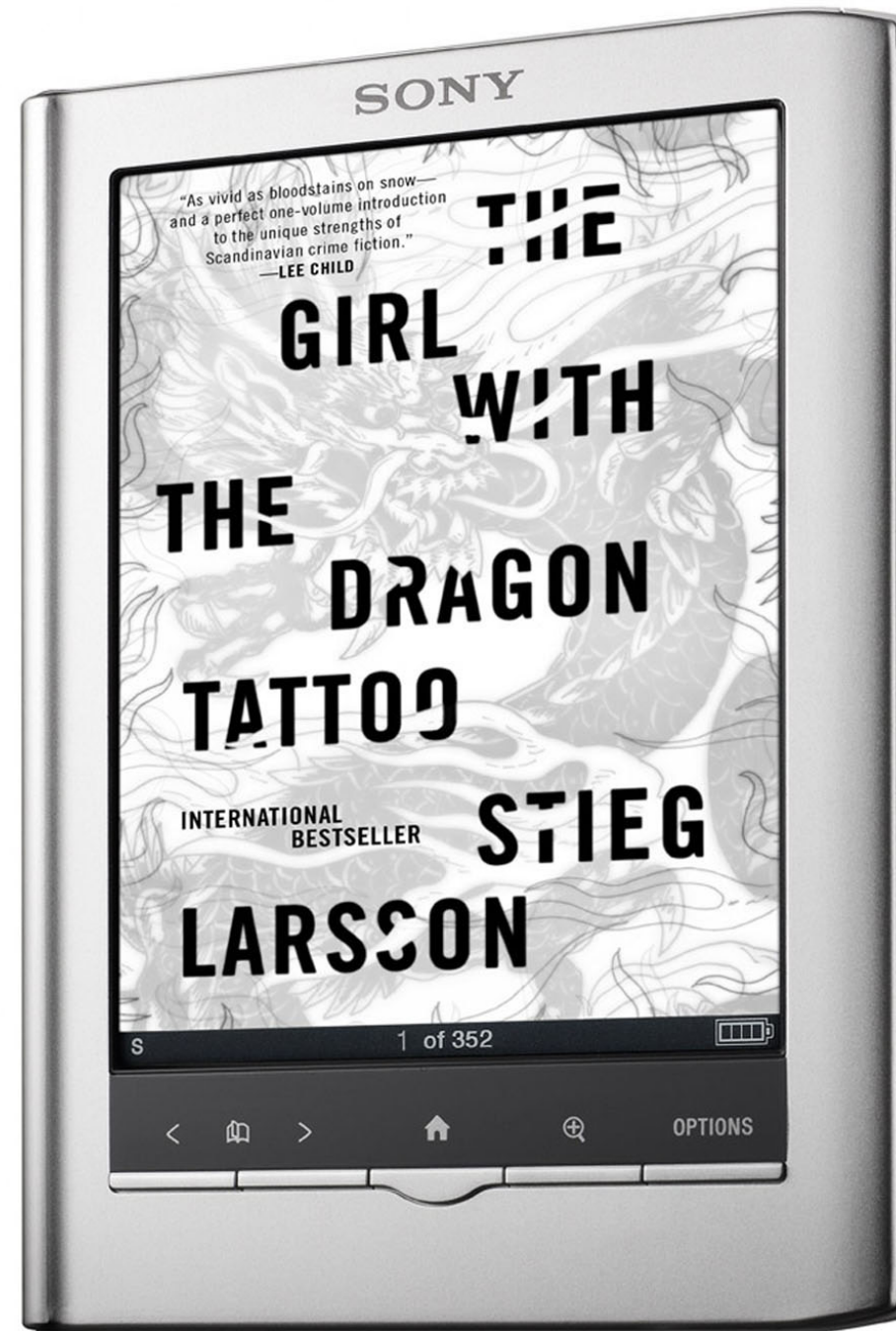
- Sony makes poor marketing decisions.
- Management overwhelmed by new technology and employee replacement.
- It's difficult to find store locations, which produce poor consumer accessibility.

Opportunities

- Constantly developing its own formats for technology.
- They have joint ventures with other technology companies such as Sharp.

Threats

- Sony has a major problem with the black market and counterfeit products.
- Sony, arguably, offers the customer too many choices when it comes to their technology goods, with little product differentiation.



SONY

Sony is an international company based out of Japan. They specialize in producing technology goods such as computers, phones, and music players. Sony has a track record for innovation and is responsible for pushing innovative new technologies.

Strengths

- Barnes & Nobles is globally recognized as the largest book retailer.
- They are the current market leader in book retailing with over 1,357 stores worldwide.
- Barnes & Noble employ effective communication through their stores with booths and boards.
- There is a high customer loyalty.

Weaknesses

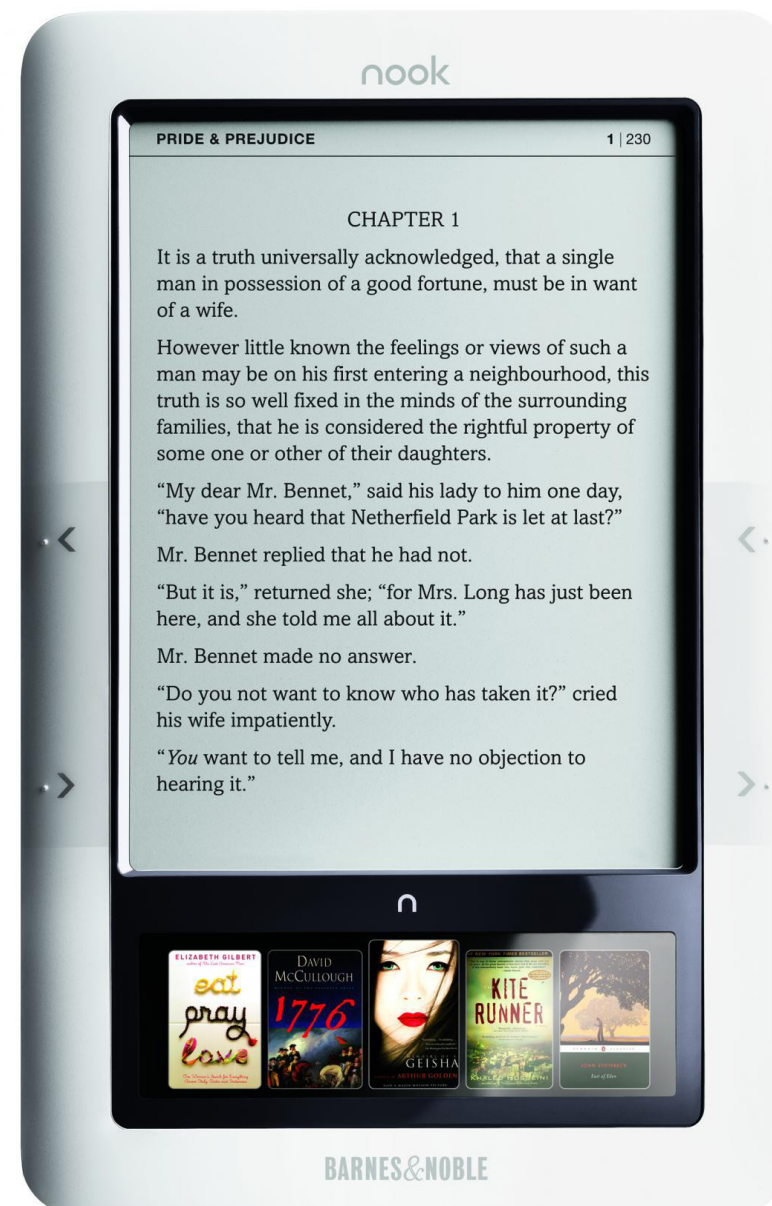
- The majority of the stores are established in the US.
- Recently, the company has been lacking in performance.
- Has key dependencies on a few particular suppliers.
- They have a high operating and overhead costs.

Opportunities

- They should indulge more in publishing books.
- Consumer spending is potentially increasing.

Threats

- Competition in both retail bookstores as well as online is getting tougher.
- Piracy and illegal downloading and copy of hard books in different markets have become a big concern.



BARNES & NOBLE

BOOKSELLERS

Barnes & Noble, Inc. is the largest book retailer in the United States. Barnes & Noble's main offices are in Lower Manhattan, New York City. The company is known for large, upscale retail outlets. Most stores also sell magazines, newspapers, DVDs, graphic novels, gifts, games, and music.



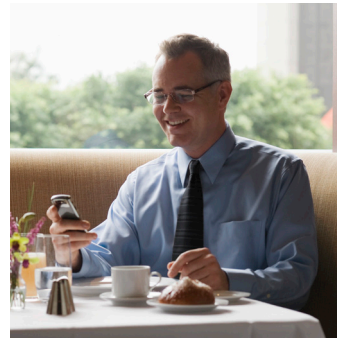
Target Market

Demograph

The average age of e-reader consumers is mostly 25 to 50 with a core of 35 to 45. (S)He will most likely be Caucasian. (S)He will be educated with at least a bachelor's degree ranging as high as a doctorate's degree. The average income varies between 70k - 100k. (S)He would be married possibly with children. Geographically, the buyers would be living in the suburbs to urban areas.



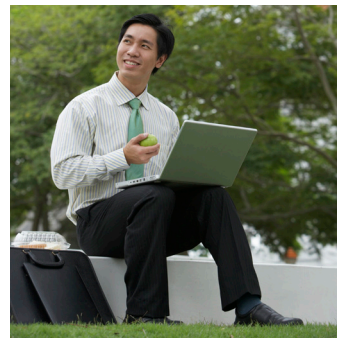
Age _____
Aged 25 and Older



Gender _____
66% Female / 44% Male

Ethnicity _____
Mostly Caucasian

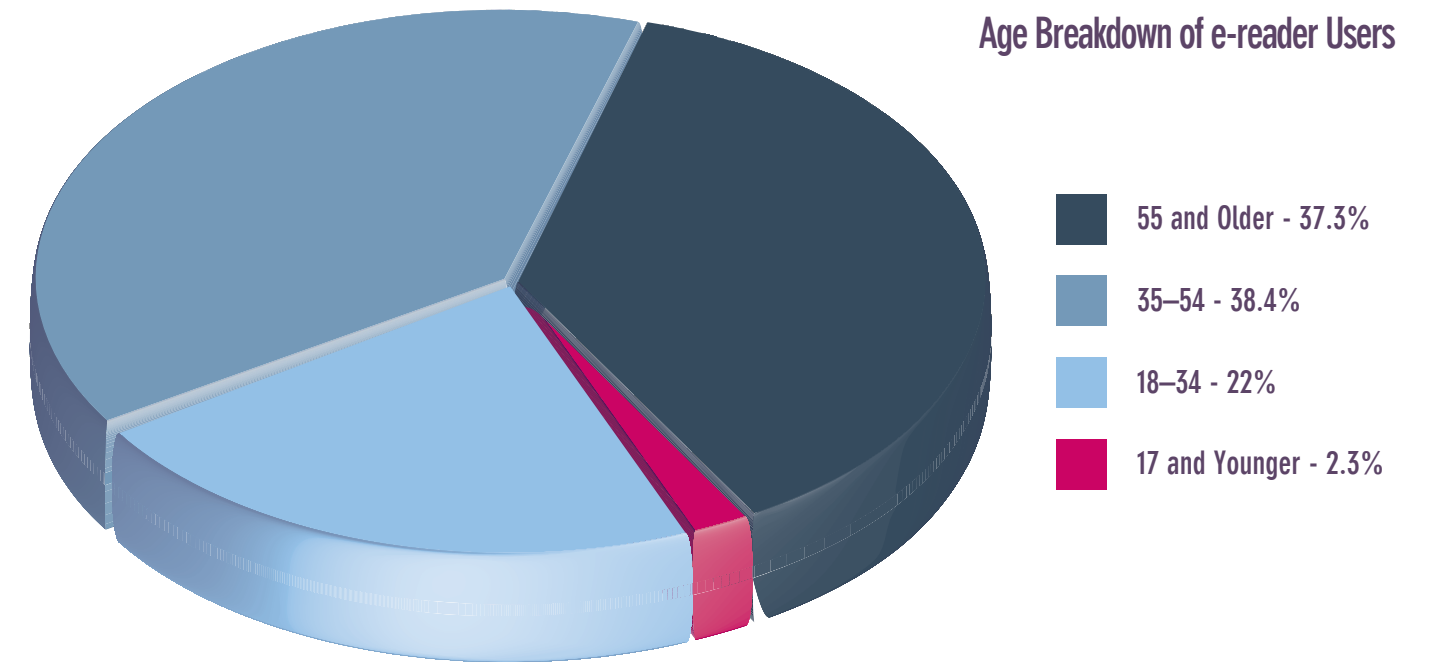
Education _____
Bachelor's or Above



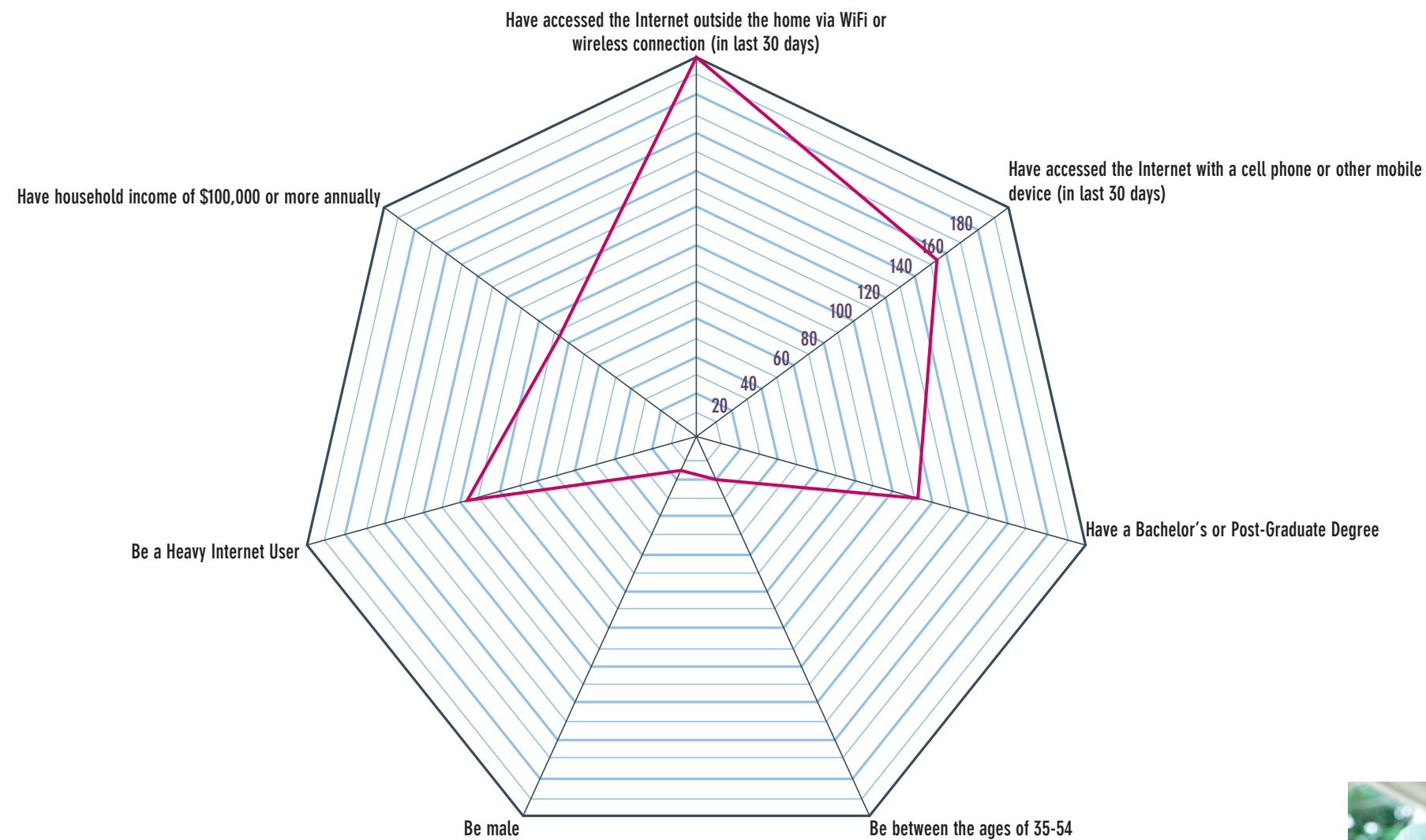
Income _____
70,000-100,000 on Average

Marital Status _____
Married, Possibly with Children

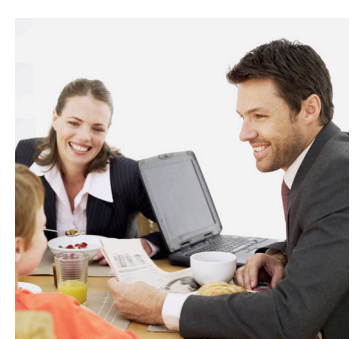
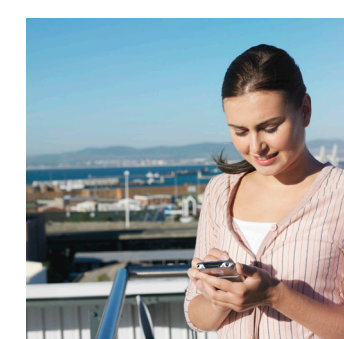
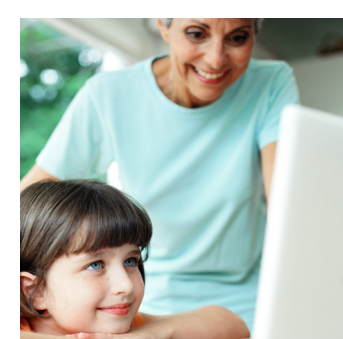
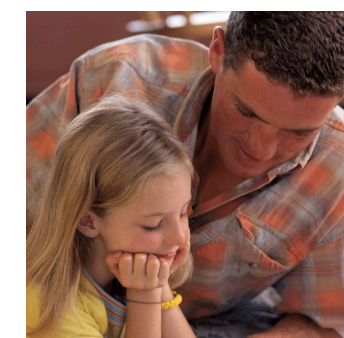
Geographic Location _____
Suburbs to Urban



Percent More Likely Than Average U.S. Adult to . . .



The e-reader reaches out to a broad audience including technology geeks, everyday escapist, and deal seekers. The target audience is regular everyday people who love reading and electronics. They regularly read a variety of topics and genres from philosophy books to newspapers. The consumers enjoy hundreds of books and easy ways to access them all whenever they wish.





Project Specifics

Phases and Timeline

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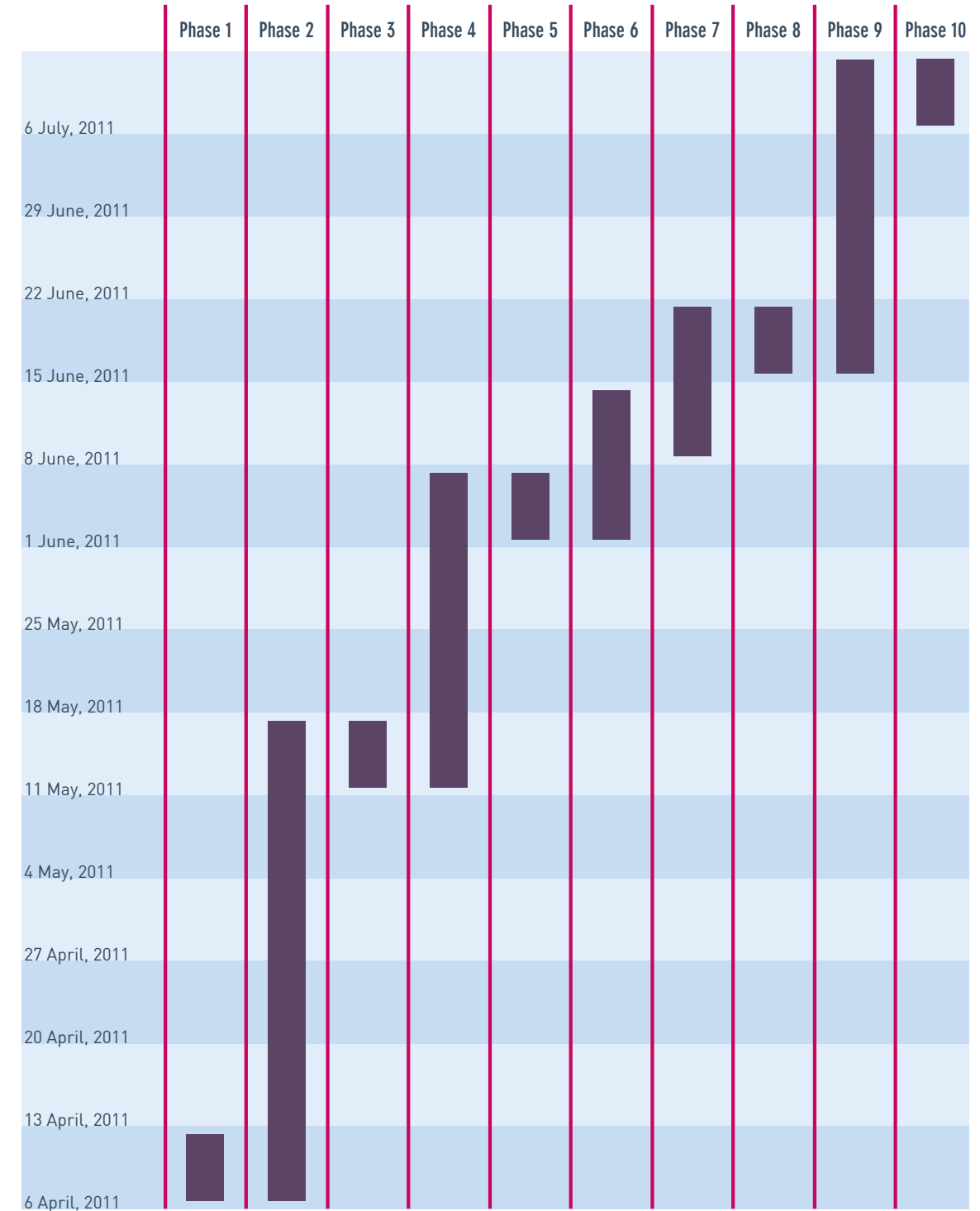
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Observations and Conclusions

During the course of our research, it was noted that while the audience is aged 25 and older with a core audience of 35-54, the 18-34 age market shouldn't be overlooked as it has the most room for potential growth. A rising trend is the preference for a full-featured tablet over a dedicated e-reader; currently the only impedance to this trend is the cost of a tablet, as most tablets cross the 300 dollar psychological threshold most consumers have. In an effort to combat this trend the e-reader must be sufficiently feature-rich and offered relatively inexpensively. The price point is a critical issue when it comes to this market as most people feel that 99 dollars will grant them an inferior product, whereas anything over 150 dollars is considered too expensive.

The opportunity lies in the non-marketed age range, specifically 18-34. They make up a large part of the market yet still have plenty of room for growth and can become lifetime customers. Furthermore if it could be sold at a price point right around 125 dollars it would be affordable enough to pull customers from the competition while still appearing to be a quality product.

Business Objectives

There are three primary business objectives and are as follows: Launch the new e-reader, extend the core audience five years younger and increase the overall audience by a further ten years, and gain a sustainable 15% annual increase in market share.

The new e-reader will have many features that consumers want, that current devices do not offer. Further, the new e-reader will be more ergonomically designed than Kobo's previous generation as well as the competitors'. This will be achieved through the use of a slab form-factor with a contoured back, similar to that of a tablet.

Extend the audience downward (bringing the core audience to 25-54 and the overall audience to 15 and up), we will market more heavily towards the 18-24 bracket. Also, we will extend Kobo's current free e-book promotion (roughly 100 e-books available at no charge though the Kobo store).

The final objective is a sustainable 15% annual increase in market share. To achieve this we will be careful not to ignore the current core audience during marketing. Furthermore, we will create an ecosystem around the e-reader to stimulate additional purchases from customers who initially buy the e-reader, through the use of user created apps and large library of purchasable books and graphic novels.

Goals

- **Launch New e-reader**

- **Extend the core audience five years younger and increase the overall audience by a further ten years**

- **Gain a sustainable 15% annual increase in market share**

Solutions

- **New Features**
- **More Ergonomical**

- **Market heavily towards younger audience**
- **Extend Kobo's current free e-book campaign**

- **Not forget about current core audience**
- **Create ecosystem around the new e-reader**

