

Bookshops reinvent themselves

The bookselling trade is facing discontinuous change due to dramatic shifts in the way people read books. In the UK and US many independent book shops and even some of the larger chain stores have failed because technology has made online buying and selling of books the norm and allowed customers access to a huge range of digitised books through e-readers.

Internet giant Amazon has demonstrated its dynamic capabilities through its move from online bookstore to selling a wide range of merchandise, developing tablet devices such as the Kindle and becoming a publisher (a strategy known as 'backward integrating').

But the surviving bookshops are fighting back and demonstrating their own dynamic capabilities by embracing many of the changes in their marketplace and changing the way they operate. US book chain Barnes and Noble, for example, has launched its own e-reader, the Nook, and has moved into digital publishing. Other players, such as UK retailer Waterstones, have used their knowledge of customers to create a different customer experience in their stores. Many Waterstones branches now include coffee shops and the firm has partnered with the University of Derby to create the first professional qualification in bookselling in order to ensure their shop staff can provide expert advice to customers. This personal approach is in stark contrast to the user reviews and algorithm-driven recommendations on Amazon.com.

All the survivors in the bookselling market have demonstrated both incremental and renewing dynamic capabilities. Amazon has extended its business model into many more areas of retail than books – evidence of a renewing dynamic capability. Barnes and Noble has used its knowledge of publishing to backward integrate and take the role of the publisher. And Waterstones' incremental capabilities are evident in the way it has changed the customer experience with the addition of the coffee shops and so on. The big question for the 'bricks and mortar' retailers though is whether they can change their business model in a regenerative manner.

Sources: Campbell, 2013; Key Note, 2013; Flood, 2013; Anthony, 2012; Griffiths, 2012; Rankin, 2013.