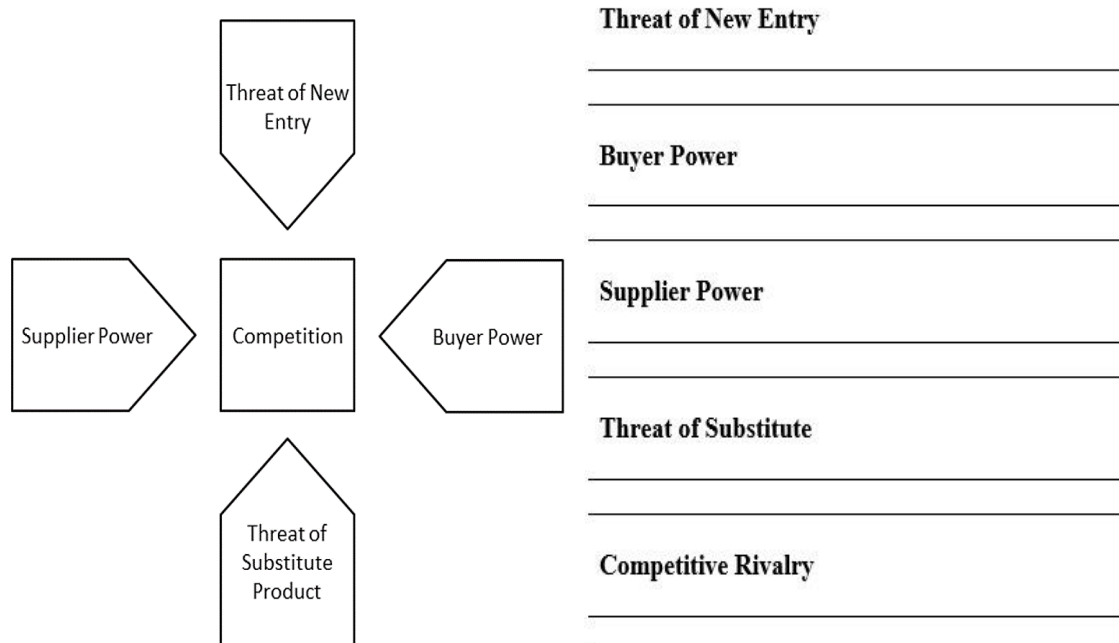


Porter's Five Forces Class Activity

Preparation: Form into groups of two to three people. Take out one sheet of paper and record each team members name and the date at the top of one side.

What to Do:

1. On one side of your paper, draw the following diagram.



2. Use Porter's Five Forces framework to help analyse the book publishing industry in the UK, simply based on the hypothetical information and data presented overleaf.

Instructions:

- First assess the book publishing industry using Porter's Five Forces framework
- Then write down the key insights you have gained by assessing this industry
- Finally write down your overall assessment of the attractiveness of the industry.

Deliverable (at the end of class period): Your paper with your diagram and detailed assessment.

The book publishing industry in the UK

- 20% of books are sold via independent retailers that tend to specialise in a particular genre or prefer unusual (not mainstream) books.
- 70% of books are sold via large retail chains that only deal in mainstream books published by large or long-established publishers who also provide promotional pounds to support their books.
- 10% of books are sold via the internet (e.g. Amazon UK) and this is expected to dramatically increase as they increasingly capture the time-poor or budget-conscious market segments.
- Book sales have been fairly stable in this mature industry; however, they are expected to decline in the future as internet and cable-TV usage increases.
- UK has one of the highest per capita magazine sales in the world.
- There has been a dramatic increase in self-publishing over the past 10 years, however these books are typically not accepted by retailers and tend to have print runs of less than 1,000.
- E-books would be in the early growth phase of their product life cycle. They currently have relatively low sales but are expected to steadily increase over time.
- There is an increased number of authors in the marketplace, appearing to be driven by easy access to research material (via the internet) and by the increasing popularity of blogs.
- Despite more authors available, there is only a small number of “brand” authors (such as Anthony Giddens) who can attract significant book sales on their name alone.
- Excluding self-published books, there are around 500 new books available in the UK market each month (including books published internationally).
- There is an increasing number of large book publishers, as the larger ones battle for market share by acquiring smaller publishing houses.