Marketing Plan for Snack Books

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EXECUTIVE SUMMARY

In 2008 LeYa had the desire to grow in two different ways: gaining market share to competitor firms in the book publishing market; and develop a strategy for market size growth, benefiting from first mover advantage.

At that time we were already catalyzing and collecting the benefits of dimension, either by using our enhanced negotiation power or through the exploration of available synergies from the acquisition of several firms.

The Snack Books project was developed with the intent of maximizing the potential market of the industry, translating into one single objective: explore the market potential of Light Readers engaging them to the pleasures of reading. This was the main insight used in the development of ideas that could lead to the introduction of a new product.

The only restriction of the project was the obvious necessity of using the core competence of a publishing company, the development of written contents, facilitating the connection between creators and consumes of written contents.

Using the insights collected from an initial and exploratory research several concepts were developed and discussed. From these initial ideas one was highlighted as having the higher potential, Snack Books. This stage was followed by a quantitative research study with the aim of confirming the insights gathered from the exploratory research and data collection under product specifications, price and distribution channels. With those results we developed the marketing plan of Snack Books.

Generally speaking we can define Snack Books as being a collection of titles which offer two pieces, one fictional and one non-fictional, the articulation between them is given by a common and general theme. The main attributes of Snack Books are the size (no more than 30 pages and 10,000 words which is equivalent to an average of 40 minutes reading), easiness (simple words; easy to understand narrative construction; plot easy to follow) and portability (10 x 14cm). Another core attribute is the distribution close to consumption occasions, therefore outside bookshops. To achieve this we designed a distribution channel whose core resource is the implementation of vending machines, favouring impulse purchase. The price is 2€ for all items of the collection, thanks to expectable high unit sales and low industrial costs. An integrated promotion plan will be deployed to get the attention of target customers based mainly on the use mass media, point-of-purchase material, trade promotions and institutional communication to all stakeholders.
LEYA GROUP

Founded in 2007, LeYa is the holding company of the biggest group in the Portuguese publishing industry. The company was formed through the acquisition of several companies and has today nineteen brands, seventeen of them in Portugal and the remaining in Mozambique and Angola. The LeYa group is the market leader in the general edition books category and number two in school books.

The core competences of the company are the creation and edition of contents, translating into four major strategic goals: publish books that people want to read because they are a source of both knowledge and entertainment; create a business model that delivers the books to the market, the best way possible; promote and value the Portuguese talents nationally and internationally; and be the market leader in all categories, not only in the Portuguese market, but in all Portuguese speaking countries.1

CURRENT SITUATION ANALYSIS

It is important to analyse the current situation of the Portuguese market of books, as a way to understand the market trends that may represent both threats and opportunities, and the role of LeYa group in the market, with its strengths and weaknesses.

External Analysis

Demographics

On the subject of demographics it is central to analyse and characterize both the business and the consumers, looking to the past and present while searching evidence of perceptible future trends.

*Business demographics*

LeYa operates in the book publishing industry. This is a quite mature industry, whose growth rate has been steadily low and positive in the past years. You can see the collected data on exhibit 1. The business growth can be explained by several variables, but one is especially preeminent, the increase of marketing efforts. This increase started with the foundation of Oficina do Livro in 1999. They were the first Portuguese publishing company to work the book as a product, in all its marketing competencies, being then followed by most of the industry’s players. This tendency, of the Portuguese market, is similar to the European, where the increasing use of marketing skills is considered to be one of the factors for the steady increase in book sales in a level that is slightly bigger than the usual for a mature industry.
This new approach to the books business, contributed to the democratization of the book, annihilating the idea of the book as something reserved only available for the bigger and brighter minds, and thus to the opening it to new audiences. More products where launched with a mainstream strategy, resulting in the increase of the audience that was motivated to read. Some of the opportunities that arose from that event were explored but a lot are yet to explore. A larger audience is now ready and motivated to read, but they lack products that target their specific needs and desires.

Despite the big improvements in the satisfaction of all consumers’ needs, the book is not yet in Portugal a major leisure object as it should be, and it is in some countries.

A second, and also relevant, characteristic of this industry is its low degree of concentration. This situation has been changing, mainly with the establishment of big publishing groups, which, using both organic and acquisition growth strategies, have been building considerable market share positions. The evidence of this recent trend is the birth of LeYa itself and several other acquisitions in the book publishing industry.

Despite these most recent developments, the Portuguese market is still highly dispersed, with more than 2000 companies operating in the market.

The recent concentration trend of the Portuguese market is a late reflex of something that started ten years ago in countries with an important tradition in book publishing, like France, United Kingdom or USA, where concentration is a fact.\(^4\)

The last particularity of this market is the nearly inexistence of repeated purchase. The challenge in terms of new clients’ acquisition is much higher, thereafter demanding higher resources.

**Consumer Demographics**

We defined four significant demographic trends affecting the Portuguese population and, thereafter, the prospective market of LeYa, since books are a universal product.

The first trend, relates to the increase in the average life expectancy and the reduction of birth rates.\(^5\) This trend will imply an increase in the average age of the population, for both the short and long term, and a decrease of the overall population, in the long term.

Whereas this trend may represent a threat in the future, nowadays it is an opportunity, particularly due to the increase of the qualified available market (people who know how to read).

The second trend is the increasing expansion of the urban population.\(^6\) Despite the possible problems inherent to this situation, from the sociological point of view, this trend may be an advantage, for the publishing industry. This enlargement will enhance
the accessibility of more people to books and, at the same time, it decreases the investment needed to make books accessible to the same percentage of the population. The third trend relates to the average education in Portugal. People are reaching every day higher education levels and so they are more sophisticated in their purchase and increasingly more open to the purchase of books. This trend reflects an opportunity, since these people are not evidencing the reading habits that match their qualifications. The last trend is about the reading habits. Portugal has the lowest reading habits in Europe. Nevertheless, in the past years we can see an increase in the number of readers, which is a positive trend for the market. This result, when analysed, reveals that the increase is fully explained by the growth of light readers, meaning also that the total number of heavy and medium readers is stagnated. From the analysis of data on Portuguese reading habits we conclude that: women read more than men; people from upper social classes tend to read more than those from lower ones; younger people read more than older ones; and those who buy more frequently read more often too. Other factors, such as region and habitat, do not influence the existence of readers nor the frequency with which they read. The demographic characterization of the Portuguese readers can be seen in exhibit 2.

Economic Climate

The recent economic climate may be seen as both an opportunity and a threat for this industry. The worldwide crises can influence the consumer in two different ways. A first and broad view over this problem may induce us to suppose that people will decrease their book purchase, due to financial constrains. The data available tells us that economically difficult situations traduce in a decrease of the individual expenditure on books. This will result in the decrease of the overall size of the publishing market, and could be even more threatening to the potential of success of our collection, since it will target people to whom books are not a priority. Another approach to this situation is quite more optimistic. The crisis may be a great opportunity in two ways. On one hand books, as an entertainment option, are a much cheaper and more durable alternative than other products that also fulfil the needs of entertainment. On the other hand, the crisis may raise the interest and need of information on some subjects that the publishing industry is capable to satisfy. Overall we may say that the current economic climate effect is highly imprecise and can bounce to both sides. However it also depends on the adopted attitude, because there are definitely some opportunities in this situation.
Technology

Technology in the book publishing industry was not, for several years, a differentiating factor amongst different publishing houses. There has been virtually no user-facing technological change, with innovations concentrated in back office and production\textsuperscript{11}. In the last 10 years, technology started invading the publishing business, first with the audio book and after with the digital book, also known as e-book. The audio book was very important and achieved considerable success in some countries, like U.K. or U.S., but was ineffective in Portugal. The e-book is a much more recent innovation and is spreading quickly in several countries through several platforms, such as the cell phone, iphone and exclusively dedicated platforms (e.g. Kindle from Amazon, Reader from Sony, etc). It is almost unanimous that the digital book will somehow change the organization of the market and will represent a growing share of the business over the next decade. The biggest setback by now is the number of different platforms and technologies in the market. The adoption of one or two formats, as it had already happened with other digital devices, will be the milestone that will dictate the growth of digital books.

Legal, Political and Regulatory Issues

The publishing industry is not very constrained by laws and regulations. The last highly relevant law applied to this industry comes from 1996 and was revised in 2000. The “Lei do Preço Fixo” has two main clauses: 1) the publisher of a book should state a selling price for each book; 2) each retailer can only practice a maximum discount of 10\% over the selling price stated by the publisher during the 18 months after the date of the first edition. Find evidence of this in exhibit 3

This law was created with the objective of harmonizing the prices among all retailers, giving the same commercial conditions to both big retail chains and small book shops. Some publishers have been claiming that this law is penalizing more the small retailers, rather than helping them succeed. Among different claims they ask for the reduction of applicability of the law from 18 to 6 months.

Looking forward into the near future, it is not expectable that any other regulatory issue arises, able to affect the publishing industry.

Referring to political issues, the scenario is quite favourable for the publishing market. The introduction of Plano Nacional de Leitura, represents the concern of government authorities with the low reading habits of the Portuguese population. The measures
taking place under this plan represent a big opportunity for all players in the industry, over the next years, as they aim to increase the potential market of this industry\textsuperscript{12}.

**Market Trends**

Along the past decade the book has been increasingly more democratized, with the denial of the idea that the book is an exclusive item, which is only available to the brightest. The most recent studies show that, in fact, the number of readers is increasing in Portugal. If in 1997, only 53.4\% where book readers, in 2007 the percentage is around 56.9\%\textsuperscript{13}. The number of readers in all formats (books, newspapers, magazines…) is also evidence of this trend of the Portuguese population, with the number of non readers of any format reducing from 12.4\% in 1997 to 4.7\% in 2007\textsuperscript{14}. This is an important progress and business opportunity.

These results support the findings from our study, where we concluded that books are a becoming an aspirational goal for light readers, resulting in the insight that books are becoming increasingly trendier (69\% of interviewees said that reading books is an activity they would like to do more often, being also the most referred option, see exhibit 4 slides 31 to 33). This insight is also supported by the interviewed LeYa’s employees and their qualitative judgments about the market. Summarizing, the high number of light readers and their unexplored predisposition to start reading more is an important trend that should be considered.

**Competitors**

The competitors of LeYa in book publishing market can be divided in four groups, defined by both the size and the variety of products they launch to the market.

*Publishing groups*: Groups that incorporate several independent companies or brands, which are owned by a holding company, with the possibility of these firms having more or less shared activities. LeYa group, Porto Editora, Civilização and Bertelsmann are the four companies that fit this cluster.

*Big publishing companies*: Defined as companies that have a business volume of more than € 2 millions. Some of these companies are also part of groups which have vertically integrated other operations of the value chain, such as printing, distribution and retailing.

*Niche publishing companies*: Those are companies that only publish to niche market segments, on which they have relevant market share.

*Micro publishing companies*: Companies that publish a very small number of books per year and survive more as a hobby of their owners, than as a business.
Institutional publishers: Public institutions that publish very specific content, without business objectives.

The competition between these companies is based on a set of differentiating characteristics that can be grouped in three main pillars: theme; type; and authors. Theme: each book is a project that is based on a specific subject, the companies compete by following existing market trends and also creating new market trends (trying to anticipate which unexplored themes are more interesting for clients). Type: different ways of writing books are also followed by different people at different moments in time. Each company tries to understand better what the consumers want in each moment in time, to better fulfil their needs and desires. Authors: they are the fuel of the industry. They are one of the major drivers of purchase and so, the companies battle between themselves to get the most recognized and beloved authors, both national and international. The authors of a brand create also a catalogue, which is considered to be one of the main drivers of choice from authors.

Internal Analysis

Mission
The mission of LeYa is to publish the best titles distributing them the best way to the market of Portuguese speaking countries, increasing also the number of people reading more books.

Resources
By acquiring some of the best publishing companies in Portugal, LeYa bought also a wide range of resources that can be used to pursue their mission and objectives.

The bigger deficit in terms of human capital available was located on the marketing area, mainly related to the inexistence of constant research work. Part of the recruitment work is being done on this area and today the marketing research area has good collaborators, able to give necessary inputs to decision makers. The abundance of skilful collaborators gathers a critic base, able to enhance the overall perception of market trends and opportunities, and eases the learning of each acquired firm’s best practices and its implementation for LeYa’s integrated structure.

Considering financial resources, LeYa is establishing itself for the long term, so the financial capabilities of the company are quite good and will enable a big focus on all value creating activities. The long lasting relationships with suppliers from the acquired firms are also a guarantee that there will be no constrains, moreover the conditions are
even more favourable, since the companies that supply to LeYa are getting a higher share of the market, and thus engaging in financially more stable and economically profitable situations.

**Offerings**

The most important characteristic of the book market, considering their current offer to the market, is the fast life-cycle of the great majority of products. Almost all titles reach decline stage during the first year of sale (see in exhibit 5 three examples).

The LeYa group as a whole has a broad offering of titles for the main product categories inside the book market. The product mix reaches two categories: school books and general edition books. On the general edition books category, we can find two product lines: the fiction and non-fiction. In each of these lines the company is publishing a wide number of products, which are considered to be each specific title. We also assist to a large rotation of products in the marketplace, with new titles being launch almost every day. Only in 2008 the GFK panel has indication of 113,914 titles with sales from which 21,330 were launched in that year.

New products represent a big share of sales. Novelties, which are books that have been published in the current year, represent on average 34% from the total number of books sold. The results are even stronger if we look only to the top 100 of year sales, were novelties can reach 44% of sales volume (exhibit 6). Since in this market there is no repeated purchase, each customer buy only once each title, so, the high number of new products is part of the industry’s structure.

The market covered by LeYa is the total population of Portugal, with ability to read, in order to do so the company’s offer is diverse and covers the needs of the various segments in which the population can be divided. The global diversity of the offer covers also the variables price and physical quality, with books being sold from 1€, mainly small activities books for children, up to 80€ for “coffee table books”. Nevertheless, in the end, each book is a specific product and has its own specific target.

**Market and Customer Overview**

Considering books there are two opposite types of consumers, on one hand we have the heavy and medium readers and on the other hand we have light readers. The focus of our analysis is on the light readers, which are the targeted market of this plan.

First it is important to notice the kind of involvement that consumers have with the category. Light readers have low involvement with books, since books do not entail self
identity, interest, risk, emotion or badge value for them\(^\text{15}\). These consumers answer to a “low-involvement hierarchy of effects”, where brands beliefs are formed in a passive way, the purchase decision is made and, only after, the brand may or not be evaluated, and the level of satisfaction determined\(^\text{17}\).

An important insight of low-involvement is that the consumer either acts by inertia or by limited decision making. Inertia refers to the consumer that follows a routine on the consumption of a product, which is clearly not the case of books, so we are definitely on the field of limited decision making. We can than consider that there will be little information seeking and brand evaluation before trial, leading to the urgency of inducing consumers to try the product.

With the introduction of this new product we will increase the motivation for unplanned purchasing behaviour which is intrinsically linked with the limited decision making process and trial purchase. This new product will live necessarily from the constant introduction of new titles and the high variety of its themes, which will work as a purchase catalyser for the expected behaviour\(^\text{18}\).

Another relevant behaviour of consumers is their disposition to buy, based on their goals, wants and beliefs about the category. We will look at three groups of behaviour, wanting without buying, deciding before buying and buying without deciding\(^\text{19}\). The 69% of interviewees stating that they wish to read more books, representing the more often choose activity that interviewees want to perform more often, (see exhibit 4, slide 31), leads us to the insight that light readers fit the group, wanting without buying, namely in passive want, where consumers, despite having the knowledge to desire the product are not translating it to effective buy. We observed two main constrains: price (73% of interviewees think books are expensive and they wish it was cheaper, see exhibit 4 slides 13, 38 and 39) and time (76% of interviewees say that lack of time is a reason not to read more, exhibit 4 slides 34 to 37). In this product we will maintain the benefits of books which are already implicitly accepted, by consumers, as valid but overcoming the main inhibitors of purchase.

For Snack Books we have to analyse two different situations and use them accordingly to the moments in time they will occur.

The first situation is the trial phase, were consumers are buying for the first time. Here we expect consumers to decide before buying using three sets of criteria: economic; integrative; and technical\(^\text{20}\). The economic criteria are based on the solution of price and time constrains. We expect Snacks Books to be viewed as cheap and quick activity. It is
important to consider that 97% of interviewees confirmed that the concept tested live to the expectation of being quick (exhibit 4 slide 44 and 45). We also anticipate that consumers will see on Snack Books an opportunity to achieve the status and recognition that books can convey thereafter using integrative criteria. On the side of technical criteria, Snack Books would also be choose due to technical criteria such as: central function (being a good activity for the occupation of idle and waiting moments) and convenience in use (provided by its size and points of purchase).

After the first purchase, of Snack Books, we think consumers will switch their buying behaviour to buying without deciding, the placement and homogeneity of the offerings in this category will drive this change. We firmly believe consumers’ behaviour tend to be habit buying in the long run. This kind of behaviour fits the strategy of the product for two main reasons: it saves time and effort to the customer. The expected future behaviour is a core advantage of this project since consumers will not seek or evaluate information about potential rivals appearing in this category.21 This makes even more sense as we think these consumers are low involvement consumers, as mentioned above.

Habit buying is also associated with day-to-day buying, adding relevance to the brand’s ability to place titles in the market with as high frequency as the market is able to absorb, boosting the need of category repeated purchase and category recognition. It is also referred that habit buying is supported by particular ways of life.22

SWOT Analysis

The findings under the current situation analysis allow us to address which are the strengths, weaknesses, opportunities and threats of the company and Snack Books.

Strengths:

- Leadership in the market of general editions, with the concentration of a large amount of critical resources.
- Capability to motivate change and break old paradigms in the publishing industry.
- Universality of its offerings inside the complex and broad range of product features and specificities and the inherent know-how.
- Great focus given to the modus operandi: “ripping off the industry“", through the incentive given to innovations and the considerable freedom of collaborators in specific strategic areas.
Strict financial control allows the maintenance of each project’s profitability.
Big negotiating power given by its size in an extremely fragmented market.

Weaknesses:
- The group dimension tends to create a heavy company, in terms of bureaucracy and complexity of the decision process and possibly lose time to market approach.
- The dimension of the group makes LeYa the most feared opponent of all competitors, being thereafter under huge scrutiny in all their actions.
- Inexistence of vending machines selling books in Portugal, meaning there is little information on the potential of this channel.
- High dependence of the project on a change in the behaviour of target population.
- Established necessity to accept consignment selling in order to operate in this market and the obvious costs it represent to Snack Books.

Opportunities:
- Low level of reading habits from Portuguese population prompts the possibility of growing fast and steadily. Moreover if we add the recent governmental incentives.
- Underexplored market segments with good market potential.
- Expected consumer behaviour favours the introduction of a new product with big advantages for first movers.
- Benefit and attract consumers by introducing characteristics highlighted in the research.

Threats:
- Law restrains on change of price, which may jeopardize good profit potential opportunities, constraining the efficient use of pricing strategies.
- Growing power of suppliers and the entry of new and bigger players in the retailers market (big retail chains).
- Development of digital alternatives to books with a pace of technological innovation that a mature industry cannot face and able to reduce the potential of the project.
- Threat of piracy via digital alternatives to both books and Snack Books.
- Competitors’ introduction of similar products to the one being developed by LeYa.
- High existent competition for the occupation of idle and waiting moments.

Keys to Success
- Being able to attract good editorial content, namely authors.
• Timing is crucial. The capability of feeding the market with current themes is a constant struggle essential to attract people with lower reading habits.

• Attract unexplored market segments with a different and innovative product.

• Ability to successfully implement a distribution strategy that can differentiate from the way books are sold.

• Guarantee the support of the more conservative collaborators, which are in general the most sceptic towards innovation and new marketing concepts, avoiding bad publicity from inside.

• Ability of Snack Books to feed the market with a high number of titles.

MARKETING STRATEGY

Mission
The mission of Snack Books is to increase the number of people with constant contact with books, introducing them to the pleasures of reading, and develop a number of perceptible reading opportunities, namely idle and waiting moments, through the development of new distribution channels, closer to consumption occasions.

Objectives
The objective of the marketing plan is to achieve the creation of a new category in the market, able to generate more readers, more awareness to the innovative side of the publishing market and new distribution channel options. At the same time this product should be economically viable, allowing big volume to compensate the low price. In terms of market share the main goal is to flood the market with enough variety and quantity that creates huge barriers to the entrance of competitors, complementing this strategy with the domination of part of the channel structure on exclusivity basis, via the vertical integration of it.

The economic goals that sustain these objectives are: a total five-year revenue of €4 million, with first year revenue of €617 thousand and a growth of 22% in the second year and 6% in the following years, till year five.

Target Market
With the heterogeneity of the market increasing nowadays, the constant access to more information and the increasing number of products available, the customers have now
increasingly different needs, attitudes and behaviours. To achieve an effective differentiation, market segmentation and targeting is crucial.\textsuperscript{23}

Segmentation is the process of dividing the total market into subgroups of consumers that are homogeneous in some aspects. This division aims to create a profile that is the focus to the marketing efforts, regarding a product or service. The starting point for market segmentation is the usage pattern of the product, which should be complemented with other factors, such as demographics, geographic location, lifestyle and benefits sought, in order to make the target actionable and the positioning richer.\textsuperscript{24}

Following this approach, we first segmented the market into four main usage based segments: heavy readers; medium readers; light readers; and non-readers. The segmentation in competitor users and brand users was inapplicable, since the brand is not a driver of purchase (only 4\% of interviewees in a GFK Metris research study state that the brand is influential in the choice of a book, being the least mentioned option, and 67\% say that the publisher can never influence the choice of a book, as evidenced in exhibit 7). The segment targeted was the light readers’ one, for three main reasons. It is a growing segment that is not targeted by anyone in the market, despite being built by consumers that possess the abilities necessary to read books.

This segmentation via usage pattern is linked to segmentation on the basis of consumer involvement. The targeted consumers have a low involvement with the category, as mentioned before, opposing to the high involvement of medium and heavy readers.

Regarding demographic characteristics segmentation, we defined age as the only relevant factor. The target of Snack Books is between 18 and 54 years old because those were the ones who proposed a higher value for the product’s fair price being thereafter those who represent a better financial opportunity (exhibit 4 slides 51 to 53).

**Positioning**

To achieve a successful positioning we must firstly affiliate the brand with a category, that consumers can quickly identify, and then differentiate the brand from the other products in that category, linking the brand to apparent consumers’ goals.\textsuperscript{25}

To convey the idea of category membership, we have to analyse the hierarchy of the category, as interpreted by LeYa. The hierarchical organization of categories can be seen on exhibit 8.

The positioning can have three possible approaches: competition based approach, goal based approach or a combination of the previous two. To Snack Books it is more
important to focus on competitor based approach because, being a new product, consumers are not yet enough aware of the product and the way it relates with alternatives. From the analysis of the published contents category we may say that we are competing not only with books, but also with newspapers and magazines.

The product’s attributes and image are designed to convey two types of ideas to the consumers’ minds; on one side we have the points of parity, which will convey the category membership necessary for consumers to frame the product, opposing to the points of difference, which intend to communicate the benefits that turn the product superior to the existing alternatives.

The strategy for our product suggests a positioning outside the general edition book category, falling instead in the paid publish contents category (exhibit 8). In a way we aim to create also a new category named after our product, Snack Books. In order to do so we defined two essential attributes, the kernel and the cover. These attributes aim to create the connection between the product and the benefit of editorial content, as these attributes are the ones who better characterize the published contents category.

We defined also a set of four attributes which are essential to the positioning of the product: small; easy; portable; and distribution at the point of consumption. These attributes translate into two sub-benefits: quick and convenient.

To achieve a good differentiation it is important to limit the focal benefits, moreover if the product is not of great interest for the targeted consumer (low-involvement). So we packed together the differentiating sub-benefits, quick and convenient into one benefit only, time enhancing reading activity. It is in this point that the product achieves its maximum differentiation from the competitors, since they are more time consuming activities, due to the fact that they are either slower, less convenient or both. A graphical description of positioning is available in exhibit 9.

We should now condense all the information about the positioning strategy into one positioning statement: “For men and women, between 18 and 54 years old that do not read books regularly, because they lack time and incentive to read long and complex books, and do want more information than the one provided in existing magazines and newspapers, Snack Books is a new category of products that provides a time-enhancing reading activity, designed to be practiced in the idle and waiting moments of everyday, because it is quick and convenient. The contents will focus on the most recent themes, sustaining their editorial quality on the know-how of the LeYa group, which has more than 10,000 titles on catalogue.”
MARKETING MIX

Product
Snack Books is, apart from the attributes and benefits defined in the positioning, a collection of items which have two pieces of written work under a single theme. The pieces differ because one is fictional, resembling to short stories, and the other is non-fictional, close to literary journalism, thesis, biographies or any other format that is interesting to publish under the previously defined main theme. We plan to publish in this collection twenty four titles per year, consequently launching one title each two weeks. For a quick preview of Snack Books please see exhibit 10.

In order to define the product strategy we have to align the target customers’ needs to the company’s resources and value and decide accordingly which are the attributes, benefits, related services, quality and design, packaging and labelling and finally the branding of the product. These strategy principles should be defined in order to convey to the customer the ways through which the product can add value to him and be superior to competitors.

The core attributes and benefits of Snack Books were previously defined in the positioning section, and translated into the positioning statement. In the case of Snack Books it is also important to notice that other attributes and benefits will be added to each title of the collection. Attributes like the author, theme and the editorial content per se are irreplaceable for this line of products, yet they cannot be generalized for Snack Books in order to be considered in the marketing plan, moreover these attributes do not represent a worth exploring degree of differentiation from books, newspapers or magazines.

Concerning related services, Snack Books, does not need to offer much more than the product itself, nevertheless the mechanization of the distribution channel will create the need of having a support line for contact in case the product has any imperfection to which we will add a compensation system.

During the research work we interviewed people regarding the importance of quality for the purchase of books. The results show that the quality of the bookbinding is more important than the quality of the impression and the paper, nevertheless, both were considered relevant as you may see in exhibit 4, slides 9 and 10. The physical quality will not be one of the main attributes of Snack Books, but we aim to create a good relation with the consumer, providing with our product a fruitful activity without major
complications, so, an acceptable and constant quality level should be kept during the product lifetime. As for the editorial quality, we intend to base the attraction of talented people by offering them a financially attractive opportunity. Without the complexity and length of a book, these pieces will demand less time and work spending, consequently providing excellent money for work ratio.

Packaging has two main objectives on one hand it explains the attributes and benefits of the product communicating its differentiating characteristics, being an essential way of visually communicating with consumers. On the other hand packaging also adds value to the product itself by keeping the product in safe conditions. Snack Books will have two different and complementary packages, the cover, serving the communicating purpose, and a plastic shrink, to keep the product safe. The shrink will only be used in items sold on vending machines.

For Snack Books it is of most importance that the cover of each title uses the same design, lettering and size as well as similar information organization. The design, lettering and size aim to ease the process of customers understanding the benefit quick. The information organization is essential to reflect the existence of two works inside each title, under different subtitles, and the link between each other. The similarity of the covers will also ease the process of replication of Snack Books’ benefits from a previously bought title to all titles of the collection.

Branding is directly linked with the success of our product. In a cluttered environment it is important to use wisely all the communication possibilities of contact with customers. Branding is an important tool to help build a market leader, such as Snack Books propose to be, without the help of major advertising expenditure. In order to do so it must be able to deal with five conditions: have enough volume; secure stable quality; sell at a mainstream price; be end-user driven; and possess a national sales force.

Summarizing, the brand should in fact be easily understandable and reachable, creating the possibility of communicate less information more often and broadly.

In order to create the brand we should define clearly its identity and positioning. Brand identity is the vision that drives the creation of the product, is the key belief and core values of the product under its influence. In order to define brand identity we should follow the process of construction of the brand identity prism.

First we have Physic that represents the tangible attributes, either salient or emerging. Snack Books is physically characterized by being small and portable. If it were a human it would be a fast-moving, goal-oriented and straightforward person, and this is
the brand’s personality. As for the values it stands for, they are cultural awareness and authenticity, defining the culture of the brand. Snack Books suggests a relationship based on customer facilitation, amusement and interest, accessibility and time efficiency, being the mode of conduct of the brand. The brand must also hold a customer reflection, where it should reflect what the consumer wants to be as a result of using the brand. Snack Books customer reflection is a vigorous, busy and exigent person, searching for maximum efficiency and convenience. Finally we have self-image which is the way consumer sees itself as consequence of using the brand. I am a true reader, I am able to find the time for reading that lacked before and I am an educated and valuable member of the society are the self-image topics Snack Books wants to catalyze. All these facets of the prism aim to expose and elucidate the brand essence of Snack Books, which is usefully self-enhancing. In exhibit 11 is available the graphical representation of the brand identity prism.

In building the brand name it is important to incorporate the brands intentions, either subjectively or objectively. With Snack Books we achieve a subjective association, based on the common use of the term “snack-bar” to define small restaurants were people go for quick and convenient meals. An objective association exist via the word “book”, linking the product to a preconceived idea of content characteristics which, despite being different in the form and quantity, have many similarities to Snack Books. In order to build the identity of the brand in the consumers’ minds it is important to communicate it and live it through the way the product is built and distributed to consumers, with objective implications in all facets of the marketing strategy.

**Price**

Pricing is another major component of the marketing mix and it is often a tool used with a high degree of inefficacy, because most companies use a conventional pricing approach, where the company try to achieve strict contribution margins. If instead companies use strategic pricing they will be able to increase the amount of value created in transactions with clients. The correct use of strategic pricing requires the coordination of marketing, competitive and financial decisions to set the most profitable price. In order to pursue this goal we need to ask three main questions: what is the price we need to charge that cover our costs; what price is the customer willing to pay; what prices do we need to meet our sales objectives.
One major constraint of price in this project is the impossibility of changing the price of a book for 18 months, once the book is sold in the market. This puts even higher pressure on the necessity of having a carefully and well planned approach to price. Another relevant insight is that low involvement consumers are more likely to be price sensitive, thus it is important to set a price that is both a barrier to entry for competitors and an incentive to purchase.

Since in this project we are creating a new category of products we have to search which are the drivers of value, for the target consumers. We concluded that light readers do see books as a time consuming activity (time was the most referred obstacle to reading with 76% of the answers located on the top 2 references, exhibit 4 slides 34 to 37) and that these people desire books to be more accessible (notice the difference between the book today and the perfect book, regarding easy to find and difficult to find, exhibit 4 slides 38 and 39). To avoid both these obstacles our product should be available closer to the point of usage. These are the main drivers of value for light readers which should be widely communicated in the promotion strategy.

The second analysis made was about which segments valued more the product we presented in the research. The only significant difference on the willingness to pay of consumers came from the variable age, with people above 54 years old choosing a lower fair price for the product.

The final point of the pricing strategy was to put it against costs. By doing so we made it profit-driven, by considering the trade-off between price and quantity.

We defined a price of 2€ because it has the necessary characteristics for success, first it is inside the gap discovered in the research, second it considers the tradeoffs existent, third it is profitable and fourth it differentiates this product from the competition of books, via a strategy of penetration pricing, and approaches it to magazines and newspapers via a price neutral strategy.

**Distribution**

A marketing channel is a set of interdependent organizations involved in the process of making a product or service available for use or consumption.

Considering the target population as low involvement consumers for this product it is crucial to make the product available in channels that possess widespread distribution skills, because consumers are not motivated to search for the brand or the product we
The channel should also compel consumers to buy under unplanned purchasing behaviour, thus introducing the product near to consumption occasions.

In order to develop a complete and efficient market channel, which has the ability to sustain profits and sales volume, we have to look at demand-side and supply-side factors.

On the demand-side it is important to analyze which are consumers’ preferences in terms of service outputs. The framework provided to classify end-users needs proposed by Bucklin is composed of features that reduces end-users’ search, waiting time, storage and other costs\(^4\). In order to define which service outputs are preferred by the targeted population we should consider three main insights from the research performed: (1) the targeted consumers’ main reason for not reading more is the lack of time (time was the most referred obstacle to reading with 76% of the answers located on the top 2 references, exhibit 4 slides 34 to 37), (2) targeted consumers consider attractive the use of non-dedicated/alternative selling places (92% of interviewees find more than one non-dedicated place attractive for selling books and 4 of the options were picked by more than 50% of interviewees, exhibit 4 slides 15 to 17), (3) consumers see waiting and idle moments as favourable moments to read books, selecting also those with higher duration and higher levels of comfort as being the more attractive (4 of the 8 moments presented had more than 50% of answers on the top two references, exhibit 4 slides 27 to 30), (4) idle and waiting moments are the occasions in which consumers find interesting the Snack Books concept, (79% anticipated public transportations as a place to read Snack Books, 47% spontaneously answered waiting times and all the spontaneous answers can be catalogued as idle or waiting moments, exhibit 4, slide 46). Considering this insights we defined some service features which are more directly related with our end-users preferences.

High level of spatial convenience and reduced waiting time are vital to the design of the marketing channel in order to turn Snack Books into a convenient product, reducing search and transportation costs, via spatial convenience, and also favouring impulse based consumption, by making the product available on the occasions in which consumers want it, namely idle and waiting moments\(^4\). By providing these attributes we also want to solve the consumers’ problem of lack of time.

We assume that consumers also seek bulk breaking capabilities. This is a structural feature that the channel has to be able to deliver, since consumers do not have the need
of buying more than one unit of each title, with the exception of gift buying or other non-relevant occasions.

In order to achieve the highlighted service outputs we had to build a channel that has potential to achieve the intensive distribution necessary for a product that aims to be a convenience good. The distribution channels being used by LeYa to sell its books (book shops and big retail surfaces) are not ideal for selling Snack Books for three main reasons: they are too expensive, they have not been able to attract light readers and they are not close to consumption occasions. One alternative scenario was highlighted has being the most attractive: vending machines. Vending machines have two core abilities which are very useful for Snack Books: location flexibility and exclusive presence of our product. Location flexibility will allow Leya to deliver spatial convenience, one of the service outputs more desired by the targeted population and very importance to sustain the positioning of the product. The exclusive presence of LeYa’s products will help us surpass one of the biggest challenges of this market, which is achieving the visibility that allows the product to sell.

In order to accomplish the intensive distribution for our product we had the necessity of complementing the channel structure, in which Snack Books will be available, with big retail chains as the most important options. They have a high level of customer rotation, national presence of points of sale and efficient logistic platforms that reduce channel flow costs. In this channel our presence goals consider the presence in 365 retails in the first year, 605 in the second and an average 13% increase in the subsequent year, till we reach 864 points of purchase in the fifth year. To achieve this effective presence in big retail chains it’s required the development of an incentive package that will be detailed in the promotion section.

Before defining which channel members will perform which service features we have to define the entire value chain of the project, which can be found on exhibit 12. The physical flows are divided into physical possession and ownership. The physical possession flow follows the entire value chain, from the manufacturer to consumers, in some cases we have reverse flows back to LeYa’s warehouse due to returns of unsold goods. In ownership flows downstream partners are avoided because the sale is done by consignment (LeYa send the products to partners whose activities are storing and selling the product without ever holding it). In terms of information flows we divided Negotiation, financing and risking from Promotion. If negotiation, financing and risking flows are established between all the members of the value chain, the promotion flows
follow only three different ways. We have promotion made directly to customers via LeYa’s marketing and communication teams, promotion to retailers which is competence of LeYa’s commercial team and promotion from retailers to the final consumer. Ordering and payment flows (money flows) will be supported by inventory management systems, which will help reduce the number of logistical activities of all channel partners. Theses flows are established from customers to printer companies through all channel members.

We plan that this channel structure will be able to have a high level of coverage with a low level of assortment and variety, with the objective of reducing the costs of all channel flows. Nevertheless this is an entering strategy that could be revised after the initial implementation of Snack Books. Future developments may encompass the diversification of channel structures under favourable financial scenarios.

**Promotion**

The final pillar of the marketing-mix is promotion. This element defines the moments of communication of the brand and also the tolls that will be used to do it.

The sales objectives are directly related to the promotion budget, since the higher the budget the higher the frequency of contact, between the brand and consumers, and also the total number of consumers in contact. Nevertheless, there is a point in which the increase of investment is not compensated by the increase in sales. We defined that point as being 10% of the total revenues.

In this project we aim to create a new category of products from which Snack Books will be the first and only brand, designating also the category. Due to this specificity of the marketing plan, all consumers have to be defined as NCUs (New category users). This kind of consumers may or may not represent good sales potential, depending from their awareness of the category and their attitude towards it. Creation of brand and category awareness will be the main point of the communications strategy.

It was then essential to access the behaviour of consumers towards the category during the conducted research for this product. The results were very satisfactory, 88% of the interviewees considered the concept interesting. Additionally 61% of the interviewees picked one of the top two references under the willingness to purchase this product concept. The main reasons evoked were the attractiveness of the format (38%), the perception of utility for idle and waiting moments (12%) and the ease of transportation.
(12%). In addition 53% of the interviewees said it would depend on the theme and content of the final product. Evidence can be found in exhibit 4, slides 77 to 81.

By adding the estimated positive attitude towards the category and the early phase in the category life-cycle we can conclude that these specific NCUs represent considerable sales potential, if and when activated, via awareness, to the category. The target audience, considering demographics, are people between 18 and 54 years old who deal regularly with idle and waiting moments and feel unsatisfied with available options to occupy those moments.

The action objective for this type of consumers is category trial, which in this case is equivalent to brand trial.

The communications objectives for Snack Books are the creation of brand and category awareness, based on the communication effect of category need. During the implementation stage, consumers must be educated about the benefits of the category, attaching their needs to very well defined category usage patterns. The effectiveness of communication is supported by the development of clear and simple category benefits, which are also the brand benefits. The risk of this kind of strategy is the excessive focus on primary demand and the possible future introduction of competitors inside the category, which should be resolved necessarily by the restructuration of the marketing plan in order to capitalize more on the brand related communication effects stimulating selective demand.

The buyer motivations that sustain the creation of category need are problem removal, intellectual stimulation and social approval. Problem removal arises from the research finding that shows that people do not read because they do not have time. Both intellectual stimulation and social approval are based on the fact that reading and books are a strong aspirational goal for targeted market, as mentioned before and evidenced on exhibit 4, slides 31 to 33.

We have to define what type of brand awareness we want, if we want to induce brand recognition or brand recall. For Snack Books the desired brand awareness is brand recognition because, according to Rossiter-Percy grid, this means the consumer makes its decision at the point of purchase, the brand has to stimulate the category need, representing a perfect match between the fact that Snack Books is starting a new category and the incentive we want to put in impulse decision at the point of purchase, via distribution strategy.
Since the consumers of Snack books are low-involvement, as mentioned before, we should use a transformational brand attitude strategy, since this category aims to reward the consumers, based on the positive motivations consumer face when desiring the product.

Another important dimension of the promotion strategy is trade promotions. These will be used to achieve commitment from channel partners, granting their maximum support to this new product.

The overall objectives of the communication strategy may be summarized by: 1) motivate product trial; 2) create brand awareness for the category and Snack Books associating the product with the category need fulfilment; 3) motivate repeated purchase; 4) stimulate favourable brand attitude from channel partners.

To achieve the first goal we will use a sampling campaign consisting on the free distribution of a first title during the week of pre-launch. With this action we want people to discover Snack Books’ points of sale, the proposed occasions of consumption and the type of content to expect from all Snack Books. In this title it will be added a brief explanation of what Snack Books are and what are the needs that it intends to fulfil. The title will be also used to publicise the web based platforms in which the company will be present.

To meet the second objective we plan to create an integrated media strategy that will gather on a first phase: national TV, newspapers, digital media and institutional communication. In this phase it will be important to achieve an initial burst. Then, to keep repetition as a way of reminding the function of the product we will do punctual communications in the media, and catalyze the capabilities of vending machines as posters, by creating a fully customizable shell to each machine. Here is essential to mention the category need in all campaigns; appeal to authentic emotional benefits; communicate extensively the name and logo of the brand, not only to achieve a transportation of benefits from one title to the next, but also to create and maintain associations between the brand and the needs.

In order to achieve the third objective we will conduct a 2 for 1 promotion in both vending machines and retailers. The fundamental aim is leading people to compare and contrast two titles and understand their similarities, thus not only offering a direct reward for purchase, but also motivating trial of the collection, not only the title.

As for the fourth objective, apart from the signs given to partners by all the other promotion investments, we intend to implement two more actions: 1) the development
of point of purchase material, exclusively for retailers; 2) organization of a launch party which wish to be both a mini formative course, on the core guidelines of Snack Books, and a motivational experience. These actions should lead more commitment and involvement, with Snack Books.

In exhibit 13 you can see a complete planning for the A&P campaigns for the first year, as well as a tentative for the second year.

MARKETING RESEARCH
In order to sustain the marketing plan and test the market efficiency of the product, a marketing research was planned and executed.

It compiled 3 phases: secondary data; exploratory research; and descriptive research. The purpose of the research was “How can we maximize the value of Light Readers”, which brought two research objectives pursued in the same research, being the first one understand the behaviour of Light Readers towards leisure activities in general and books in particular. The second objective was to test the adequacy of the concepts developed to the needs and desires of Light Readers.

The compilation of secondary data was done with a higher focus on the first research objective, with the observation of numerous on-line sites and official reports, but also on the second objective with a bigger focus on international experiences and innovations for the same target as the one studied. With this information we proceeded to the exploratory research, which was based on in-depth interviews (with publishers, retail partners and a sociologist working in this area) and the deep study of available qualitative researches for the book market. With the information collected trough these steps, we built a frame of hypothesis and two product concepts.

In the final part of the research the hypothesis and the two concepts were put to test in a quantitative research, via face-to-face questionnaires. A compilation of the more relevant results of this research is presented on exhibit 4.

The optimal research would be different from the conducted. We should have split the two research objectives, with the first objective being pursued first and only after proceed to the creation of the concept, which should be supported by an exclusive concept test. In the concept test it would have been important to use a deep conjoint analysis to extract the most important attributes of the product under development.
FINANCIALS
In this stage of the marketing plan we have to forecast the financial outcomes from the introduction of Snack Books. By estimating earnings and costs, using the budgets defined and computing the information collected in the marketing plan we accessed the financial viability of this project.

The investments of A&P were centralized in the launch period with the objective of attracting the awareness of not only from customers but also media, governmental entities, cultural organizations and distribution partners. So the initial A&P spending will be around 218.000€ in the first year, decreasing to 48.130€ from the second up to the fifth year. Detailed information on the project financials can be found in exhibit 14. The NPV of this project is 200.364€, so we can conclude that this is a value creator project for LeYa.

IMPLEMENTATION AND CONTROL
The final step of the marketing plan is to define the set of questions that should be periodically answered in order to access the project’s progress towards the achievement of the goals defined in the marketing plan. Snack Books propose itself to publish 2 new titles per month, one each 2 weeks. It is then essential to keep a very effective focus in order to guarantee that the titles will be available in the necessary dates.

As for marketing control it is of major importance to keep track of the media campaigns, mainly in what refers to the level of awareness achieved, as well as the effective of each tool for the overall result. The information provided by this control measures should be used to adapt the schedule as to maximizing the results. The effectiveness of promotional activities should also be accessed in order not to waste valuable resources.

In terms of metrics, the most important analysis that should be made is the number of customers having contact with the product, through different moments in time, and the level of repeated purchase achieved.

Last, the comparison between financial objectives and real data is also central, not only concerning to total revenues and costs, but also checking margins of each title, getting information on editorial contents that may help strengthen the project for the long-run.
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16. Interviews with some of LeYa’s publishers: Maria João Costa (Livros d’Hoje), Piedade Ferreira (Oceanos), José Prata (Lua de Papel), Sara Gomes (Dom Quixote) and Carla Pinheiro (Dom Quixote).