

Marketing james patterson case essay sample

[Literature](#), [Books](#)



In order to resolve these issues our team has derived marketing strategies that include:-

- Product Differentiation
- Promotional Techniques
- Direct Marketing Policies

The strategies suggested aim at resolving Patterson's primary issue of brand awareness and hence solving the case study "Marketing James Patterson".

2. 0 Situation Analysis James Patterson is one of world's best-selling crime fiction authors whose brand led to annual sales of \$120 million. He published his first book in 1976 followed by three novels between 1983 and 1995. His writing picked up speed and he published 16 novels between 1996 and 2003, most of them in the crime fiction genre.

2. 1 Environment The following are the environmental (macro environment) factors that help us understand the opportunities and possible threats to the book industry due to external factors.

2. 1. 1 Demographic environment • James Patterson is based in New York, USA. Research has shown that USA has a very high number of educated people resulting in an increased demand for books.

- Readership base consisted of adults as James Patterson's books were mainly crime fiction with a few crossovers. Readership was strongly skewed towards females.

- Book readers can be classified into two major categories, the first one being crime fiction fanatics and the second category comprised of omnivorous readers who normally read books that reached the top of the list of best sellers.

- Information about education levels or household patterns of readers is not available.

2. 1. 2 Economic Conditions and trends • The net unit sales of paperback were more than twice that of hardcover books. This means readers were not willing to spend more than \$10 on a fiction.

- Mass merchants generated 34% of the sales of best sellers, indicating that the readers were leaning towards low price options.

- Information regarding purchasing power or income distribution of the readers is not available.

2. 1. 3 Social-Cultural environment • Book club was a trend in the United States and being a member of a book club meant commanding respect in the society.

- The society had a special place for the so called “ badge” books. The works of James Patterson did not enjoy similar status which resulted in lower readership amongst the group of omnivorous readers.

2. 1. 4 Technological environment • Technologies used in book printing and publishing are hardcover, paperback, electronic books, audio books. Hardcover books fetch the maximum profits for the publisher and author.

- Demands for E-books are increasing as it is a low cost sales outlet. eBooks cost between \$4.99 and \$6.99 per book whereas hardcover cost \$21 to \$27 and paperbacks about \$7.99 • Internet and email usage has not affected

the demand for books a great deal. Demand for books has been consistent at about 1.1 billion over the past decade.

- Technological advancement has led to an increase in the average web surfing time. However, the online retailers have accounted for a mere 2% of the sales of best seller fiction in the year 2004.

2.1.5 Political Legal environment • Information regarding the political and legal factors is not available. We can assume that book business is not affected by laws and regulations imposed by the government or certain other pressure groups that influence various organizations and individuals.

2.1.6 Natural environment • Paperback books use recycled paper which will discolor and disintegrate over a period of time. Publishing houses who print in paperback are seen as socially responsible and readers who are environment conscious prefer to buy paperback editions thus increasing sales.

2.1.8 Environmental Opportunities The market for James Patterson is currently limited to USA and there is tremendous scope for developing international readership.

The opportunity to use internet as a significant channel for distribution needs to be explored as online retailer's sales accounted for only 2% of the total sales of best seller fiction in the year 2004. .

Demand for books has grown with population and with more people immigrating to the United States; we can expect the market for James Patterson to grow.

2. 1. 9 Environmental Threats Technology advancement has resulted in easy access to internet and emails and average time spent online has increased tremendously in the last decade. Although this phenomenon has not lead to a significant decrease in book sales, it could be a serious threat to the book business.

Increase in demand for e-books and audio books can pose a threat to the demand for hard covers which fetches the maximum profit margin.

The market for James Patterson is likely to decline if he does become a badge author.

2. 2 Industry The industry can be analyzed in two ways, considering James Patterson as an author or a product/book. For the analysis of this case, we have considered Patterson as a product.

Analysis of the Porters 5 forces: 2. 2. 1. Suppliers Little, Brown and Company (a subsidiary of Time-Warner Publishing) is solely responsible for publishing and printing Patterson's books. The company was also involved in marketing James Patterson and his books. Marketing included distribution of new books; creating awareness and market research.

2. 2. 2 Consumers There were three types of consumers for James Patterson.

1. Book Stores (Large & small chain bookstores, Mass merchants, Internet, Airports etc)2. Book clubs3. Readers•The book stores accounted for about 80% of the hardcover sales of best seller fiction whereas the book clubs accounted for the remaining 20%.

- Books stores bought books directly from the publisher and sold it at a margin to end users. Books clubs purchased licenses from publishers to print club editions of the books to be sold to its members. Margins from book clubs were much lower than that of other distributors like Chain bookstores and Mass merchants.

- The end users or readers fall under two categories, one hard core crime fiction fanatics and secondly omnivorous readers who read any book that hit the best sellers list. Brand penetration was very high in the first category and this was evident from the chat room excerpts from Exhibit 3 of the case. Brand awareness was the biggest concern for Patterson in the second category of omnivorous readers and this group was numerically much larger than the first.

- Overall demand for fiction has increased from under 50% of the total books sold in 1997 to about 55% in 2001.

2. 2. 3 New Entrants•Recognized authors command a higher royalty and advance from the publishers compared to new authors. Cost of marketing is higher for recognized authors. Hardcover books for new authors are priced at \$21 and \$27 for established authors.

- Information regarding new authors or ease with which new authors can enter into the market and establish themselves is not available.

2. 2. 4 Competitors • Crime fiction authors like Tom Clancy, John Grisham, Patricia Cornwell and Stephen King are competitors to James Patterson. He has various other competitors in romance, children's book genre.

- In the year 2002, total sales of Patterson surpassed that of books of other authors in the genre. However, if we compare individual books, sales of single book of Grisham or Clancy are much higher than that of Patterson.

- Buying patterns of members of Bookspan, a book club indicates that an active member purchased 0. 42 Patterson titles and 0. 25 titles. Analysis has shown that Patterson readers.

2. 2. 5 Substitute Products (Threat of Substitute products) Easy access to internet has resulted in increased time spent on the internet for emails and web surfing. Radio, TV and movies are an important source of entertainment for majority of the people. In spite of the various substitutes available, the market for books has been stable in the past decade.

2. 2. 6 Industry Opportunities James Patterson can make use of the book club channel as an opportunity to reach out to various reader groups. Book clubs play a major role in creating awareness about the product to its readers. Books clubs have a bigger member base in Asia, a region where Patterson needs to develop readership.

Patterson can use the internet as a tool to increase its sales and advertisement.

2. 2. 7 Industry Threats Competition from the new authors. Publisher's gross margin for a new author is higher compared to a recognized author.

Publishers in their own interest could promote the new authors better thus increasing market for books from new entrants.

Established authors are a constant threat to Patterson. Stephen king is a good marketer himself and he could end up capturing some of Patterson's market share.

More people are getting hooked on to substitute products like internet and other sources of entertainment like radio, television and movies.

2. 3 Organization James Patterson worked from home and did not have a formal office space. He had no mission statement and nothing is discussed about the culture of his organization. He a list of 100 possible ideas to write and then chooses around 5 or 6 that seem to be most appealing and prepare a brief outline before actually starting to work on it. Little, Brown and Company (a subsidiary of Time-Warner Publishing) is responsible for publishing and printing and also marketing the books.

2. 3. 1 Strengths James Patterson was a " brand name author." and his brand generated sales of \$120 million annually.

Patterson produced variety of books; giving the readers a wide choice. He also wrote books in collaboration with other co-authors which increased the number of books published.

Patterson did not incur additional expenses or overheads since he did not have a formal office and operated from his home.

Patterson's crime series attracted more readers compared to standalone books.

Patterson's past experience in an advertising agency was strength. He used the knowledge to market his books.

2. 3. 2 Weakness • Little, Brown and Company was solely responsible for publishing and printing all of Patterson's books. Depending on one publisher is a major weakness.

- The attitude of James Patterson towards the book clubs is negative. Hence he did not take advantage of the book clubs as a platform to promote and increase sales.

- Patterson did not just write crime fiction and had many crossover books which led to brand dilution. This could be a reason he was not considered a " badge author."

2. 4 Marketing Strategy

2. 4. 1 Objectives

- To increase the market share by the year 2007.

- To increase the profit margin by 5%.

- To increase the sales to 240 million annually by the year 2007 and maintain continuous growth of 25 % annually.

2. 4. 2 Analysis of Sales, Profit and Market Share
 Sales: •Patterson has total Sales of \$120 million annually generated by books of various genres like crime fiction, romance, children's and young adult series.

- The market demand for popular fiction was constant and even grown with annual value \$26 billion.

- The consumer demand had stayed at par with the population growth at about 1. 1 billion units/year.

Profit: Retail price for hardcover was \$27 per unit for establish author and \$21 for new author. The share of profits was as follows.

50% profit to retailer; 16. 5% to Publisher and 24. 26 % to the Author.

Market share: The following figures are generated from a sales analysis done by Book span, 22% bought at least one Patterson Titles14% of Purchase of Comparable authors0. 42 average active member purchase of Patterson Title0. 25 average Purchase of single Comparable Authors38% repeated Purchase of Patterson Book28% repeated Purchase of Other brands3. 56% share of wallet of brands3. 51%share of wallet of other AuthorsNotes:•Sales figure based on above study was only done between Year 2001-2003;•The analysis was conducted on a sample size of 1. 95 million members of this book club.

2. 4. 3 Analysis of target market(s) • The fiction books have a market of \$20 Billion each year.

- Consumers demand had stayed at par with the population growth at about 1. 1 billion unit per year.

- The market share of popular fiction among all books sold is according to the below percentage: Fiction's Share from 50% (1997) - 55% (2001) Religious 20% Psychology 20% Others 5% • Rise of mass merchants such as Costco and Wal-Mart have increased the sales of hardcover books. In the decade of 1990s the sales of hardcover has grown from 100, 000 to at least a million. Mass Merchants accounted for 12% of total sales of books and 34% of best seller fictions.

- Market share of Best Seller according to distribution channels: Merchants 34% Chain Book Stores 25% Book Clubs 20% Airport and Newsstand 14% Online sales 2% Ref. Exhibit 5 & 6 of the case.

2. 4. 4 Analysis of Marketing Mix Variables Product: The product offered by Patterson is fiction novels with an emphasis on crime fiction. .

Price: The price for fiction books is almost standard \$27 for established authors and \$21 for new author, which shows no price competition in the industry. Moreover, by distributing his book via Book club, he will guarantee a comprehensive price for his readers.

Place: The books are distributed via all known channels such as mass merchants (Costco and Wal-Mart), chain book store and book clubs (book span's and book of the month).

Promotion: Patterson spends \$2 Million per year on advertising and promotions. The medium used by the author to promote his book are television, advertising, billboards and contests. He conducts market research to understand readers ' preferences. Book clubs, a distribution channel also do their bit in promoting authors.

2. 4. 5 Summary of Marketing strategy's strength and Weakness: Strength
In view of the fact that the market is popular for fiction's books which occupies 50% share of book sales and at the same time, the author having at present a competitive and equal price from \$27 moves down towards \$17, we can consider that he reached the needs and satisfaction of the consumers.

The product is also distributed in all known channels and outlets like merchants (e. g. Costco and Wal-Mart), bookstores, and book clubs and on line sales.

Has a marketing budget of \$2 million a year. Patterson has initiated a 2nd round of advertising to discourage bookstores from moving books off display after its launch.

Weakness
Titles of Patterson's books were better known than he was. One of the reasons was that the front cover has the title printed in a bigger font than the author's name.

3. 0 Problems found in Situation analysis In the year 2002, sales of James Patterson surpassed that of other authors of his genre like John Grisham and Stephen King. However, on analyzing the current situation we come across the following problems.

3. 1 Primary Problem The primary problem is lack of awareness amongst the group of omnivorous readers. The Patterson brand was weaker in this group.

- In a survey of omnivorous readers, only 54% of the respondents knew Patterson while 90% knew of John Grisham and 84% knew of Tom Clancy. This was an indication of a serious awareness problem James Patterson had. The omnivorous group contributed to just quarter of the sales of Patterson.

- In addition to this problem, he also did not enjoy the status of a “ badge” author. People were embarrassed to read a book that was not a declared as a badge book.

In the long run, the awareness problem if not resolved could result in declined sales of James Patterson. People would be more likely to pick up a John Grisham or Tom Clancy as against James Patterson. Omnivorous readers who knew each of the crime fiction authors, preferred Grisham and Patterson equally.

3. 2 Secondary Problem The secondary problem was James Patterson’s outlook towards the book clubs. His opinion was that the book clubs benefited from him more than he did from the book club and that the clubs needed his titles to lure new customers. Hence he did not take full

advantage of the customer information that the book clubs had in order to build a strong client base.

James Patterson knew that the margins from the book clubs were much lower than the other channels of distribution. He debated that the deals with book clubs affected the sale of books in the bookstore as readers would rather join book clubs than buy books from book stores. Patterson knew that Bookspan, one of book clubs had a huge member base in Asia, where his readership was not substantial as yet.

Book clubs accounted of 20% of net sales of best seller fictions. The book clubs had all the information of each and every member and had direct access to the member via emails and mails. If James Patterson continues with his mind set regarding book club, he would not only lose out on sales from the book clubs but also a chance to collaborate with the book clubs in identifying the buying trend amongst its members. A primary channel to reach out to the international readers would be lost as well.

4. 0 Strategic Alternatives for Solving Problems4. 1 Description of Strategic Alternative 1Patterson's primary strategy would be to build brand awareness amongst the omnivorous readers where his brand penetration was very low. Brand awareness can be developed by repeated exposure to advertising and promotions to build brand recognition. Brand awareness is also amplified when the brand name is visually and verbally reinforced.

Many companies are making considerable investments in sales promotion as a strategy to build and maintain brand dominance. Patterson could use the following sales promotion methods to increase brand awareness.

Discount CouponsCoupon is one kind of price promotion. James Patterson can attach a discount coupon with his latest publishing with entitles the reader to receive a price discount on the next purchase of James Patterson books. One measure of the impact of the promotion is the number of coupons redeemed.

The textbook Marketing Management explains coupons as one of the sales promotional tools that increase the sales and build brand awareness and equity; this is also explained by giving the example of Digiorno and how their coupon strategy resulted in an 18.1% market share (reference1).

Book PreviewsResearch has shown that many authors make the first chapter of their new book available on the internet for free before the book is released. This strategy is to generate interest among the readers who would then wait eagerly for the book to be released to continue reading further. We suggest that James Patterson adopt this strategy for his books. This would help create awareness and lead to increased sales.

Event SponsorshipsPatterson can occasionally sponsor certain events such as quizzes, educational campaigns etc. Many companies spend over millions of dollars on sponsoring events as these activities help in brand exposure, advertising and related benefits. An example is of the famous Bournvita Quiz contest that is sponsored by Cadbury, “ The quiz reaches out to over a

million children in India and West Asia.” These activities might increase the awareness for Patterson

Benefits of Sales Promotion:

- Sales promotions aims to create brand awareness
- According to the sources discounts tend to attract more people and hence increasing sales and awareness
- The chapter preview will create a market demand for the book even before the book is launched.

- Event sponsorships give companies brand exposure, advertising benefits and publicity

Costs/Disadvantages of sales promotion.

- Sponsorships events generally cost a lot of money and might not satisfy the objective aimed for.

- Not every reader might visit the website of the book and be tempted to read the free preview of the book.

- Discount vouchers might also lower the image about the brand in people’s views.

4. 2 Description of Strategic Alternative 2

Another strategy to build awareness and have a competitive advantage is to be different. The objective is to make Patterson’s books different from that of his competitors in a way that the readers perceive the product as unique. Patterson could use the following strategies to differentiate his brand.

Product Differentiation: Form: Patterson’s books can be in different dimensions to suit the tastes and needs of readers. The cover page itself

needs to change. The author's name needs to be printed with a bigger font in order to catch the eye of the prospect reader.

Quality: The hard cover books can be printed using high quality papers giving a competitive advantage over his competitors.

Service Differentiation Ordering: Patterson has to ensure the ease of order of his books and that it be made available to majority of the readers easily.

Delivery: To ensure prompt delivery of his books and try and negotiate with the distributors that the books be delivered free of shipping and handling costs.

Benefits / Advantages of Product differentiation By having differential product in term of form, quality, order and delivery Patterson will have competitive edge and will attract more customers thus alleviating awareness issues.

Cost/ Disadvantages of Product differentiation In term of cost differentiation feature will not cost more than one percent of the manufacturing cost.

It is easy for competitors to imitate the strategy and offer similar products and features.

4. 3 Description of Strategic Alternative 3 Direct marketing via the book clubs can be used as a strategy by Patterson to reach out to the readers and build a long term relationship with the customer. Direct marketing is one of the fastest growing methods for serving customers. In total, sales from direct marketing generate almost 9 percent of U. S. economy. Direct-mail

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marketing is one method of direct marketing. Book clubs have direct access to every member via email or paper mails in addition to information regarding reading preferences, spending patterns etc. Patterson can either buy this information from book clubs or collaborate with them to identify prospects and customers. Patterson or the book clubs can customize or personalize the message and offer thus building a continuous relationship with the reader.

Advantages of direct mail marketing:

- Direct mail can be personalized and be tailored to the readers interests based on information available regarding previous purchases.

- Direct marketing can be timed to reach prospects at the right moment and receive higher readership because it is targeted at more interested prospects.

- A part or a whole chapter can be sent in the email as a preview and this may arouse interest of the reader and lead to a purchase of the book.

- Direct mail marketing allows early testing & measurement of response from the readers. Responses and feedback from readers can be used for future dealings or to revise contents of future books as applicable.

Disadvantages of direct mail marketing:

- The cost per thousand people reached is much higher than any other form of mass promotion. In case of paper mail, large quantities of paper are wasted.

- This strategy could lead to an adverse result as an increasing number of people have become averse to direct marketing solicitations.

5. 0 Selection of Strategic Alternative and Implementation We suggest using sales promotion as a marketing strategy to solve the primary problem (Brand awareness). As mentioned above, the promotional tools will include:-

- Discount Coupons
- Chapter Preview
- Sponsorships

The rationale behind choosing this strategy is that the sales promotion seems to have higher advantages and a better chance of building awareness amongst omnivorous readers compared to product differentiation. Research has shown that the above stated techniques are designed to create brand awareness as well as attract more buyers. By various promotions, we are creating a value for the potential customers.

By implementing the suggested strategies, we aim to achieve higher brand awareness amongst the Omnivorous readers and increase market share.

6. 0 Conclusion The entire analysis of the case study, " Marketing James Patterson" was carried out to resolve the problems of the marketing of James Patterson's as a brand as well a product. As mentioned carried out the situational analysis, analyzed the porters 5 forces and conducted the SWOT analysis for James Patterson and have concluded that Patterson's major problem was the issue of brand awareness amongst Omnivorous readers. Our team carried out extensive research and has come to the conclusion of developing a promotional strategy for James Patterson; hence achieving higher brand awareness amongst the Omnivorous readers and increase market share.

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