

The Dilemma of Brick and Mortar Bookstores: An Exploration of Trends, Consumer Motives and Perceptions, and Possible Paths to Sustainability

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— *Review of* —
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ABSTRACT

This research explores how digitalization has impacted brick-and-mortar bookstores in China as well as consumers' motives and perceptions. Digitalization has brought profound changes with regard to the use and production of printed materials including the development of internet-accessible literature and has resulted in threats to brick-and-mortar bookstores' position in the business value chain. Many bookstores have closed and those remaining are facing difficulties and must seek ways to compete in the technology-enabled marketplace. Quantitative research, including descriptive and inferential data from an online survey, was used to assess the respondents' reading patterns, and perceptions of physical bookstores' role and value add. Primary data collected through an online survey was analyzed. The findings indicate that bookstores could continue to provide value and may be viable, however, doing so requires transformation, adaptation, and innovation. Suggestions are offered for further related studies to be undertaken.

Keywords: Digitalization; Brick-and-mortar; Book stores; Business transformation.

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1. INTRODUCTION

Since the mid-1990s, the Internet has walked a tightrope between speculation versus reality, potential versus dreams. With the improvement of Internet usability, acceptance grew exponentially (Taylor and Strutton, 2010). In China for example, from 2007 to 2010, the number of Internet users in China more than doubled from 210 million to 457 million. Additionally, China will soon replace the United State as the world's largest e-commerce market with a compound annual growth rate of 33% and a transaction volume of more than 2 trillion yuan (\$314 billion) (Lai and To, 2012). The combination of the huge market size

and economic growth have made China the most promising place for global Internet products and services (Trappey and Trappey, 2001).

At the same time, e-commerce has seriously decreased activity for the traditional retail industry, including brick-and-mortar (BnM) bookstores, from 2007 to 2009, the number of private bookstores in China decreased by 10,000. That decrease was caused by a couple of factors; firstly, role of e-books has reshaped the publishing industry. For example, Jeff Bezos, founder and CEO of Amazon.com said that even though they have been selling print books for over 20 years and Kindle books for only a few years, customers now buy more e-books than print books, a shift was not expected so quickly (Miller and Bosman, 2011). Secondly, the increasingly popular mobile reading software and e-reader devices are making the situation rapidly worse, and finally, reading patterns of consumers have changed.

Many brick-and-mortar bookstores failed to remain viable and a large number of bookstores have closed due to financial insolvency the reasons for which can be divided into internal factors (the drawbacks of physical bookstores) and external factors (driven by changes in the marketplace).

This study seeks to explore the reasons behind the questionable financial viability of Bricks and Mortar bookstores from both and external and internal perspectives, therefore the topic of exploration becomes whether there is there a viable place for physical bookstores in the business value chain in China?

To answer this question, this study will explore the trends in book production and sales in China and whether consumers perceive value in physical bookstores, and if so, what is it?

Finally, based upon the results of the research described above, insights will be sought regarding what adjustments, if any, physical bookstores could make to adapt to the new business environment.

This study is comprised of both primary and secondary data. The former to understand trends and patterns in the areas of book stores, publishing and book sales, and the later, utilizes an online survey the results of which are analyzed to determine the nature of the value that book stores add to Chinese society.

2. LITERATURE REVIEW

2.1. Physical bookstores

To explore the background of the factors examined in this study, a literature review has been undertaken. The literature review is, when appropriate limited to research conducted within the last 10 years as this is most likely to be relevant to commerce in the digital era.

Book stores have experienced very difficult times since the internet era began. In 1994, Jeff Bezos stated that online retailing was the next big thing and that selling books over the Web was identified by him as “the first big retail opportunity” (Taylor and Strutton, 2010). Since then, sales of physical books in most markets have steadily eroded (Greco, 2013). However, in China printed books continue to be very popular (Gao and Deng, 2012; Ziming Liu, 2005a). This difference between East and West is likely tied to the rapid economic development of China during this period (Chow, 2017).

While the total market for retail sales of books in China shows a growth trend, even during a period of time when many markets that are subject to the perils of digitalization are contracting indicates that the retail book business has some unique characteristics and is worthy of exploration.

2.2. Digitalization

Digitalization has been identified as one of the major trends in changing society and business (Trașcă et al., 2019). People's way of life has changed dramatically including; the way of shopping, the way of transportation, the way of getting news and information, and specifically, the way of reading for pleasure or as a leisure activity.

Digitization has changed the way people acquire and enjoy art, including literature. The emergence and development of e-books have allowed classical works of literature, as well current fiction and non-fiction books to be distributed, electronically, to ordinary families as is done with music, news, television and movie entertainment. Reading as way for people to enjoy their leisure time has been transformed (Robinson and Halle, 2002).

Digitalization reduces costs of producing and distributing existing written content to almost zero (Yin et al., 2009). Additionally, written content can be enriched to include animation, colors and graphic content is more effectively displayed digitally than in print form. As a result, different kinds of information converge and are shared on the Internet and consumers are flooded with news, information, entertainment and marketing information in more fast paced, concentrated and compelling form than in the past when content was constrained by the limitations of the physical print format (Borgman, 2010).

2.3. Trends in Sales of Books

The total scale of China's retail book market in the past 20 years from 2001 to 2019 showed a volatile growth rate (*China's Book Retail Industry Analysis Report 2019-Current Situation of Industry Competition and Investment Strategies*, 2019). This is probably a result of the overall economic growth during that period resulting in a sizable middle class with both leisure time and discretionary income and the per capita disposable income has increased substantially year over year, and interestingly, the per capital disposable income for education, culture and entertainments has increase even more as a percentage of disposable income (Farrell et al., 2006).

The development of digitalization has not only boosted the sales of e-books but also resulted in the emergence of e-reading devices. Some of the new devices such as Kindle have been well received by consumers. The Kindle is a portable e-reader launched by Amazon in 2007, its popularity and has coincided with the growth in sales of e-books and by the end of 2013, the sales of e-books on Kindle accounted for a quarter of all commercial book sales (Gilbert, 2015a).

According to *China's Book Retail Industry Analysis Report 2019 - Current Situation of Industry Competition and Investment Strategies* (2019), the retail book market grew steadily by 10.82% in the first half of 2019, which is a good sign for the physical bookstores, the indication is that people are showing an increasing interest in reading. Online book sales grew by 24.19% in the same period indicating that interest in reading is growing at a slower

rate than the migration from BnM bookstores to online book sales. Although the growth rate of sales in physical bookstores does not match that of online bookstores, Figure 2 shows that sales have been fluctuating at about 33 billion yuan, and has not shown a declining trend in the period shown, from 2012-2018.

2.4. Cost of Retail Space for Book Stores

Physical bookstores in China face operational challenges on multiple levels. In addition to the trend towards digitalization, the increase in the cost of suitable retail space has been significant, costs have increased dramatically over the last few years and shows no signs of reversing (Du and Mickiewicz, 2016). This is an ominous trend for book stores which require a considerable size for a physical location. The two main costs other than direct cost of goods for traditional bookstores are rent and taxes with rent typically accounts for more than 60% of total operating costs (Matthews et al., 2008).

Brick-and-mortar bookstores in China can be divided into private booksellers, state-owned bookstores, and online retailers. When faced with rent issues, the first two have a different level of financial pressure. For example, Xinhua Bookstores are state-owned bookstores, most of which own their own real estate (if not, they have the privilege to rent premises from the local government at a discounted price). It wasn't until 2013 that private booksellers could enjoy the same policy (Zheng Liu, 2018a). Thus, most of the private physical booksellers are facing higher rent expenses than state-owned bookstores. Xi Shu bookstores, as an example of a private chain of bookstores, first opened a books store in Beijing on June 26, 1996. Since then, Xi Shu Bookstores have opened 512 additional stores in more than 400 cities and 29 provinces in China, and have become one of the largest brands of bookstores. Even with the buying and negotiating power that comes with size, they are facing tremendous pressure from the increasing rent issue (Qing and Lifang, 2005).

Because of the inability to operate profitably in urban areas, many physical bookstores have had to relocate their locations to more remote places, or have been relegated to the second or third floors of buildings. The higher cost of rents also means that it is difficult to lower the price of printed books to be more competitive with digital books. In general, booksellers operate on extremely narrow margins (Latcovich and Smith, 2001). In this situation, online retailers have a tremendous competitive advantage, the biggest advantage of online bookstores is the lower price point for printed books (Ziming Liu, 2005a). Online book sellers have an additional advantage when it comes to the availability of content, without the limitation of normal business operating hours, their customers can get everything they want at any time of the day or night, and on holidays (Zhenguo et al., 2003) These factors make for a very difficult business environment for physical book stores operating in the post digital era in China.

2.5. The Relationship between Price and Value

According to the data of the National Bureau of Statistics of China (NBSC) (2017a), China's GDP grew from 5922.44 billion yuan to 827.17 billion yuan, an increase of 39.7 percent between 2013 and 2017, gross national income increased from 5904.24 billion yuan to 82482.44 billion yuan, an increase of 39.7% between 2013 and 2017. With the rapid

development of national economy and the improvement of people's living standards, the demand for leisure and entertainment has shown a related increase (Barro, 2016; Chow, 2017). From the same NBSC report during this period, the disposable income of Chinese consumers increased from 18310.8 yuan in 2013 to 25973.8 yuan in 2017, an increase of 41.8%. The per capita consumption expenditure increased from 13220.4 yuan to 18322.1 yuan, an increase of 38.6%, of which the per capita consumption expenditure on education, culture and entertainment increased from 1397.7 yuan to 2086.3 yuan, an increase of 49.2%. Chinese are paying more attention to education, culture and entertainment, including reading and the purchase of books and reading materials, and their expenditures in these areas have increased at a corresponding pace.

With the popularization of the concept of "reading for all", in China, the national program to encourage reading, physical bookstores have become an appealing new development opportunity, especially for existing physical bookstore chains, to offer both high quality books, and a high-quality experience as their competitive elements. Existing bookstores should seize the opportunity to develop and integrate themselves into the movement to encourage reading (Wang and Chen, 2018).

The constantly rising, uncontrollable and unpredictable nature of rent in urban cities in China presents a barrier, and in fact nearly blocks the development of a physical bookstore opportunities in many cities. According to the National Commercial Rent Level Report (2019), which reports the vacancy rates and retail prices of retail space in typical cities of the first, second and third tier, in 2015, Shanghai was still the most expensive city in China with an average rent of about RMB 1180 RMB per square meter per month, followed by Guangzhou with a rent of RMB 1065 per square meter for one month. A typical mid-sized bookstore with an area of about 200 square meters would have to pay in the area of 2.5 million RMB per year for rent. In Beijing, according to the Beijing Youth Daily newspaper, (2019), the Haidian district of Beijing is the most concentrated area of bookstores in Beijing. Where there were more than 1000 physical bookstores in 2019, but the sales of most of those bookstores are declining year over year. One example, the Zhilaohu Bookstore had sales of only 10 million in 2014, not nearly enough to pay rent and operate successfully. Another example would be the case of Shanghai Sanlian Taofeng Bookstore which according to Zhai Defang, General Manager, sold 364,400 books in 2012, achieving sales of 11 million yuan in that year, but the profit per books sold was less than 1 yuan, making the profit for the entire fiscal year only 360,000 yuan (J. Zhang and Xie, 2012).

According to China's Retail Industry Analysis Report (2019) online bookstores sold 13 billion yuan in 2012, accounting for only about 30% of total book sales, increasing to 48.9% in 2015 and to 64% in 2018. So while sales of books overall grew, including printed books, the growth was not enough to pay the increases in rents and still operate at a profit. Even if the consumption of books is increasing, the demand and resultant cost for retail space is increasing more rapidly. Faced with the growth in the popularity of inexpensive e-books and the escalating cost of real estate space for physical bookstores BnM bookstores are caught in a negatively spiraling situation.

2.6. Prices of Physical Books

The price of physical books is another possible reason responsible for the decline of book sales in physical bookstores. In 2002, books sold in online bookstores cost approximately 20% less than in traditional bookstores (Chevalier and Goolsbee, 2003; Chu et al., 2012). While the price of online bookstores is lower than that of physical bookstores, some readers enjoy the experience of visiting and spending time in physical bookstores, but the value of that experience may not be enough to encourage actual purchasing activity. The price difference between the same book in a physical bookstore and the price online is considerable, typically in excess of twenty to thirty RMB. Considering the expendable income of Chinese consumers as presented above, it is probable that price is a factor in the larger market share of online booksellers (Chu et al., 2012).

Digitalization has dramatically changed the value and price ratio for those who purchase books. Globally, including China, consumption habits have evolved. In the large and active online shopping platforms in China, the discount and cost-plus vouchers allow consumers to buy recently released books at a price point that is typically a 50% discount and in some cases even more, than printed books (Yaobin et al., 2007). Additionally, e-books are typically purchased online with prices for books for Amazon's popular Kindle e-reader being much lower than physical books which is apparent as they are side by side on the same website. A large number of e-books there are priced to sell below 10 RMB (approx. \$1.5 USD) (Chevalier and Goolsbee, 2003). Consumers have far more choices and are encouraged by the low prices to purchase books on impulse, even if they don't like or read the book after buying e-books, their investment, and their risk, is low (Graziani, 2018).

2.7. Development of Network Literature and Mobile Reading

According to Ji Wei, a columnist for the Chinese language BBC, the access to Chinese literature in the Internet age is a miracle "because of the large number of readers and authors and a large number of works, no other country can compare with it" (Ji, 2010).

The phenomenon of literature has been developing in China for many years. The development of Chinese network literature has surpassed 400 million readers in 2018 with Yuewen Group, as the most developed network literature group in China, having built an average monthly user base of 200+ million (Bissenbayeva et al., 2019).

The success of network literature can be based on three factors: firstly, Network Literature can better meet a wide range of readers' reading needs through an immense selection and variety.

Secondly, Network Literature is not only a single activity reading but crosses over into the category of entertainment and social interaction as readers are not only want to read books but also want to vote for the authors they like, and leave and reply to comments. Offline reading cannot provide such an environment for readers to communicate with other readers. Comments and votes have become an integral part of the reading experience for millions of Chinese readers. The number of votes and readers' comments have also become important ways to rate, rank and evaluate books. Based at least partly on their popularity in Network Literature, a number of books have been adapted for movies and TV serial dramas, which in turn has attracted new fans for the original books which are available on the Internet. Even if people don't read the books, they can listen to audio versions of the books.

The social interaction for readers that post and read posts on the Internet is hugely popular and a major factor in the success of Network Literature.

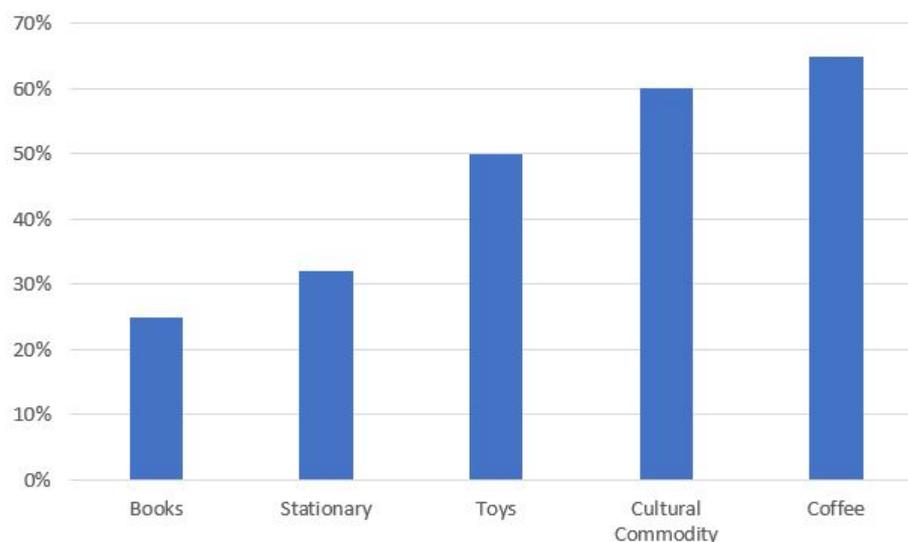
Thirdly, reading apps, supported by large and influential technology companies, have a high level of end user “stickiness”. For example, Wechat Reading a product of Tencent combines reading and socializing. While providing functionality for reading, it also offers the option for enabling end user interaction. The social psychology that people want to record and share their reading experiences with others is compelling. WeChat Reading has been very successful and as of April 2018, had reached an active user base of 5.5 million, with the average number of active people being 2.15 million. Worth mentioning is that the average daily usage time of WeChat Reading is in excess of 70 minutes. People don't just download the app, WeChat Reading really plays a role in making people read (Zhang and Wu, 2019)

2.8. Changes - New Styles of Bookstores

In attempting to survive in this era of migrating from printed material to digital, many physical bookstores have attempted to adapt their models with the most popular strategy seeking to morph into social and cultural centers. The “new” physical bookstore is no longer a traditional place for the purchase of books, but rather a place where shopping for books, reading and browsing for books take place as part of a larger social and cultural experience including catering, literary creation workshops, exhibitions art and otherwise, sharing of ideas social meetings and, usually limited food and beverage offerings as well as other activities (Zhao, 2019a).

The presence and appearance of the newer model of bookstores is closely linked with the urban culture and is fully integrated into people’s social lives. “New” physical bookstores have several characteristics: unique appearance and design which is closely integrated with local culture for welcoming shoppers/readers (Zhu and Wang, 2019). Interior design is typically closely related to customers' perception and expectation for creating a pleasant and welcoming reading experience, good interior design can create a good reading environment and resonates psychologically and emotionally with consumers. Ultimately, this new model may change consumer behavior in book stores as it has in coffee shops. In addition to books, coffee, snacks, cultural goods, and stationery have also appeared in the bookstore space, as well as services and activities such as exhibitions, special interest classes, logo items, and occasionally, even clothing are included. As indicated in Figure 1 the source of profit for some of the new styles of books stores is no longer a single stream from selling books, but in fact has morphed to where book sales comprise a relatively minor part of the overall sales revenue.

Figure 1 Source of Profit for New Style Book Stores



(Profit Source of Bookstore. Retrieved from <https://max.book118.com/>.)

The advent of these services has elevated the bookstore to a place that integrates reading and entertainment, and even spiritual and social life. Many bookstores have a diversified and report operating income of more than 70% for non-book sales related sources as they transition to hybrid operations. The profit margin for sales of coffee and other goods is typically as high as 60-65%, which is more than double the margin of book sales, thus forming a significant source of revenue (Zhao, 2019b)

Nanjing Pioneer Bookstore has developed more than 5,000 items in their “Pioneer” series of cultural commodities, including hand-painted maps, postcards, Nanjing-style creative handiwork and so on. In 2017, the profits of cultural commodities reached more than 40% of the total profits. At the same time, the bookstore carried out activities to emphasize “interaction and participation”, prolonging the stay time of consumers in their bookstores, enhancing customer stickiness, and effectively promoting customers to not only shop, but to linger, turning the book shop into a destination for leisure activity. In 2017, more than 2,000 cultural events were held by Nanjing Pioneer Bookstores across China attracting more than one million attendees (Kao and Sung, 2016).

Above all, traditional book sales may no longer provide a viable means to generate operating profit simply because people might choose a digital version of the specific book, or even worse, might choose a free pirated one (Tang, 2002). This data seems to indicate that a diversified model could possibly result in a less vulnerable model and possibly a viable business.

According to an article published by Ziming Liu (2005) “*Reading behavior in the digital environment: Changes in reading behavior over the past ten years.*” People are spending more time reading than in the past. In that study, participants were asked about their overall reading experience over the past decade including: Time spent on reading, percentage of time spent reading printed documents and percentage of time spent reading electronic documents. In that study, when asked about their reading habits compared to the past, 67% of

the participants in the survey said they spent more time reading, and about 32% said that amount of time they spent reading had not changed. The reasons for the increase in reading time were not clear and may be the information explosion, the development of digital technology, the influence of social forces or some combination of these (Ziming Liu, 2005a).

Although more than 56% of respondents said that the percentage of documents they read at one time was increasing, it was also found that many people preferred to annotate when reading, indicating that people also preferred to read in depth Nor et al. (2013) and at the same time, readers also indicate an increasing preference to comment or underline articles, which indicates that they are beginning to focus on different styles of reading (Taipale, 2014)

According to the findings of Adler et al. (1998) who studied the work-related reading of documentation, (both printed and electronic) activities of 15 people from different industries for five consecutive working days, the average time spent on document reading activities was 82% of the time, 51% of which only involved paper documents, 14% of which only involved digital documents, and 35% of which was a combination of paper and digital.

These and related findings indicate that paper and digital documents may likely coexist in the future (Sellen and Harper, 2003). Interestingly, less recent research by Woodward et al. (1997) observed that people do not like to read from the screen, preferring instead to print out electronic documents for reading, more than 80% of participants reported that they “always” or “often” printed out electronic documents for reading, This indicates that people tend to read on physical paper even if they have electronic versions. According to Liu (2005), a representative comment from one of participants in the research was; “It is hard to concentrate on reading documents on the web for readers to devote full attention to reading because they have to decide which text to read.” Also, Murphy et al. (2003) determined that for most people, online text reading was found to be more difficult to understand, less interesting and less reliable to readers than printed text.

2.9. Quantity of Books Published

To some extent, books need physical bookstores to reach readers. Certainly readers can purchase hard copies of books online for delivery, but there remain many readers who prefer to purchase in person, paper books. The dramatic increase in the numbers of books published each year, and the ratio of digital to paper, year over year presents both challenges and opportunities for bookstores. Bookstores are pressured to increase inventory by the increased quantity of books published and printed even as the ratio moves more toward digital publishing. According to the National Bureau of Statistics (*National Bureau of Statistics of China*, 2017b) the number of books published in recent years has increased significantly with 9.04 billion copies published in 2016, an increase of 4.39% over 8.66 billion copies in 2015, while 9.03 billion copies were published in 2017, a slower growth than that in 2016.

At present, the main book distribution modes in China's domestic market can be divided into general distribution, wholesale, retail and chain operations. The main outlets are Xinhua Bookstores, Private Bookstore, Foreign-funded Bookstore, Online Bookstore and Publishing House (names translated from Mandarin). Among these, Xinhua Bookstore by far the greatest market share in the distribution of books in China. Xinhua Bookstore's had 8996 distribution outlets in 2016, an increase of 0.87% compared with the previous year.(Wei, 2013a) This

indicates that although the growth rate of book publishing is slowing down, the main body of publishing still has a strong momentum.

In conclusion, physical bookstores will feel market pressure to keep larger numbers of different books on hand in order to remain competitive, while at the same time the volume of books published shows signs of increasing consistently year over year since 2017. The rate of books published is likely to be due to the current saturation of physical bookstores, not to the fact that demand will not continue to increase. Secondly, China is still a big publishing country with a large publishing volume, so even a modest growth rate translates into large numbers. Thirdly, the increasing number of book publishers will lead to more books being issued. Bookstores have to make more places to store books, that will be related to the issue mentioned previously which is the high and rising cost of commercial space in urban areas (Li, 2008). It is the cost of maintaining every larger inventories of different books, combined with the cost of space in which to keep that inventory that is making the traditional brick and mortar book store model fail. Both of those factors are trending upwards which will tend to make the situation worse.

3. STATEMENT OF HYPOTHESIS

It is apparent that like many bricks and mortar businesses book stores are facing intense pressure to remain relevant and financially viable. Book stores however are unique among physical retail outlets for several reasons as discussed above. Based on the existing body of knowledge in books stores and related topics, it seems possible that book stores may not be fated to experience the failure of so many retail businesses but may have a value add to consumers beyond simply retail sales of printed books and in fact may be sustainable under certain conditions and that is the Hypothesis that this study seeks to test:

H1A: Traditional brick and mortar book stores are a sustainable business in China.

H1B: Traditional brick and mortar book stores are not a sustainable business in China.

H2A: With adaptations, brick and mortar book stores are a viable business in China.

H2B: With adaptations, brick and mortar book stores are not a viable business in China.

The formation of the conceptual framework separates the factors according to External Factors, Internal Factors and Demographic Factors of consumers.

To explore these areas, this study seeks to address the following research questions (RQs):

RQ 1: What are the demographics of those who frequent book stores?

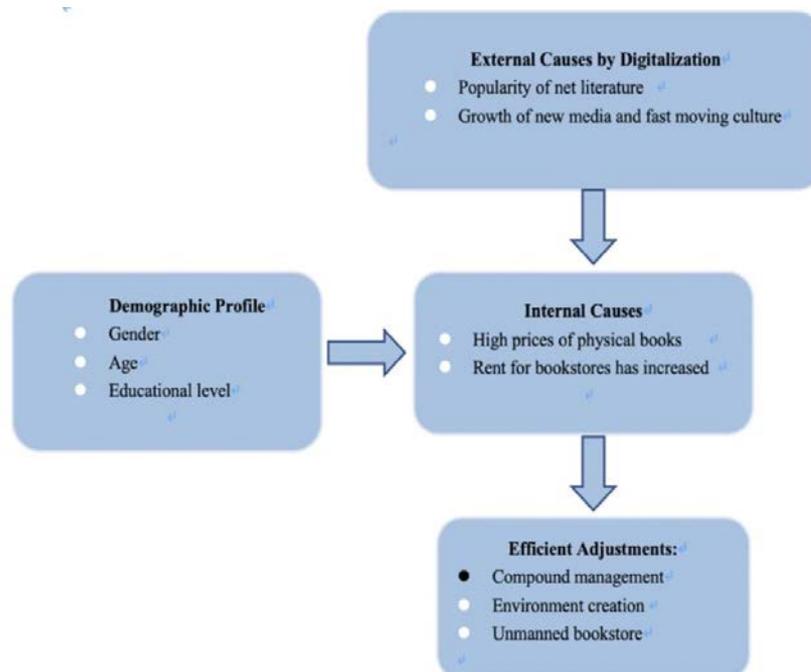
RQ 2: What are the motivation and reasons for people to visit book stores?

RQ 3: What are the social and technological trends and factors related to digitalization that may affect physical bookstores?

RQ 4: What are the factors that result in financial insolvency for physical book stores?

RQ 5: What possibilities exist for book stores to undergo transformation into viable businesses.

Figure 2 Conceptual Framework



4. METHODOLOGY

To test the hypothesis by answering the research questions this study applied a mixed methods approach: a qualitative method was used for descriptive and inferential data, to develop the survey instrumentation and ultimately to provide some narrative statements. An online survey was used to assess the respondents' reading patterns and perceptions of physical bookstores' role and impact on the business value chain by generating quantitative data. A total of 442 respondents completed the survey. The respondents covered a range of age groups and education levels. The quantitative methodology was used to convert concepts and descriptive statements into indicators and interpret them by variables. In addition, findings were based on previous research in related and similar areas. This study applied simple random sampling technique for the respondents, this method has three advantages: firstly, each individual is chosen entirely by equal chance, it is important because this research has more than 400 participants. Secondly, this technique allows the sampling error to be calculated, and bias will be reduced or eliminated. Finally, it is the most straightforward method of probability sampling.

For the analysis of the quantitative data, SPSS was used, with different tests adopted for different perspectives of the data by analyzing the relationship between classified data and quantitative data, and using variance analysis, whether the p value is significant ($p > 0.05$) and whether there is a correlation between different groups of data. When analyzing the relationship between one classification of data and another, the researchers used chi-square analysis. In addition, when analyzing the basic background information, the characteristics and attitudes of the samples, frequency analysis was used. Researchers were able to intuitively get the data proportion, and analyze the correlation. Therefore, the researchers chose variance analysis, chi-

square analysis and frequency analysis to study. This study was carried out over a 14-day period and resulted in a total of 442 respondents completing the survey.

4.1. Instrumentation Design - Pilot Study

A brief pilot study comprised of open ended questions on the research topic was conducted in the form of unstructured interviews of a total of 15 respondents by giving them open-minded questions for obtaining further understandings and implications and to provide a bases for the development of new survey questions. This step was necessary due to the unavailability of existing suitable scales in previous research.

4.2. Research Instrumentation & Data Collection Process

An online survey was used for this study. The data collected was categorized into four parts: demographic profile of respondents, respondents' perceptions regarding the factors that may affect physical bookstores as a result of the growth of digital technology, respondents' perceptions regarding the internal causes of physical bookstores' decline and finally respondents' acceptance level of changes to the function core offerings of new bookstores.

The online survey was hosted on the platform Wen Juan Xing. The link to the survey was shared on social media sites QQ and WeChat, aimed towards all age level respondents. The survey was relatively easy to access and respond to for most users in China. Because of the self-selecting random sampling technique, a high number of individuals had an equal chance to answer. The Wen Yuan Xing platform provides survey data converted into table and spreadsheet format making the results of the survey intuitive data with which to conduct analytical calculations.

4.3. Treatment of Data

This study uses quantitative analysis to find meaning in the collected data, and completed the entire data analysis process through the use of pie charts, bar charts and percentages to illustrate the demographic profile of the respondents while averages, rankings and tables are used to explain the significance of data used to address the research question and test the hypotheses.

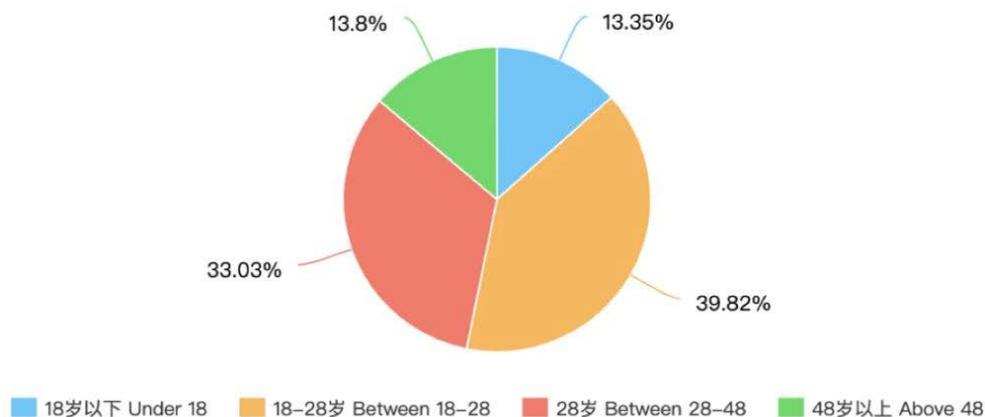
The selection distribution of book purchasers is reflected by histogram, mean and table. Variance analysis (also known as single factor analysis of variance) is used to study the population with regards to different educational background, chi-square analysis (cross table analysis, contingency table analysis, Pearson chi-square analysis) and frequency analysis are used to analyze the exterior and interior factors' roles in this study.

5. ANALYSIS / RESULTS

Four hundred and forty-four completed online survey responses were collected. For purposes of this study, the respondents were designated into four age groups as follows; 59 people from "Under 18", 176 from "Between 18-28", 146 people from "Between 28-48", 61 people from "Above 48". The detailed distribution indicated in Figure 3 shows that the majority of respondents were between the ages of 18-28. This is predictable and likely due to sampling

bias as that is also the age group that is most active online and in social media where the survey was conducted.

Figure 3 Respondents by Age Group



Reading is one of the most important ways to acquire knowledge and improve oneself. People of different educational levels can have different reading quantity and reading preferences. Therefore, this question begins to study the relationship between reading behavior and education level.

According to the basic classification of education level, the question set four options: high school and below, specialty, undergraduate, master and above. We can see in Table 1 that the number proportion of bachelors’ degree and specialist degree is nearly 70%, senior high schools and below, and master’s degree and above is about 30% together.

Table 1 Analysis of Respondents' Education Level

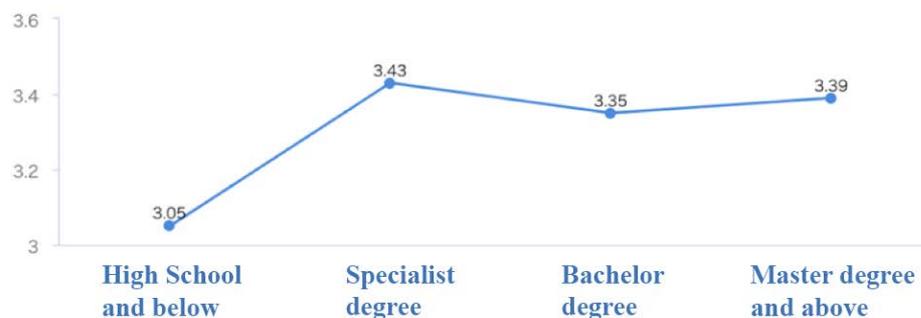
The analysis of variance analysis of respondents' education level data						
	Education level				F	P
	High School and below	Specialist degree	Bachelor degree	Master degree and above		
Reading	3.05±1.09	3.43±0.76	3.35±0.90	3.39±0.72	3.419	0.017**

The analysis of the data, begins with analysis of variance (one-way ANOVA), which is used to analyze the relationship between categorized data and quantitative data. When using variance analysis, it is necessary to judge whether the p value is significant ($p > 0.05$). If it is significant, it shows that the data of different groups have significant differences. The specific differences can be judged by comparing the average values.

This question requires variance analysis to analyze the relationship between education level and daily reading activity, from which it is possible to draw a conclusion that people with different educational backgrounds have different reading situation if the p value is significant and in fact, as indicated in Figure 4. we can see that there are different kinds of reading situations for people with different educational backgrounds. Different levels of education showed a significant difference of 0.05 ($F = 3.42$, $P = 0.02$). Specific comparison differences show that the average score of the groups with more obvious differences is “Specialist degree >

High school and below; Bachelors' degree > High school and below; Master degree and above > High school and below" can be visually displayed by the Figure.

Figure 4 Respondents' Level of Education and Variance of Reading



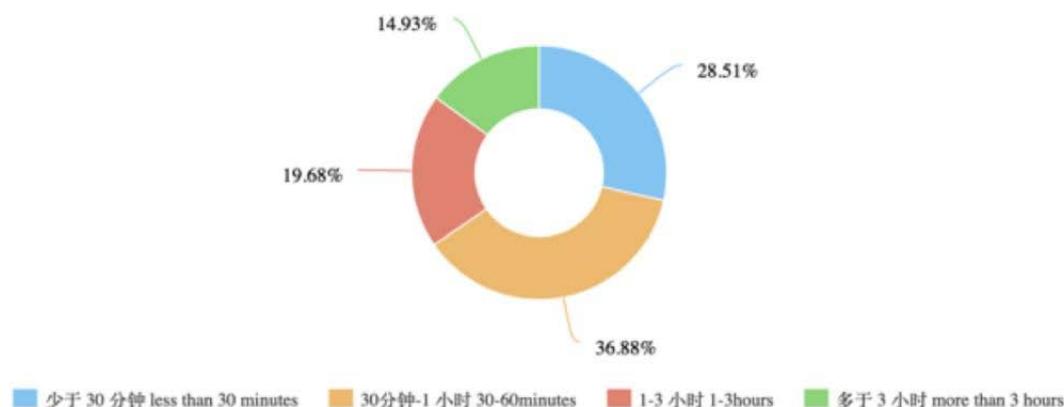
In conclusion, there are significant differences in the reading behaviors among the sample of different educational levels.

Survey questions designed to explore the reasons for the decline of physical bookstores and what role digitalization plays in that decline began by attempts to ascertain some basis regarding the reading characteristics of the respondents, the importance that they attach to reading and the level of reading activity that they engage in on a weekly basis.

For measuring people's attitudes toward reading, this study asked two questions in the survey: "How much time would you like to allocate to read per week?" and "Do you insist on reading every day?". For the first question, four probable amounts of reading times were identified: "less than 30 minutes", "30-60 minutes", "1-3 hours" and "more than 3 hours", on a weekly basis. Responses to this question are shown in Figure 5 with 28.5% of people report reading less than 30 minutes a week, 36% of people tend to read for a short period of time, 30 to 60 minutes per week. The combined percentage of responses in these two groups indicates that many respondents use fragmented time to read, and do not find reading to be a priority. This finding is consistent with the National Bureau of Statistics report, the National Time Use Survey Bulletin 2018 (www.mnw.cn/news) which reported that Chinese spent an average of 11 hours in daily activities, accounting for 49.5% of the day minus time spent on paid and unpaid work, the average time of "individual free time activities" was only 3 hours and 56 minutes, accounting for 16.4%. It would be difficult for people to read for long periods of time with only 16.4% of their daily time available for entertainment and personal pleasure.

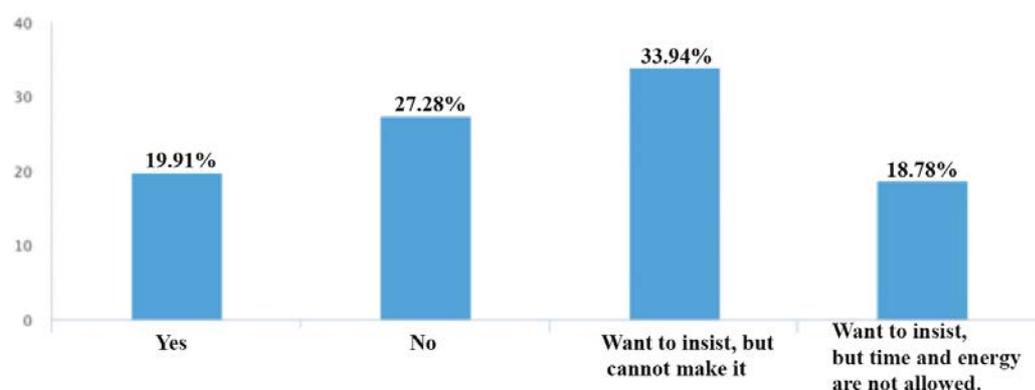
For the next question: "Do you insist on reading every day?" it was determined that data beyond a binary choice of "yes" or "no" was desired, specifically, the reasons for the responses was needed. Thus, the responses were limited to four options: "yes" and "no", plus "want to insist but I cannot make it" and "want to insist but time and energy not allowed". Being in mind that these questions are translated from Mandarin as literally as possible, in Mandarin the questions read more accurately.

Figure 5 Time Spent Reading



The results are indicated in Figure 6, as mentioned, Chinese have on average only 3 hours and 56 minutes for entertainment per week, so there is no surprise that the number of negatives responses was greater than positive responses. This data can be understood to explain that the low level of activity dedicated to reading can be related as much to a shortage of leisure time as to the development of digitalization. More leisure time would likely result in increased reading activity.

Figure 6 Reading Every Day

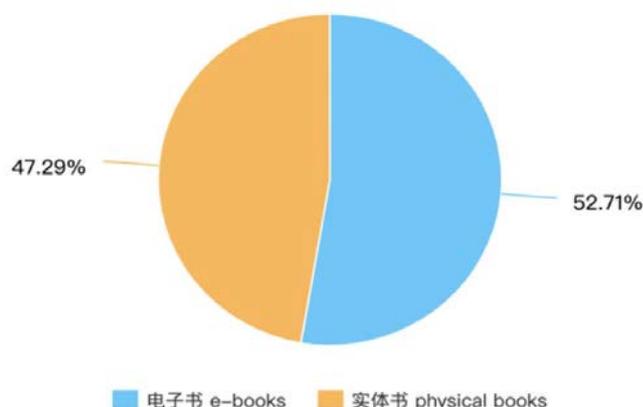


Secondly, it is necessary to understand the difference between “Want to insist but I cannot make it” and “Want to insist but time and energy not allowed”. People who choose “Want to insist but I cannot make it” are those who may have time and money, but lack the interest of willpower to keep reading. For the latter, it means people that may have the desire or willpower but lack the objective conditions necessary to realize their desire to read every day. Surprisingly, although the statistical report showed that people have very limited time for entertainment on a daily basis, there is compelling research to indicate that it is not the circumstances that limit people to a great extent, in rather the lack of willpower or motivation that leads to this situation (Leung, 2015; Yongfang, 2003). The implication here is that people

have limited time to devote to leisure time and while reading time is important, there are other activities that are appealing.

By investigating people's use of their reading time, reading characteristics and behaviors, and choice of reading forms, this study seeks to better understand the reading related behaviors of the respondents of the survey, and to better understand what kind of environment the survey is carried out in. Two questions were designed for asking people's choice of reading forms. In the responses of the first question, shown in Figure 7, the number of people that chose e-books is almost the same as the number of people choosing physical books, 47.29% and 52.71%, with slightly more people choosing e-books than people who chose physical books.

Figure 7 Preference for E-books vs Printed Books



The reasons for this relatively close balance in preference of forms are likely based not on the slight preference of one over the other because they are very dissimilar experiences, but rather on their distinct advantages and disadvantages. For example, physical books are easy to maintain and convenient for writing, but they are bulky, inconvenient to carry, ship, store, revise and are expensive to print. E-Books are favored by many because they are inexpensive to reproduce, store and transport. There is also a considerable intangible value to the physical books, as reported by many readers (Xiao et al., 2014).

One major different between e-books and physical books is the implications for intellectual property protection. While physical books can be photo copied, there is still considerable expense associated with the process, e-books on the other hand, can easily be copied and distributed. Electronic protection for e-books has proven to be largely ineffective. With this in mind, the relative importance of price was explored. In attempting to determine if price is a factor in the migration from physical books to e-books this study asked respondents if their choices would change if prices were raised or lowered. So the another question, "Considering the price and other issues, do you prefer e-books or physical books?" The implication here is that physical books are costlier to purchase than e-books. The response, as indicated in Figure 8 shows a change from the data in Figure 9, there has been a sharp decline in the number of people choosing physical books: from 47.29% drop to 38.01% indicating that price does play an important role in the choice of reading forms.

In seeking to determine how respondents tend to receive information respondents were asked “Which way do you most use to receive information in your spare time, please choose the frequency (1-4: never - very frequent)”, the responses to this question serve to help us to understand the current situation of reading that was mentioned above.

As indicated in Figure 9, initially, people who never read comprised only 5.66% of the sample which seems rather low, however, when compared with the “people who never use social media” or “short video app”, the data comes more into perspective. Although 54.75% of respondents claim that they read every day, linking Figure 9 with Figure 5 most people spend very little time reading which may lead to a poor quality reading experience. However, given the relatively positive outlook, more than 50% of people choose to read every day even though not for an extended period of time, and, they do pay attention to the significance of reading That indicates that the consumer market for the physical bookstores is not necessarily saturated and could still experience growth.

Figure 8 Preference for E-books vs Physical Book Inclusive of Price

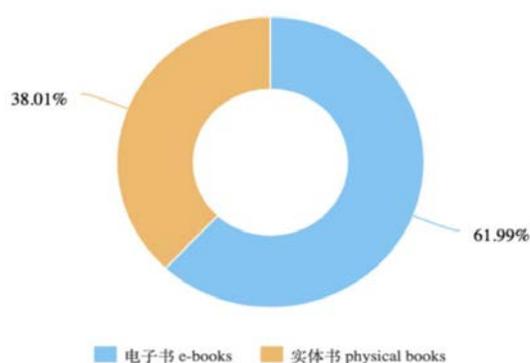
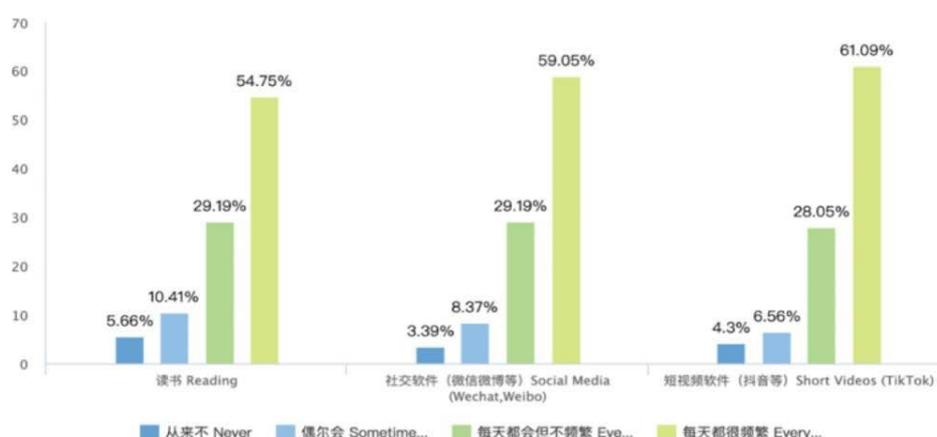


Figure 9 Method and Frequency of Receiving Information



There is no doubt that the booming effect of social media and short video is driven by digitalization, almost 60% of respondents report using social media and short video apps

frequently as a way of Internet content access and dissemination. Short videos typically take less than 5 minutes to create and disseminate on the Internet especially with the popularity of smart phones and devices combined with the acceleration in network speeds and throughput (Lu and Lu, 2019). The phenomenon of short video apps has rapidly grown to be favored by major platforms, fans and capital investors. Activity in the short video platforms has entered a period of extremely high volume, personal usage continues to grow rapidly (Marjerison and Gan, 2020)

In addition to the impact of factors external to physical bookstores, there are several important internal factors that come into the decision making process for consumers. Not surprisingly, the most significant factor in determining whether people would choose to visit a physical bookstore is whether the person likes to read physical books. The difference between e-books and physical books is obvious. However, in addition to being more convenient to access, (online), the biggest advantage of e-books is they tend to sell for a lower price than physical books (Gilbert, 2015b).

Therefore, there are two questions in the survey about the relatively higher price of physical books and whether there are promotional activities that affect the choices of readers.

Chi-square analysis (cross-tab analysis, contingency table analysis, specifically Pearson chi-square) was used to analyze the relationship between one classification data and another classification data, in this case, this question examines the differences between people who have different preferences for e-books and physical books, and whether the prices and promotions influence their choices. The result of chi-square analysis to study the differences is shown in Table 2.

Table 2 Reading Habits and Book Prices/Discounts

Chi square analysis results					
Questions	Choices	Which one do you prefer, e-books or physical books? (%)		X*X	P
		E-books	Physical books		
Is the price reasonable	It doesn't matter	6.93	6.8	7.191	0.126
	unimportant	12.12	9.71		
	general	27.71	23.33		
	important	35.06	35.52		
	very important	18.18	28.64		
Whether there is frequent promotion interaction	It doesn't matter	11.26	7.28	14.185	0.007**
	unimportant	8.66	9.71		
	general	23.81	13.59		
	important	43.29	46.6		
	very important	12.99	22.82		

According to the data from Chi-square analysis, the samples of different reading habits show no significant difference in “whether the price is reasonable” ($P > 0.05$), that is to say, the two samples show consistency and no difference. However, the sample of “different reading habits” showed a significant level of 0.01 level for the sample of “promotional activities” ($\text{Chi} = 14.19, P = 0.01 < 0.01$). In this question, the proportion of choosing general and e-books at the same time was 23.81%, which was significantly higher than that of choosing physical books at 13.59%.

The conclusion then is that there is no significant difference between the samples of different reading habits on whether the price is more reasonable or not, and there is a significant difference between the samples of different reading habits on whether there are frequent promotional and social activities or not. This finding supports H2a, there is a viable business model for books stores if they are able to provide value beyond retails sales of printed books.

The influence of geographical location of physical stores is known to be important, and physical bookstores are no exception (Zheng Liu, 2018b; Wei, 2013b). The rent of space in prosperous areas is a serious problem for the traditional physical bookstores, which not only require considerable space for large inventory of books, but are also limited by a single revenue channel. But, do the physical stores have to be in a high traffic area? This question examines whether bookstores need to pay high rent by investigating people's perceptions and priorities regarding whether physical bookstores need to be in prosperous locations. This question studies the impact of rent on the operation of physical bookstores, that is, the relationship between people's perception of the relative important of the location of physical bookstores and the frequency of people actually going to physical bookstores. Therefore, the same methodology as used previously, as indicated in Table 3 the chi-square analysis is used to study the relationship between people's perception and priorities regarding the location of physical bookstores and the frequency of people actually visiting physical bookstores. The samples with different frequencies do not show significant differences in whether they are in prosperous areas ($P > 0.05$), that is to say, the two samples show consistency and no difference. Physical bookstores don't have to pay expensive rent, or be located in busy areas to be attractive to customers. This finding indicates that BnM book stores can operate in lower rent areas which will support a viable business model because high rent has been determined to be a major factor in determining the financial viability of book stores. Therefore, supporting H2a: With adaptations, (in this case, locating in lower rent areas), brick and mortar book stores are a viable business in China.

Table 3 Frequency of Bookstore Visits by Location

		Chi square analysis results			χ^2	P
Questions	Choices	How often do you go to a physical bookstore? (%)				
		1-2 weeks	One month	More than one month		
Whether it is in a bustling area?	It doesn't matter	4.88	4.27	4	12.392	0.135
	unimportant	2.44	6.1	2		
	general	29.27	27.44	21.33		
	important	42.28	33.54	48.67		
	very important	21.15	28.66	24		

The main service of physical bookstores is to sell physical books and provide places for examining, browsing, perusing and possibly reading physical books. Therefore, to study the current situation and development of physical bookstores, it is necessary to investigate the frequency of people going to physical bookstores, what they do in the bookstores, whether they read in bookstores and the factors behind their visit to book stores. On this subject, there are two questions, one regarding the frequency of going to physical bookstores, and the 2nd regarding whether people read in the bookstore or prefer to purchase and take the books home, and, the reasons behind the decision to do either.

For frequency of going to physical books stores, this study identified four possible reasons that might influence the frequency of visiting book stores, selection and types of books, writers signing session, drinks and desserts for sale, and availability of delivery service. As indicated in Table 4 it can be found that the proportion of people choosing 3 (important) for each factor ranges from 60% to 70%, which is far greater than the frequency of 1 and 2.

A hierarchical regression analysis was carried out. Hierarchical regression was used to study the model changes brought about by the change of independent variables. Here, we studied the relationship between different facilities and services on whether people go to physical bookstores and draw them into the table in Figure 4. The B value represents the regression coefficient. This stratified regression analysis involves a total of 4 models. The independent variable in model 1 is "Is the book type complete", model 2 adds "Whether there is a writer signing sometimes" on the basis of model 1, and so on. The dependent variable of the model is: How often do you go to a physical bookstore? (Hereinafter referred to as Frequency).

It can be seen from Table 4 that the linear regression analysis of Model 1 has an R square value of 0.638, which means "Is the book type complete" can explain the reason for the 63.8% change in Frequency.

Model 1 passes the F test ($F = 767.981$, $p < 0.05$), which means that "Is the book type complete" will definitely have an impact on Frequency. The regression coefficient value of Model 1 is 0.821, and it is significant ($t = 27.712$, $p = 0.000 < 0.01$), which means that "Is the book type complete" will have a significant positive impact on Frequency. Therefore, "Is the book type complete" will have a significant positive relationship with Frequency.

In the same way, for model 2: the change of F value showed significant ($p < 0.05$), the square value of R rose from 0.638 to 0.645, the independent variable regression coefficient value was 0.299, and showed significant ($t = 2.850$, $p = 0.005 < 0.01$), which means "Whether there is a writer signing sometimes" will have a significant positive impact on Frequency.

For model 3: F value change does not show significant ($\det F = 1.433$, $\det P = 0.232 > 0.05$), which means that "Are there drinks and desserts for sale" has no explanatory meaning to the model. In addition, the change in the R-square value is only 0.001, close to zero.

For Model 4: The change of F value showed significant ($p < 0.05$), R square value increased from 0.646 to 0.650, the independent variable regression coefficient value was 0.284, and showed significant ($t = 2.119$, $p = 0.035 < 0.05$), which means "Can I buy books and send them to my home" will have a significant positive impact on Frequency.

Therefore, these factors do have an impact on whether people frequently go to physical bookstores. This finding is important in the hypothesis testing. The data tells very simply that people do visit and like to visit books stores frequently and in relatively large numbers, but are motivated by activities, largely social as well as other retail offerings that are beyond the actual purchasing of printed books. Again, the translation from Mandarin is literal.

Table 4 Bookstore Facilities and Services Frequency of Visits

	Model 1				Model 2				Model 3				Model 4			
	B	Standard error	t	p	B	Standard error	t	p	B	Standard error	t	p	B	Standard error	t	p
Constant	0.026	0.077	0.334	0.739	-0.048	0.081	-0.594	0.553	-0.077	0.084	-0.914	0.361	-0.085	0.084	-1.014	0.311
Is the book type complete?	0.821**	0.03	27.71	0	0.546**	0.101	5.404	0	0.543**	0.101	5.376	0	0.463**	0.107	4.316	0
Whether there is a writer signing sometimes?					0.299**	0.105	2.85	0.005	0.089	0.204	0.435	0.664	-0.121	0.226	-0.537	0.592
Are there drinks and desserts for sale?									0.223	0.186	1.197	0.232	0.23	0.185	1.24	0.216
Can I buy books and send them to my home?													0.284*	0.134	2.119	0.035
R ²	0.638				0.645				0.646				0.65			
Adjusted R ²	0.638				0.643				0.644				0.647			
F Value	F (1,435)=767.981,p=0.000				F (2,434)=394.343,p=0.000				F (3,433)=263.635,p=0.000				F (4,432)=200.443,p=0.000			
ΔR ²	0.638				0.007				0.001				0.004			
ΔF Value	F (1,435)=767.981,p=0.000				F (1,434)=8.125,p=0.005				F (1,433)=1.433,p=0.232				F (1,432)=4.491,p=0.035			
Dependent variable : How often do you go to a physical bookstore?																
* p<0.05 ** p<0.01																

This question is to study the relationship between whether people choose to read in physical bookstores and the importance of environment, or atmosphere of physical bookstores. Frequency analysis is also used here. As indicated in Table 5 this study identified three reasons that might influence whether people read in physical bookstores; quiet environment, comfortable seating areas, and refreshments and desserts for sale.

As shown in the analysis strategy in table 4, table 5 takes “Is it quiet” as an independent variable and “If you go to the physical bookstore, are you used to reading in a bookstore or buying a book to take home to read” (Formerly referred to as Choice) as the dependent variable for linear regression analysis. As can be seen from the above table, the R square value is 0.593, and the model passes the F test ($F = 633.843$, $p < 0.05$), the regression coefficient value of the independent variable is 0.787, and showed significance ($t = 25.176$, $p = 0.000 < 0.01$). A summary analysis shows that all of “Is it quiet” will have a significant positive impact on Choice.

For model 2: The change in F value did not show significant ($\det F = 0.097$ $\det P = 0.756 > 0.05$), which means after “Is there a comfortable sofa” joining, it has no explanatory meaning to the model. In addition, the variation of R square value is only 0.000, close to 0.

For Model 3: The change of F value showed significant ($p < 0.05$), R square value increased from 0.593 to 0.628, the regression coefficient value of independent variable was 0.636, and showed significant ($t = 6.368$, $p = 0.000 < 0.01$). Therefore, “Is the temperature comfortable” will have a significant positive impact on Choice.

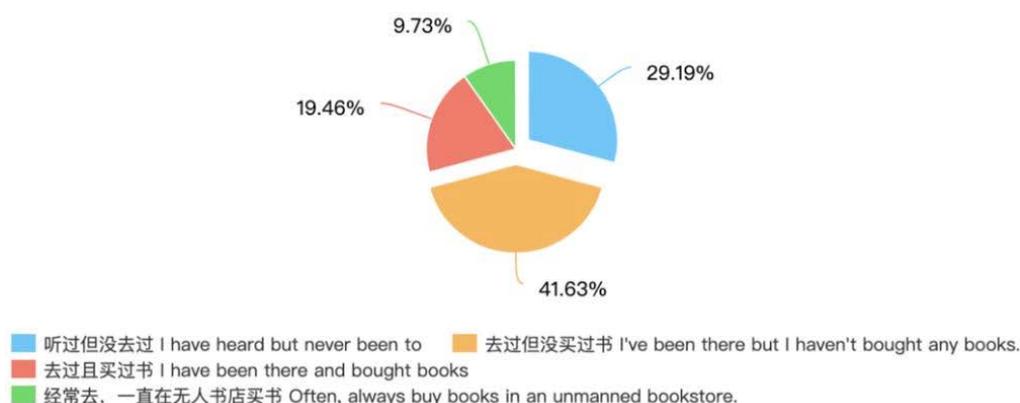
In summary, the data suggests that the physical environment of the bookstore is important to them and while comfortable seating is not important, temperature and noise level, in short, the environment, are important. From this we can conclude that people see bookstores as potential more than a place for simple transaction of purchasing a book but rather a place to read and spend leisure time. These findings support H2b, that if bookstores are able to adapt to offering more than selling printed books, and are able to provide some social value, they can be a viable business model.

Table 5 Influence of Bookstore Environment on Visits

	Model 1				Model 2				Model 3			
	B	Standard error	t	p	B	Standard error	t	p	B	Standard error	t	p
Constant	0.005	0.083	0.065	0.948	-0.004	0.089	-0.048	0.962	-0.203*	0.09	-2.246	0.025
Is it quiet?	0.787**	0.031	25.176	0	0.746**	0.137	5.455	0	0.578**	0.133	4.333	0
Is there a comfortable sofa?					0.045	0.143	0.311	0.756	-0.349*	0.151	-2.315	0.021
Is the temperature comfortable?									0.636**	0.1	6.368	0
R ²	0.593				0.593				0.628			
Ajust R ²	0.592				0.591				0.625			
F Value	F (1,435)=633.843,p=0.000				F (2,434)=316.311,p=0.000				F (3,433)=243.608,p=0.000			
ΔR ²	0.593				0				0.035			
ΔF Value	F (1,435)=633.843,p=0.000				F (1,434)=0.097,p=0.756				F (1,433)=40.551,p=0.000			
Dependent variable : If you go to the physical bookstore, are you used to reading in a bookstore or buying a book to go back to read?												
* p<0.05 ** p<0.01												

On World Reading Day, April 23, 2018, China's first “unmanned bookstore” came into being, named Chi Da bookstore, it was developed and built by Alibaba and a significant attempt to innovate and adapt physical bookstores by adding activities, refreshments, and options to read, buy, borrow/rent books. The entire operation runs on mobile phone technology, users scan “QR” codes to enter the Chi Da bookstore, pick up any book and exit through the “settlement door”, where they will automatically complete the payment, based on facial recognition and be changed using the Alipay app. The entire process is cashless and does not require any human interaction.

Figure 10 Awareness of Unmanned Bookstores



While it is early to make a determination as to the viability and long term success of unmanned bookstores, as indicated in Figure 10, 41.63% of respondents have been to unmanned bookstores. This is a relatively high number considering that the number of unmanned books stores to date in China is fairly small. This high number also indicates that there is both interest and at least early indicators of acceptance by consumers for unmanned bookstores. The potential for growth of unmanned bookstores is indicated by the 29.19% of respondents that have heard of, but never been to, an unmanned bookstore The fans, or enthusiasts of unmanned bookstores are only 9.73% while 29.19% of people actually buy books in bookstores which indicates that although most people find this form of bookstore

interesting and novel, they are still hesitant to make purchases. Although the awareness and even visiting has been encouraging, the proportion of people who actual make purchases is relatively small.

Whether these numbers combining with the 41.63% of respondents that have actually visited unmanned bookstores will translate over time into a financially viable business model remains unknown but shows considerable promise. Due to constraints on space a complete statistical treatment of this data, which is peripheral to the core purpose of this study is not undertaken. Nevertheless, it is evident from these findings is that there is a demonstrated demand for physical books stores of a non-traditional form. This finding supports H2a.

The data and information included in this study, when analyzed and aggregated paints a complex picture. The value placed on books, and reading is high. The activity of reading is valued but reading competes with other social activities for respondents' leisure time. It appears that while still widely used, due to the higher cost of printing books combined with the increasing rents, traditional BnM bookstores in China are in a weak and declining market, and not sustainable under the existing model, therefore H1a is not supported, rather H1b is supported by the data.

For those BnM book stores that have already or are able to adapt and transform into a new business model supported by multiple revenue streams and providing social value in ways beyond sales of printed books, the data indicates a clear path for ward. Therefore, H2a: With adaptations, brick and mortar book stores are a viable business in China are a sustainable business in China is supported and H2b: With adaptations, brick and mortar book stores are not a viable business in China is not supported.

Table 6 Hypothesis Testing

Hypothesis	
H1A: Traditional brick and mortar book stores are a sustainable business in China.	Not supported
H1B: Traditional brick and mortar Book Stores are not a sustainable business in China	Supported
H2A: With adaptations, brick and mortar book stores are a viable business in China.	Supported
H2B: With adaptations, brick and mortar book stores are not a viable business in China.	Not supported

6. CONCLUSION AND PRACTICAL IMPLICATIONS

This study aims to explore how the rapid development of digitalization has influenced physical bookstores in China, assess the validity of the current adjustments made by physical bookstores for responding to the changing business environment and provide preliminary evidence as to whether, based on the usage patterns, priorities and habits of Chinese consumers, it is possible through adaptation and innovation possible to see a pathway to viability for

physical book stores going forward. Additionally, the findings offer insight into how Chinese use their leisure time, the relationship between education and use of leisure time, how Chinese access information and printed content, and through secondary data, an overview of the bookstore, publishing, printing and sales segments.

With the development of digitalization, online shopping and online reading have developed and expanded rapidly and entered people's daily life, e-book sales have grown rapidly as well. As a result, the development of the physical bookstore for primarily selling physical books with the subsequent reliance upon a single revenue stream, has encountered serious problems. This study analyzed what impact physical bookstores have received in the development of digitalization and how they might survive in this new era.

The study points out that the viability of physical bookstores in China over the last ten years has not been encouraging, the sales of e-books have grown rapidly as has the market share for e-books. In this study, the problems faced by physical bookstores can be divided into two aspects. Firstly, the internal problem is that the entity bookstore only relies on the profit model of selling physical books. It is difficult to reconcile the high rent of retail space in desirable areas, and the relatively high prices of the physical books which is necessary to cover both the cost of space, and the cost of production, with the convenient and less expensive e-book. This difference in price makes people hesitant to buy physical books.

Secondly, there are external reasons. With the development of network literature, the market share of e-books is showing a growth trend that is likely to continue, and people are very keen on online reading. At the same time, a rapidly developing culture of people's daily time being occupied by short videos, social media, and current events, much of which is delivered in video format and in small portions. Usage patterns for leisure time entertainment and access to information has changed greatly.

As a result of digitalization, there is more information available than ever before and society as adapted to increased ease of access to information and entertainment content. People are more interested in, accustomed to and willing to spend more time accessing and absorbing printed content but in different forms than in the past. Despite the impact of e-commerce and e-books, in the consumer market, the domestic physical bookstore market appears not to be saturated, so with adaptation, physical bookstores may still prosper and there remains room for growth.

Some bookstores, not unlike coffee shops, have transformed and are no longer a pure reading place for people, but a collection of books around the relevant content of the information, cultural and social center. The more data or information on the reading interests and habits of consumers, and on bookstore that is available, and utilized, the more the bookstore segment will gain the insight into readers' preferences and priorities and then enable the making of accurate business decision with the result of becoming more attractive to consumers. The rise of e-books and e-commerce has led to the decline of traditional bookstores. Is there a future for traditional bookstores? The answer is yes, but not in the single stream business of selling books as has been done previously, but rather to transform into a new model of providing social value and a multiple revenue stream retail industry.

7. SIGNIFICANCE OF THE STUDY

With the rapid and ongoing development of digitalization, people's daily life has been increasingly occupied by digital media. There are many media products that are specifically designed to be read digitally as well as those that are intended to imitate the reading experience of physical books. Because of the convenience and portability of these electronic products and the lower price of e-books, the situation of physical books and physical bookstores is increasingly in peril. There are however, still several reasons for the existence of physical bookstores. Copyright protection of digital media is sketchy at best with widespread abuse of intellectual property rights. Publishing physical books is still one of the most important sources of income for writers and the most direct way to maintain the copyright of their creative works. In addition, the physical bookstore can be used as a place for writers and readers to communicate, collaborate, meet, socialize and exchange ideas. Bookstores can also be a part of the social experience of urban cultural life. At the reader level, there are still some people who like the reading experience of physical books. To avoid being eliminated in the process of digitization due to lack of keeping up with advances in technology and the evolving needs of society, physical bookstores urgently need to transform themselves and turn the present crisis into the driving force of development. This study serves as a starting point for determining the impact of digitalization on physical bookstores, analyzing the developmental trends of the physical book and the electronic book, investigating the readers' reading habits and tendencies, reinforcing the need for adaptation and innovation and ultimately helping the physical bookstores to set a direction for viability. It should also be noted that book stores are but one of many businesses that are in peril as a result of technological advances built on the internet, specifically online shopping and information dissemination. Some of the findings in this study may serve as a basis for exploration of how other types of businesses can adapt and innovate. This study might be of interest to an array of readers including those who are interested in book stores, urban lifestyles, leisure time usage, the impact of online commerce on society and physical retail outlets, scholars of Chinese economic development and how modern culture is effected by digitalization.

8. LIMITATIONS AND FUTURE RESEARCH

The variables that drive the decline of physical bookstores are not limited to those indicated in this study. For example, there are geographical differences, China is large, the educational level of different cities in China varies greatly. The specific reasons for the decline of bookstores in different cities are likely to be different. Therefore, one study cannot cover all every variable. Secondly, the scale of this study is both limited and broad. Respondents to the survey included all age levels while the behaviors of different age groups may vary widely, respondents who are "above 48" may not be frequent or regular users of social media, or don't know how to use WeChat to take the survey, respondents who are "under18" may not have, or have regular access to a mobile phone.

Due to the limited previous research on the specific topic of this paper, it is hoped that this study will serve as an initial finding on which further research can follow. While the sample size was not small, 400+ completed surveys is considerable, future research could focus on more specific demographic groups, segmenting the populalation for more precise findings. It is hoped that the findings will be useful to those conducting research on related topics of bricks

and mortar businesses of all types and how they can adapt and innovate into different models that can prosper in the era of digitalization. In addition to providing a foundation for further research it is hoped that this study will serve to refocus the efforts of existing bricks and mortar book stores from how to survive, into how to adapt. Bookstores add value to society, and are valued by consumers, they need not worry as much about survival as this research showed, but rather how to evolve from the existing bookstore model into one that provides a more diverse value proposition to society than a single offering of selling physical books. The potential of physical bookstores can only be reached and sustained through the exploration of many new and meaningful ideas that can be discovered and exploited on the basis of research.

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