

# An Analysis of the Innovation Path of Intelligent Physical Book Stores: The Enlightenment of the Japanese Tsutaya Bookstore

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**Abstract:** *This paper analyzes the innovative path of the intelligent development of physical bookstores in my country from three aspects: retail model, scene construction, and focus service. At present, China's physical bookstores are in the process of intelligent transformation, and Japanese physical bookstores in the recovery stage are comparable to one another. While on the one hand, data takes root, it divides the layout of books carefully, and points to content differences, on the other hand, it returns to humanistic feelings.*

**Keywords:** Physical bookstore, Intelligent bookstore, Man-machine integration.

## 1. Introduction

As Internet technology impacts the book retail market in Asia, a new wave of bookstore upgrades and transformation is taking place. In addition to Tsutaya Bookstore in Daikanyama and Xinhua Bookstore in China, which have become mature bookstores, other bookstores including Pioneer Bookstore, Fangsuo Bookstore and Pioneer Bookstore have also become mature bookstores. A number of them, including Tsutaya Bookstore in Japan, have succeeded in implementing a complex transformation model, extending the core value of physical bookstores from knowledge to services through the use of big data. The resurgence of Tsutaya's bookstore has implications for China, which is also in the midst of a digital transformation of its bookstores: how can we explore the path of transformation for intelligent bookstores in China, so that we are better than blue? In this article, the author explores innovative paths for the intelligent development of brick-and-mortar bookstores in China using the Japanese bookstore Tsutaya as an object of study.

In the first quarter following the outbreak, less than half of brick-and-mortar bookstores remained open, according to the Japan Book Trafficking Association. Brick-and-mortar bookstores have begun to transform digitally, creating thematic bookstores offering lifestyle services. Complicated bookstores utilize advanced data technology to obtain basic information about their readers, arrange personalised book displays in response to customer preferences, and incorporate lifestyle elements into their marketing strategies. A bookstore such as Book and Bed, for example, provides accommodation for readers to fully enjoy their time with a pillow and the scent of books by setting up beds behind the bookshelves. Furthermore, themed bookstores clustered at the tail end of market demand are equally split with complex bookstores. By holding occasional themed exhibitions, "atomic shoppers", who had been isolated and scattered, have quickly found a sense of belonging. To summarize, Japanese brick-and-mortar bookstores are becoming increasingly focused on the reader's experience, and the content and services that they offer are becoming increasingly refined.

In the 2020-2021 China Physical Bookstore Industry Report, released at the China Bookstore Conference in 2021, 4,061

independent e-book stores will open across the country in 2020, and 1,573 will close, resulting in a 2.6 times greater number of brand openings than closures. Physical bookstores are struggling to cope with tough market conditions, and they are turning to the internet for assistance. For physical bookstores, "live-streaming + books" has become a major marketing tool in recent years, utilizing the expertise of live-streaming anchors in their vertical fields in order to attract new customers. Further, some physical bookstores are forming online communities to create exclusive matrixes based on the needs of their users. The physical bookstore has become a cultural landmark of urban civilisation at present. In spite of the fact that exquisite bookstores can attract a momentary stopover, they are unable to convert mobile visitors into regular readers. Brick-and-mortar bookstores in the United States invest in hardware, however they are unable to provide offline knowledge services without a mature marketing strategy.

## 2. Methodology

As part of our analysis of the current development of intelligent physical bookstores in China, we searched Chinese and foreign academic databases as well as indexed information using the China Knowledge Network using keywords such as "physical bookstore", "Tsutaya bookstore" and "intelligent bookstore". Also, we used Google Scholar to index the current development of physical book stores in China with the keywords "Independent bookstore," "Tsutaya Bookstore," and "Intelligent Bookstore." In order to analyze and summarize previous research on how brick-and-mortar bookstores are being transformed by digital technology and to explore practical innovations, keywords such as "Independent bookstore", "Tsutaya Bookstore" and "Intelligent Bookstore" were analyzed and summarized as part of the indexing process. This study analyzes Japanese bookstores with development models similar to those of China's brick-and-mortar bookstores, focusing on Tsutaya Bookstore, the first store to begin its intelligent transformation, as a case study subject. The study examines the operation model, the marketing concept, and the design of Tsutaya's bookstores in order to gain a deeper understanding of the concept of "human-machine integration" in Tsutaya's bookstores as a whole. The bookstore represents a superb marketing model

for domestic bookstores at a time when the bookstore boom is in full swing. It also inspires ideas for the future development of physical bookstores in China as a whole.

### 3. Case Study

The Tsutaya bookstore in Japan has been a pioneer in the development of intelligent services, incorporating the concept of human-machine integration into its practices, as well as pioneering complex marketing methods. Many international mainstream media outlets have ranked Tsutaya bookstore as one of the world's most beautiful bookstores since 1983. Approximately 50% of the Japanese population uses Tsutaya bookstore as of 2018, which is 67.88 million users. In intelligent book stores, technology, model, and process innovation are combined. It tracks user profiles using data and continuously constructs cultural spaces that meet the needs of users. As an early adopter of the "Book + X" retail model, Tsutaya's smart bookstore is both technically and emotionally intelligent, with a human-centered approach to service.

#### 3.1 Identification of Data: The Identification of a Community of Readers for a Particular Audience

For the purpose of offering heterogeneous services to a variety of customers, Tsutaya Bookstore understands the laws of the book market and operates its membership data in a forward-looking manner. Currently, there are 60 million members of the shop, and the audience targeting varies based on the shop: the Daikanyama shop initially targeted middle-aged and elderly individuals, whereas the remote location of Hakodate in Hokkaido targeted the community and children. A majority of the books at the Daikanyama shop tend to be religious and philosophical, while the books at Hokkaido Hakodate are more leisure-oriented and geared toward children. As well as providing quick access and self-service book shopping, radio frequency technology (RFID) is also available. The shelves in the shop are equipped with electronically tagged readers. This provides readers with the ability to locate their items on a screen as long as they are accurately positioned. Readers are not required to scan each tag individually during checkout. The shop assistant adjusts the books on the shelves according to data that is stored and analysed in real time. This results in the most effective combination of books on the shelves.

#### 3.2 Integrated Marketing: Creating a Reading Space based on Big Data

If you fail to plan the entire picture, it is not enough to plan one area. Tsutaya Bookstore, part of the CCC Group, has 10 million members, and its "T-Card" points service allows it to fully understand its customers' spending behavior and develop a large database of customers. With the concept of providing readers with "proposals for their lives", Tsutaya Bookstore breaks away from the traditional way of categorizing books and places related books and retail items in the same section based on the common shopping behavior of users. To maximize sales impact, it is critical to put toolbooks and retail tools together in order to maximize sales impact. Furthermore, Tsutaya Appliances, which shares a membership database with public libraries, explores the deeper needs of users in partnership with them. A membership card issued by Tsutaya

bookstore can be used to borrow books from a specific library, which regularly recommends books based on user data, resulting in repeat purchases. Basically, the database serves as a solid intellectual foundation for the intelligent development of physical bookstores. It incorporates ideas that permeate experiential services and greatly extend bookstores' spatial significance.

#### 3.3 Human-centered: Providing Personalized Service through the Use of Experts

According to Maslow's hierarchy of needs theory, individual needs are categorized into social interaction and self-actualization respectively. Booksellers have evolved from selling a single book to a multifaceted retail model that is experience-oriented, knowledge-based, and multifaceted. To build a differentiated bookstore, Tsutaya Bookstore has invested in the introduction of talent. A key step for the company's staff is to formulate a plan that seeks to increase customer value while maintaining a strong database, according to Founder Soaki Masuda. In light of this, bookstores are seeking candidates who possess the ability to understand data, capture hearts and minds, and plan effectively. In addition, Tsutaya bookstores tend to attract well-known individuals in various fields, with whom it is easy to converse freely. The guides make recommendations and presentations according to the reader's learning desires, providing warm, detailed content to meet the readers' needs. In summary, the professional guide fills the gap in data push, knowledge is no longer the sole selling point, and the need for socialization and self-actualization is satisfied.

## 4. Discussion

Generally, domestic brick-and-mortar bookstores have not invested enough in membership data and talent teams to make an impact. Stones from other mountains can be used. Online and offline retail markets have resulted in a significant number of brick-and-mortar bookstores losing sight of one another. In reviewing the case, the concept of human-centered and human-machine development of Japan's Niaoya Bookstore provides innovative development ideas for domestic brick-and-mortar bookstores in three areas: retail experience, social space, and intelligent differentiation.

#### 4.1 Unlocking Cross-border Experiential Opportunities

The transformation model of domestic brick-and-mortar bookstores is largely similar to that of Japan, in that they are all moving towards a composite business model, closely integrated with people's clothing, food, housing, and transportation, as well as diversified cross-border operations. Physical bookstores will need to develop a consumption pattern of diversified experiences during upcoming retail 5.0. They will also need to develop cultural creativity, and talent introduction capabilities. In addition to expanding their boundaries, medium and large domestic physical bookstores should provide online and offline consumption scenarios. The Nanjing Pioneer Bookstore, for example, has set up a book blind box program. By selling books and cultural and creative products in blind boxes, this program subconsciously shapes users' reading habits. Small brick-and-mortar bookstores do not have to follow technological leading, but should recognize

the market situation, focus on the needs of the tail end of the market, and bend the rules in terms of humanising services and reshaping the reading scene.

#### 4.2 Designing a Reading Environment that is Conducive to Social Interaction

Design is the only way for a bookstore to survive. While a 'Netflix' style bookshop can attract a captive audience, it cannot turn tourists into regular customers. The traditional reading model is being disrupted by emerging technologies that help to build interactive social reading scenes, with technologies such as AR and VR digitizing objective reality, increasing the user's sense of presence, mobilizing their social motivation, and avoiding group isolation. Using biometric technology in conjunction with databases, bookshops can better understand the consumption preferences of their customers. For example, City Bookstore uses a face recognition system to capture consumption information based on a database of users. As a result of technology, physical bookstores can be transformed into public reading spaces. This can trigger the collision of ideas by optimizing layouts and opening up the mobile social scene.

#### 4.3 Incorporating Emotional Analysis Systems into Niche Services

People are won by the one who wins their hearts and minds, as the saying implies. China's physical bookstores will also be required to develop emotional knowledge maps based on shopping reviews on online platforms in order to satisfy the intelligent information needs of audiences. Previously, users could not locate product shortcomings within product descriptions. However, the sentiment knowledge map query system provides a solution in this regard: the user's query request is semantically parsed and matched with relevant information from the knowledge base, the corresponding entity is retrieved from the knowledge base, and the complete knowledge system is presented to the user in order of importance. Using cross-attribute queries, users can obtain the information they need in a short period of time, and emotional knowledge graphs demonstrate the advantages of intelligent and personalised retrieval services. A general theme in bookstore intelligence is refined management, and the integration and development of technology and services remains a long way off.

### 5. Conclusion

A sustainable innovation path for physical bookstores is "human-machine integration," in which user thinking plays a significant role. In one sense, technology integration leads to a composite retail model. Using emerging technologies such as big data, artificial intelligence, and semantic analysis, as well as organically integrating with other industries, users will be able to continuously expand the scope of the bookstore. The people-oriented concept, on the other hand, stimulates vitality both within and outside the bookstore.

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