
Analysis of Market Entry Barriers and Development of a Business Case for an Education Book Publisher

– Bachelorarbeit –

Zur Erlangung des akademischen Grades „Bachelor of Science (B.Sc.)“ im Studiengang
Wirtschaftswissenschaften der Wirtschaftswissenschaftlichen Fakultät
der Leibniz Universität Hannover

Vorgelegt von

Name: Brinkmann



Brinkmann



Vorname: Maxie



Maxie



Prüfer: Prof. Dr. M. H. Breitner

Hannover, den 01. Oktober 2013

Table of Contents

List of Tables.....	II
List of Figures	II
List of Abbreviations.....	II
1 Introduction	1
1.1 Motivation and Relevance	1
1.2 Objectives.....	2
1.3 Structure and Methodical Approach.....	3
2 Theoretical Foundations	5
2.1 Schoolbooks as products and goods	5
2.2 Education Book Publishers	10
2.3 Market Entry Barriers.....	12
2.4 Business Models.....	14
2.5 Business Model Innovations.....	19
3 Market Analysis: The German Schoolbook Market and the mainstream Business Model of the three major German Education Book Publisher.....	21
3.1 Market Analysis.....	21
3.2 The traditional Business Model.....	26
4 Market Entry Barriers in the German Schoolbook Market	37
5 Business Case: Market Entry Opportunities for the German Schoolbook Market using the example of the Education Book Publisher Brinkmann.Meyhöfer	40
5.1 Short Profile and the Business Strategy of Brinkmann.Meyhöfer.....	40
5.2 The Market Entry Barriers for the German Schoolbook Market out of the perspective of Brinkmann.Meyhöfer	42
5.3 The Business Model Brinkmann.Meyhöfer and its Innovations for the Schoolbook Industry.....	46
5.4 Critical Success Factors and Challenges of the Business Model of Brinkmann.Meyhöfer	50
6 Conclusion and Outlook.....	54
References	III
Appendix	IX
Ehrenwörtliche Erklärung.....	XLVII

1 Introduction

1.1 Motivation and Relevance

Looking at the industry of education it becomes clear that the general importance of quality in classes, lessons and overall education increases.¹ This can be noted by the implementation of learning standards as well as the resulting verification of the learning standards with the centralized exams and the gain in the number of pupils visiting higher education systems.² A schoolbook in this connection serves as the fundamental medial carrier for classes, whereby classes illustrate a specific form of communication and interaction between teachers and pupils.³ Whereas on the one hand the educational system changed, on the other hand the general publishing industry alters in the way of transformation from the logic to an institutional way as well. Likewise those changes can be adapted to the perspectives of education book publishers in the market of schoolbooks. Thus, years ago the industry experienced a change in the way of emphasizing publishing as a profession of a market perspective, to the transformation of publishing as a business. This institutionalization in the 1970s led to the change from small and private publishing houses to a market for publishing companies with its appropriate pressure.⁴ Within those old developments of publishing in general as well as the ongoing changes in the publishing industry the market of schoolbooks illustrates an own market segment, which is more strongly linked to continuity, maybe even stagnation. In no other segment of the book market the insistence of freedom of opinion and speech is greater than in the schoolbook market, whereby in the same way the concentration of the schoolbook industry is higher than in other book industries.⁵ The market segments of specialized providers: Three professional education book publishers with their subsidiaries and brand diversities are dominating the market of schoolbooks. Moreover because of the high market entry barriers smaller and younger firms with traditional schoolbooks and unchanged methods have no chance to enter the

¹ Cf. Autorengruppe Bildungsberichterstattung (2012, p. 99)

² Cf. Block et al. (2011, p. 215)

³ Cf. Schallenberger and Stein (1978, p. 15)

⁴ Cf. Thornton and Ocasio (1999, p. 802 et seqq.)

⁵ Cf. Becker (1978, p. 20)

market in a successful way. It can be interpreted that this can lead among others to the underestimation of the necessity of a comprehensive business model for the competitiveness of future-oriented companies in markets with high market entry barriers.

Despite all that the education book publisher Brinkmann.Meyhöfer managed to enter the market of schoolbooks with its difficult conditions in a successful way. The company has finished its foundation phase by now and is today strategically in the second phase of development, which shall be characterized by growth in regard to sustainable revenue. This can be attributed to the consideration that the development of strategies cannot be rated high enough for companies. Moreover a strategic approach has to be operationalized, its courses of action have to be proved and converted in an action-oriented business model at the same time. Thereby the business model serves as an aid to orientation and decision of the entrepreneurial doer. For the entry in markets with high market entry barriers innovations in the business model are of great importance.⁶

1.2 Objectives

This thesis is written with special assistance of the education book publisher Brinkmann.Meyhöfer and is furthermore supported with interviews of other experts out of the schoolbook industry. Thus, the primary objective is to combine the theoretical facts with the practice, which provides a better insight into the schoolbook industry as well as an overview in this field of business, which is by now only rarely scientifically researched. Furthermore in the course of this thesis another objective is to affiliate the overcoming of market entry barriers in a market with particularities of an innovative and strategic business model. In addition, with this thesis an enhanced insight into the practice and approaches of the publisher Brinkmann.Meyhöfer shall be examined as well as the developing of better understanding of the main core of business models shall be gained.

⁶ Cf. Teece (2010, p. 186)

6 Conclusion and Outlook

The goal of this present thesis was to build up a market analysis as well as a business case for the possibility to enter the German market of schoolbooks. In order to gain an understanding of the German schoolbook market, a market analysis is made and its mainstream business model is introduced. Moreover interviews with experts additionally to the analysis and the mainstream business model, revealed the main market entry barriers for market newcomers. In this connection four main market entry barriers can be separated: the missing market know-how, the fragmented markets, the existing brand loyalty as well as the long lasting capital commitment. Using this information a business case for the market newcomer Brinkmann.Meyhöfer is investigated and its critical factors of its innovative business model as well as the dealing with the existing market entry barriers are analyzed. Out of this the critical success factors and challenges for a market newcomer like Brinkmann.Meyhöfer are estimated and the handling of those is described.

In conclusion those on the first view most challenging factors are more and more developed to success factors for Brinkmann.Meyhöfer. Thus it can be noted that the strength of the brands in the schoolbook industry is much less strong than expected. In this connection it can be conducted that Brinkmann.Meyhöfer underestimated the potential of the brand "Abi-Box". Due to the widely distributed brand tiredness of the customers and the increasing confusion of the brands and also their schoolbooks it can be interpreted that customers were waiting for new products for the market of schoolbooks. In the same time the leading education book publishers did not notice those needs of the customers, because the customers do not require this confusion of the large and similar range of available schoolbooks and it can be conducted that this situation could not be seen in the market surveys of Klett, Cornelsen and the Bildungshaus as well. Moreover the leading education book publishers indeed know about the competitive situation, but they do not take it into consideration as danger. Thus it can be said that the market of schoolbooks is in its submarkets much less protected than

the leading competitors think.²³⁶ Whereas the great propensity of customers to change the publisher likewise as the decreasing brand loyalty of the customers simplified the entry in the market for Brinkmann.Meyhöfer, it contains also that customers have to be hold with a lot of expense. Caused by the changes and innovations in the modeling of the business model at key points, the entrance in the schoolbook market is possible for new companies. Likewise the established companies have trigger with changing parts in their business model due to the so-called inertia. Furthermore it can be interpreted that established firms tend to avoid changes in the business model in consequence of the unwillingness of bringing established and by now successful structures, processes and principles into question. This can also be seen in the schoolbook industry.

As a final result it can be said that the detailed knowledge of the industry, market as well as target groups is the decisive factor to get the possibility of entering the schoolbook market. Furthermore the permanent willingness to embrace changes as well as the importance of the connection between the business strategy and the business model are of great importance.

Whether or not a market entry on the basis of the business model innovation is possible in every segment of the schoolbook market for Brinkmann.Meyhöfer has to be examined now. It can be conducted that for getting access in other submarkets of the schoolbook industry additional variations and innovations are presumably necessary. On the basis of the developed critical success factors conditioned by the innovations and structural changes in the traditional business model of education book publishers, Brinkmann.Meyhöfer creates a situation calling for response of the competitors. On the one hand, one possibility for the leading traditional education book publishers could be to react by developing schoolbooks with the same function of satisfying the changing needs of all customers to participate on the newly created market growth by Brinkmann.Meyhöfer. This alternative can be noted in the market nowadays, by looking on the product portfolio of the leading competitors in the market of schoolbooks. By using mostly similar product names as well as related product formats, it can be

²³⁶ Cf. Carmanns and Rodenberg (2013, A.5, p. XXXI)

interpreted that they are trying to get the acceptance of the customers. On the other hand the competitors could alternatively remain on their over years practiced growth strategies, which can be interpreted as a strategy of growth by acquisition, and then try to take over the new education book publisher Brinkmann.Meyhöfer.