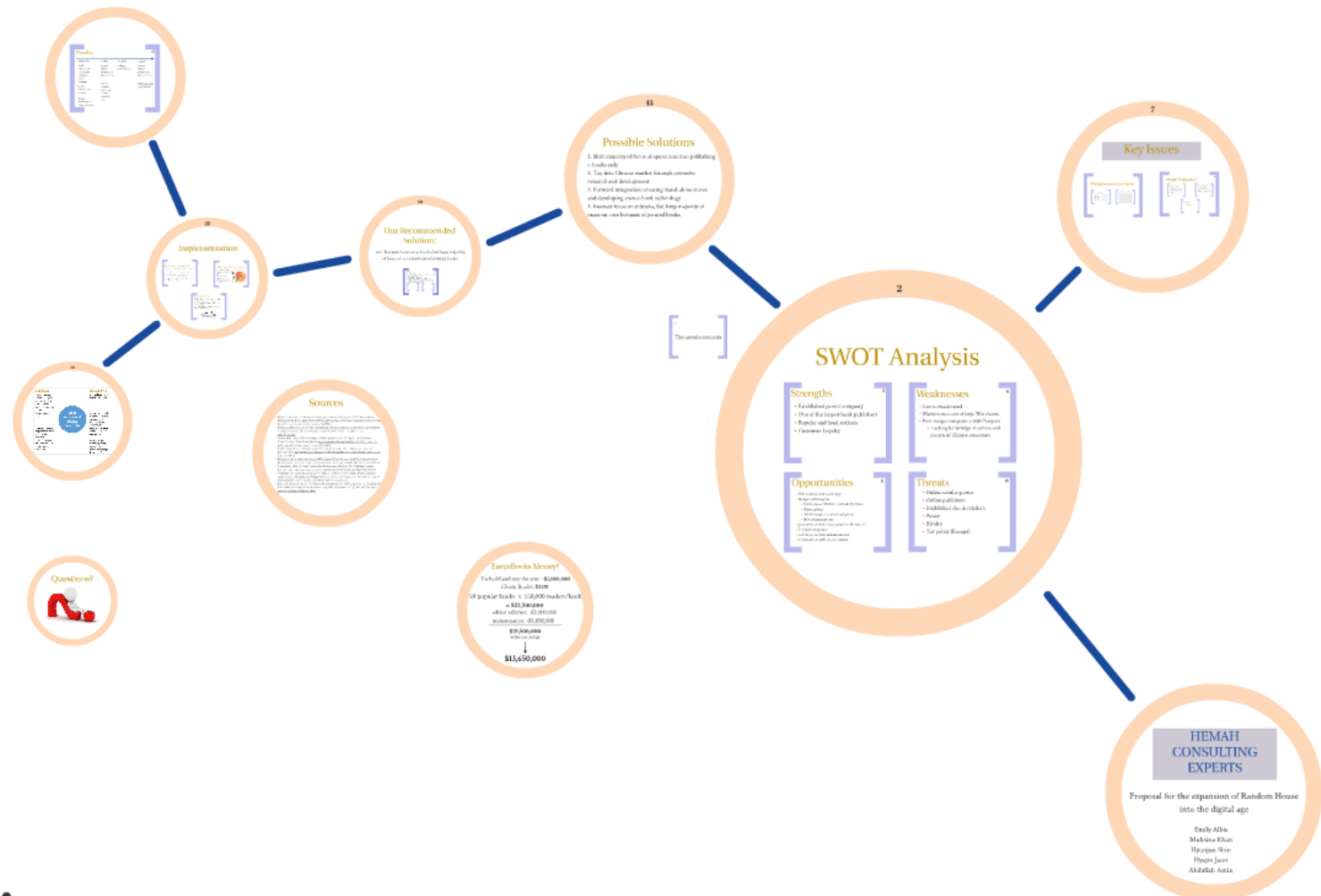
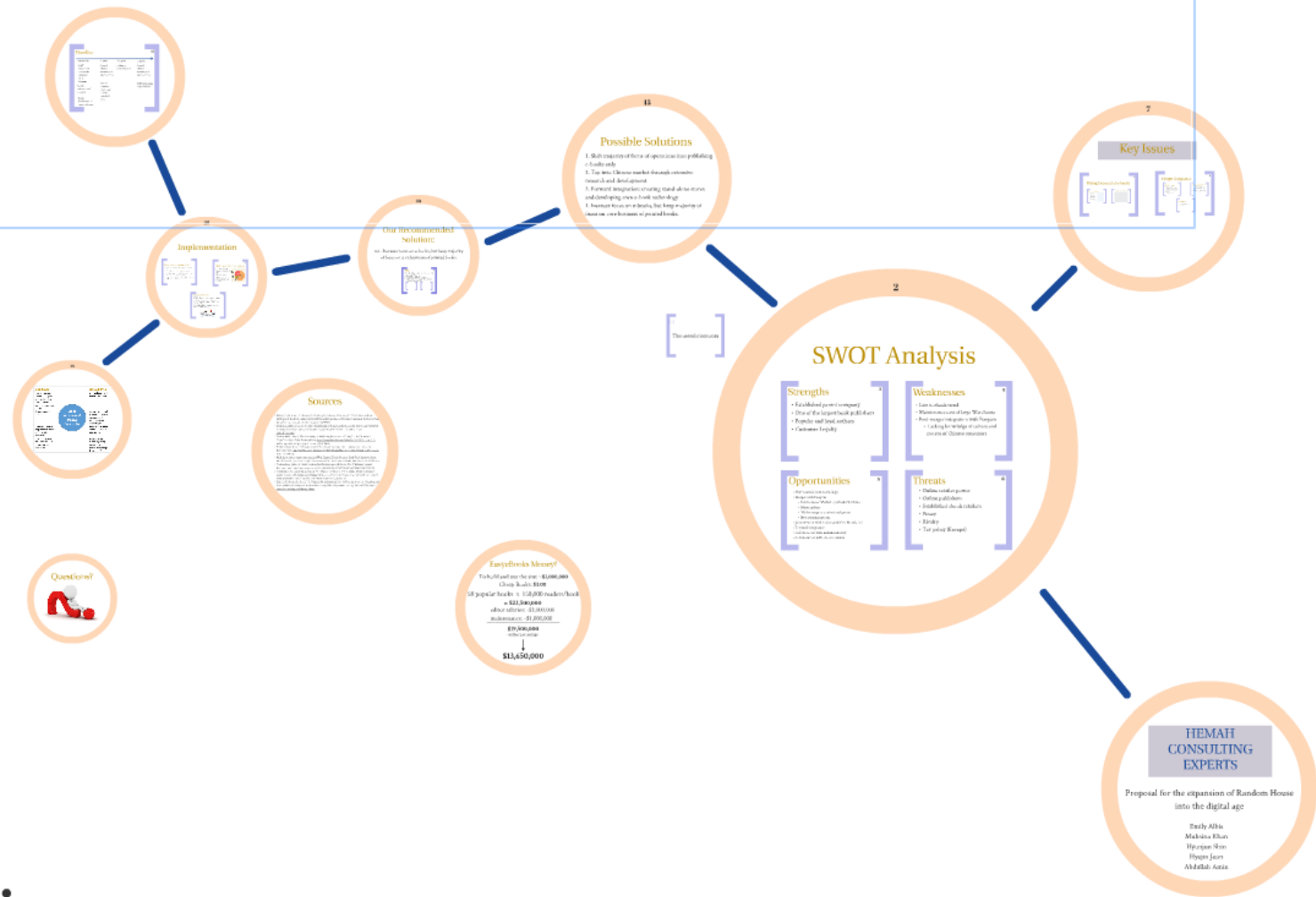


Random House: Shifting to E-Books in a Globalized World



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HEMAH CONSULTING EXPERTS

Proposal for the expansion of Random House
into the digital age

Emily Albis
Muhsina Khan
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SWOT Analysis

Strengths

- Established parent company
- One of the largest book publishers
- Popular and loyal authors
- Customer Loyalty

3

Weaknesses

- Late to ebook trend
- Maintenance cost of large Warehouse
- Post-merger integration with Penguin
 - Lacking knowledge of culture and pattern of Chinese consumers

4

Opportunities

- Shift towards new technology
- Merger with Penguin
 - International Market - particularly China
 - More authors
 - Wider range of content and genres
 - New pricing options
- Joint venture with Italian publisher Mondadori
- Forward integration
- Collaboration with mobile industry
- Collaboration with ebook retailers

5

Threats

- Online retailer power
- Online publishers
- Established ebook retailers
- Piracy
- Rivalry
- Tax policy (Europe)

6

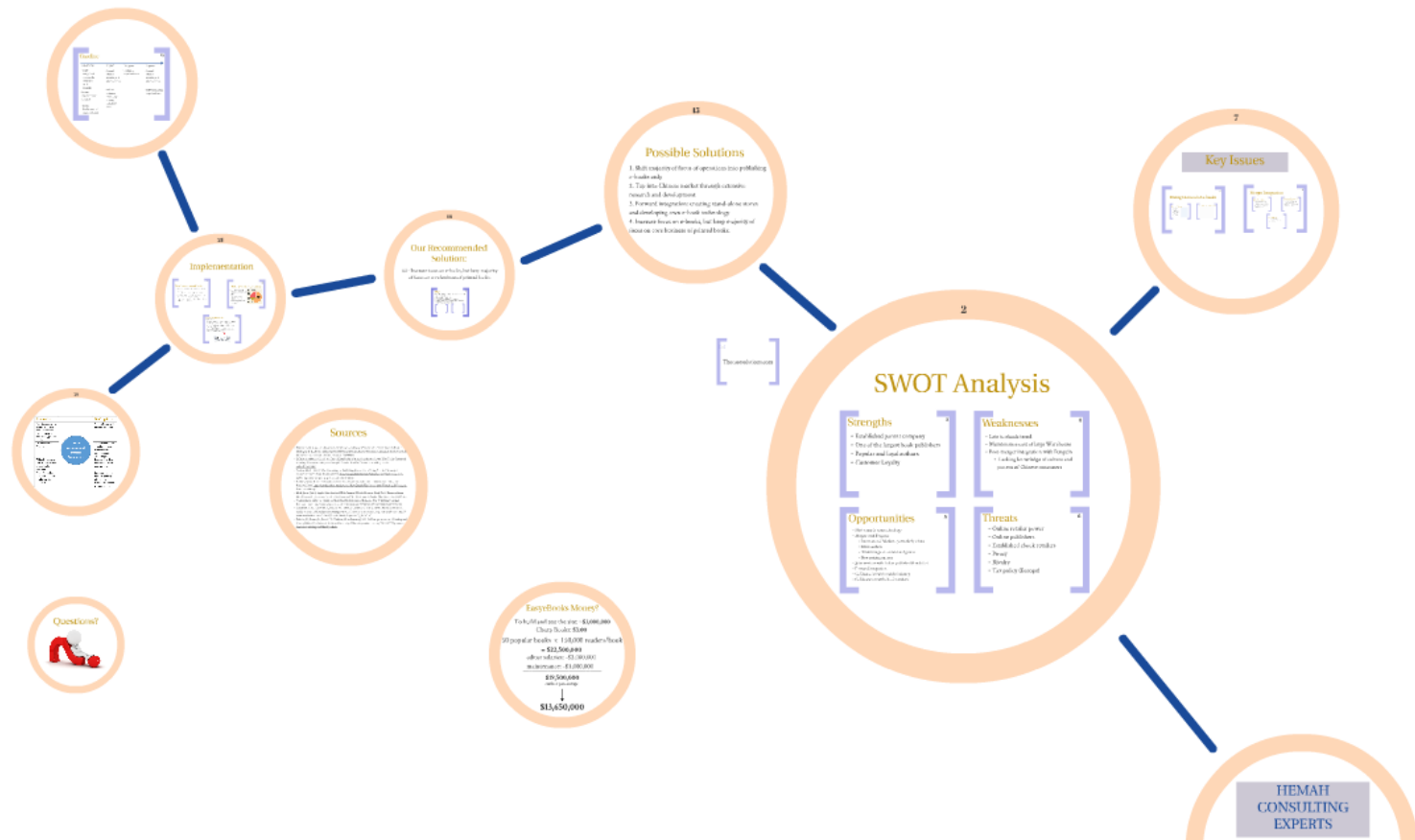
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Possible Solutions

1. Shift majority of focus of operations into publishing e-books only
2. Tap into Chinese market through extensive research and development
3. Forward integration: creating stand-alone stores and developing own e-book technology
4. Increase focus on e-books, but keep majority of focus on core business of printed books.

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