

Exclusive books: applying a behavioural economics perspective

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“Exclusive Books is and will always remain a purveyor of words and wisdom, promoting incredible works of art and revealing the legacy of Africa for the children of tomorrow with its PanAfrican Collections.” ^[1] Grattan Kirk ^[2].

Introduction

It was a cool day in October and Grattan Kirk, the CEO of Exclusive Books South Africa ^[3], sat down at a table in the Food Court at the International Book Fair ^[4] in Frankfurt, Germany. His mind was reeling from all the stimulation of the vast array of literary works. Over the last three days, Kirk had wandered the Frankfurt Literary Festival looking at book and multi-media exhibits, as well as speaking to international publishers and exhibitors about books, multi-media content and appropriately aligned non-book products. He had just taken up the mantle as the CEO of Exclusive Books and felt as if he had gathered a lifetime’s worth of understanding in the past three days.

Walking the floors of the large fair, visiting each stall, Kirk realised the dilemma that most customers visiting his Exclusive Books stores faced. He asked himself: What would be included in the baskets of the next generation of customers so that Exclusive Books could remain relevant, profitable and sustainable? Kirk knew that his delivery promise of “within 36 h” with free delivery for orders above R350^[5] (\$25) had allowed him to compete with Amazon and Takealot. However, in the digital world, where Kindle and Netflix were competing for the right to educate and entertain, which methods should Exclusive Books adopt to assist consumers in their decision-making?

Deep in thought, he sent a text to his secretary to arrange a meeting with his top store managers for first thing Monday morning. He had to find a way to ensure that Exclusive Books, which had been around since 1951, continued to survive and thrive in the future. Kirk wondered how they could make the decision-making process easier for customers so that they would continue to buy books.

Once upon a time ^[6]^[7]

Establishing exclusive books

The first Exclusive Books bookstore was established in King George Street, Johannesburg, South Africa. The store was established by Pamela and Philip Joseph in 1951 (Baum, 2002). They chose the name because, unlike other booksellers who sold newspapers and magazines, as well as books, they only wanted to sell books. Their catalogue included both new and second-hand books.

The Josephs understood that their loyal customers were all working-class patrons who could not visit their store to browse and shop during working hours, which is why they extended their store opening times to evenings, Saturday afternoons, Sundays and public holidays – the first retailer in South Africa to do so. The store thrived and needed to keep moving to larger premises as the demand for books and the success and popularity of their curated catalogues of books grew. The bookstore achieved its best sales results in the 1960s as seen in a single order of £500^[8] with their UK publishers, possibly the single largest international book order of its time for South Africa.

Two decades later, the store offerings has grown to include a business-to-business division, as well as a library division. By 1976, the Josephs had expanded their single store into a national footprint covering major centres across the country. The stores had evolved to modern stores with architecturally innovative and novel interior design elements. The composition of the book catalogue characterised the store as a symbol of intellectual freedom and was frequented by book lovers, as well as activists and politicians. It was the place to be seen for both intellectuals and thought leaders.

A period of growth

Being a symbol of intellectual thought leadership was not without its challenges ^[9] during the dark years of apartheid ^[10] and economic sanctions (1948–1993) ^[11]. Kirk recalled reading an interview with Philip Joseph, in which he recounted his experiences of raids by customs officials, book confiscations and book bans during those decades (Baum, 2002).

The Josephs, who had always longed to go back to their home country of England, considered this the right time to find new parents for the now “book giant”. In 1978, they successfully sold their bookstores to Premier Milling ^[12], a JSE-listed conglomerate ^[13], for an undisclosed amount. Premier Milling acquired the business to add to their existing medical books business.

Due to the success and growth of the store’s footprint, Premier Milling’s leadership was quick to realise that the Exclusive Books brand had grown to become an iconic, wellrecognised, respected book retailer. They implemented a growth strategy on both the acquisitive, as well as the organic fronts by acquiring various existing bookstores. These included The Bookworm and Young Reading in Johannesburg and Pilgrims bookstore in Cape Town. They also opened new bookstores ^[14] in Cape Town and Pretoria. In 1986, Premier Milling acquired CNA Gallo Manor and consolidated all its acquired bookstores into a single division called the Literary Group. In 1993, the Exclusive Books Hillbrow flagship store was

forced to shut down due to the urban decline of that neighbourhood. At the same time, the Hyde Park store in Johannesburg was opened, becoming the largest bookstore in southern Africa. Strategically, by 1994, all the acquired bookstores, except the CNA stores in the Literary Group, had been renamed and branded as “Exclusive Books”.

While remaining true to its customer-centric philosophy, in 1995 the Premier Milling management installed computers and a stock management software programme called Wordstock. In the retail industry, this was deemed to be a cutting-edge innovation, however it required a significant adjustment amongst the employees as they were used to managing stock manually and helping customers from memory.

Organic and acquisitive growth

The Exclusive Books footprint continued to expand nationally. In 1997, Facts and Fiction, a major competitor, went into liquidation^[15] following a too ambitious growth strategy. Exclusive Books seized the opportunity and acquired that business from the liquidators, thereby growing both its catalogue and its specialist knowledge.

Premier Milling then adopted a back-to-basics strategy, selling off the CNA stores in 1996 to Wooltru Limited^[16] and the Literary Group division to Johnnic Holdings Limited^[17], a media and communications company. The Johnnic Holdings Limited strategy saw Exclusive Books being repositioned into its entertainment division, which comprised the Gallo Record Company, Nu Metro Cinemas and book retailing, consisting of the South African Exclusive Books and the UK-based Hammicks stores.

The strategic experimentation years commenced in 1998. Kirk recalls the innovation and expansion era that the then-CEO, Fred Withers, sought to usher in. Withers started experimenting by seeking further growth opportunities. He opened up a pop-up store in the Seekers Travel Agency, but after a year, with the experiment not yielding the expected results, the pop-up was closed. In the same year, he also launched an innovative loyalty programme called the Fanatics loyalty card. This membership card gave members a 5% rebate on every purchase, with gift vouchers sent to members every three months. Book club members were also given larger promotional discounts. In 1999, Withers introduced the coffee experience in stores by partnering with the Seattle Coffee Company. He believed that Exclusive Books needed to become a “chill-out” space so that patrons and customers could enjoy the environment as well as browse the shelves. It provided the ideal venue that would allow patrons to spend longer periods of time in stores and think of store visits as “personal” or “me” time.

The store footprint continued to grow nationally, with the introduction of stores in all major airports. In 2002, the first Exclusive Books store outside South Africa was opened in Gaborone, Botswana. Interestingly, the store footprint was quite dynamic, with stores opening and closing due to the expiry of leases and malls not delivering against sales projections. In 2006, the black-owned Mvelaphanda Company^[18] acquired Exclusive Books as part of Johnnic (later called Avusa).^[19] Seven years later, in 2013, the newly renamed Avusa^[20] sold Exclusive Books to Global Capital (a private equity company). The transaction

included the disposal of the Van Schaiks bookstores, which altogether raised a purchase price of R435m ^[21].

Strategic renewal

New leadership paved the way for a strategy refresh and Exclusive Books underwent a total strategic revamp ^[22]^[23], which included the opening of their own in-store coffee shops called EB Cafe´. The strategic repositioning from bookstore to lifestyle store again included multiple new store openings and some closures (eNCA, 2014; Artslink.co.za, 2001). In 2015, the lifestyle strategy was expanded with the opening of a restaurant called the Social Kitchen and Bar as part of the Hyde Park bookstore. The Social Kitchen and Bar expanded on the relationship between books and coffee with the introduction of a fine-dining food experience overlooking the leafy suburb of Hyde Park. It further attempted to reinforce the cookbook genre (Milliot, 2018), which was rapidly gaining significance and popularity. By introducing a cooking space where book launches could be held and cookbooks sold, Exclusive Books could own the cookery thought leadership space and showcase cookery talent, given the explosion in the number of cookery shows.

It was a difficult time and hard lessons were being learnt as the EB Cafe´'s were not the financial success leadership had hoped they would be. The coffee shops added unnecessary logistical and operational complexity to the core business. In addition, Exclusive Books was operating in an increasingly difficult economic environment^[24].

Kirk's challenge of sustainability

In September 2018^[25], Kirk was appointed as the new CEO of Exclusive Books. He was the sixth CEO to be appointed over the past seven years. Within his first six months, operational responsibility for the EB Cafe´'s was transferred back to the Seattle Coffee Company and the Social Kitchen and Bar at Hyde Park was transferred to Olives and Plates, a well-known and respected family restaurant business based in Johannesburg. In addition, leases that came up for renewal were renegotiated with the support of landlords. Kirk was tasked with bringing Exclusive Books back to its former glory in the context of a digitally advanced world, with many more sources of entertainment, knowledge and distraction^[26], however there was an increasing trend towards paper books and the joy that that literary format brings, along with a move to a more traditional form of entertainment.

Safe spaces for choice

On Monday morning, in the Tolkien Boardroom at the new corporate office in Killarney Mall, Johannesburg, Kirk's meeting with his Exclusive Books store managers began. After providing a quick update on his visit to, and experiences at, the International Book Fair in Frankfurt, Kirk posed the questions that were haunting him: "With hundreds upon hundreds of book choices, how do we ensure that customers are able to choose the right book and not feel so overwhelmed that they simply chose not to read books at all? How do we help them find what they are looking for?" ^[27]

The managers appeared to be somewhat surprised at the questions but thought that a healthy dose of introspection could only help.^[28] Kirk probed and soon realised that what

his managers understood well was knowing their customers. He was surprised to learn just how much thought and energy went into creating a “safe space”²⁸. The layout of the store²³, the placement of book categories, the lighting²³ and the music were all carefully and individually chosen by each store’s manager to ensure that customers felt that the store was as comfortable as home and as expansive as a library. The managers²⁸ believed that customers had to first trust the store and then the booksellers, before they could trust the books that were recommended to them by the booksellers who were engaging with customers on an intellectual level. Customers referred to this in posts online. For instance, one said:

I love books, but dislike going to bookstores [...] Thank you Shaun for making me feel welcome every time I visit the store. You are always helpful and friendly, but at the same time you give me the freedom to browse through the books on my own time even if it takes a few hours (Kara, 2017).

Another spoke about his experience, saying:

My wife and I visited Exclusive Books earlier today and I have to say it has been a while since I last received such friendly and efficient service [...] The lady who assisted me and all the other staff members made us feel like the book we were looking for was their number one priority (Zadi, 2014).

Managers also said that years of observation had taught them that a crowd in a store attracted customers and explained to Kirk that stores with a large browser component usually fared better than those stores that did not encourage browsing. The same applied to the ability to touch and handle books, so all plastics were removed so that browsers had full access to the books.

Kirk realised that the managers spent an inordinate amount of personal time designing the intangible elements of their stores^[28]. There were house rules about the music playlists, which store managers spent their own time designing and collating. Stores had a special playlist for each day of the week so that customers who frequented the stores for their daily newspaper, cup of coffee and some “me” time did not feel that it was a repetitive playlist, but were always exposed to fresh choices of music. There were also specific playlists for specific times of day or days of the week. For instance, Saturday playlists were more upbeat than Sunday playlists. No two stores had the same playlist, therefore music at the Hyde Park store, which had a more mature customer base, was of a more classical nature compared to the music in the Sandton store, which played more trendy, urban world music to cater to their customers’ tastes^[29].

Lighting in all the stores had also changed^[30]; it was now designed to create a soft, natural “yellow-haze” atmosphere so that customers experienced a calming effect as they walked through the doors of the store. Customers were also encouraged to leisurely browse the bookshelves once they had gone beyond the front of the store, where two specific book platforms housed the latest book campaigns. It was explained to Kirk that the Bedfordview Centre store, which had the largest number of book clubs^[31], had been tastefully decorated with a Moroccan-themed backdrop, exotic, fashionable lamps and a floating ceiling to be an

appealing space for its browsers and book club aficionados. Lighting was also used to draw customers' attention towards thematic store displays and display tables; contrasting lighting drew the eye and helped focus customers on specific "trending hotspots" in stores.

Managers spoke about "the theatre at the front of the store" [28]. Kirk thought to himself that these words were indeed profound. He had been grappling with thoughts of competition with Netflix [32] and probed deeper to understand what this theatre concept meant.

The managers explained that every week, each store set up two refreshed displays on two tables at the front of the store. These tables housed the latest books relating to what was topical the previous week in digital media such as Twitter, Facebook and Instagram, as well as radio and television. The relevant books on the week's popular topics would form the core of the display on these tables. One customer commented on an online rating platform:

Went to Exclusive Books yesterday [...] to purchase my normal papers and magazines. Found that they display some titles very enticingly and thus attracted me to the books displayed more prominently. I purchased the book and can't put it down (Preimilda, 2019).

With all the other books surrounding the main book, the display sought to build a story around the book and the theme. For example, if the British chef Jamie Oliver was due to visit South Africa, the bookstore would have an entire display of cookbooks and a sommelier section on display that week to coincide with Oliver's visit and radio and TV talk shows. This meant that customers who were tuned in would easily recognise the Exclusive Books offerings related to this event and know that they could visit a store to get the latest copies of the relevant books [28].

The security pillars [30] at the front of the store were always covered with marketing sleeves so that mall goers passing the store could connect the topical issues from the external environment to the books and other offerings available in the store [33]. The colourful pillars were meant to pique the interest of those who had heard something on the news or on social media and were hungry to learn more. In most instances, this led to sales of topical literature and highlighted bestsellers of all genres on sale. Kirk soon realised that his managers were keeping track of the pulse of news and happenings in South Africa. By bringing the outside world into the store, they were keeping their stores relevant; it was more than just the books that kept customers coming back.

Helping patrons choose

Kirk was starting to understand the significant customer insights his managers were sharing and continued to probe even deeper. "How do our customers know what to buy from the thousands of books in store? What have we done to help customers find what they are looking for?" [27]

The managers explained the virtues of the "Top 20 Wall" to Kirk in great detail. Every week, each store took stock of its Top 20 books sold and on Fridays every store updated its Top 20 Wall display so that patrons visiting a store could immediately see what people in the neighbourhood were reading [27]. This method had been very effective in helping patrons

choose what to read. After all, each store manager knew their customer base well and therefore knew that they wanted to be in the know and up-to-date with the conversations of the day. Kirk was intrigued by the fact that the books featured on the Top 20 Wall doubled or even tripled in sales volumes during the weeks they were featured. He realised that customers trusted the judgement of other readers when making their book choices.

Kirk also came to realise that most customers frequented the stores over weekends when they visited malls to do other shopping. As they did not always have the time to browse large numbers of books to find the latest popular literature themselves, the Top 20 Wall allowed them to view what was current and trending. This was particularly true for those who were to attend a dinner or networking function and needed to quickly brush up on topical issues, especially business books.

Kirk confirmed the remarks of his managers:

It's good to be able to discuss the latest business or self-help book with the people you associate with. They are then more likely to trust your judgement and respect you for being wellread and in the know. We have found that people get to trust our managers and booksellers. ^[28]

Catalogues and curations

Kirk also discovered that the other curated lists, namely the annual Pan-African Writing Catalogue (the "Homebru" campaign), the monthly EB Recommends catalogue, the monthly children's books catalogue, Great Books for Growing Minds and the monthly publishers catalogues such as the Books for Budding Bookworms catalogue by Penguin Random House, also helped customers decide which books to choose to read from the thousands of books on offer ^[34]. These lists raised awareness of the specific genres and libraries on offer, while also directing customers to the best of that genre or category ^[34].

Every book contained in a curated list had been read and recommended by the curator of that list. Most curators had been curating these lists for decades and had developed a great literary instinct for what customers would enjoy and/or need. The curated lists were used by booksellers and customers alike; booksellers found them to be useful tools to direct customers to good books, especially at Christmas time when the carefully curated Christmas catalogue was a significant influencer, guiding customers searching for Christmas stocking fillers and gifts ^[34]. The annual Pan-African Writing Catalogue contained a carefully curated catalogue of books from authors on the African continent and in the African diaspora. In 2019 it included books from South Africa, Nigeria, Kenya, Ethiopia, Sudan, Ghana, Ivory Coast, Congo, Uganda, Somalia, Cameroon, Rwanda and Eritrea. It was the first catalogue compiled in Africa for readers who needed to find books about the continent. "The popularity and the extent of the catalogue was growing as Exclusive Books was fast becoming known as a thought leader in this space", remarked one of the store managers, whose bookstore held the largest collection of Pan-African writings from multiple countries on the continent ^[35].

The monthly EB Recommends catalogue was the general catalogue which contained national booklist Top 5 recommendations for fiction, non-fiction, children's books, local, onscreen and award-winning books. Each book had a quick summary recommendation by an author or newspaper review so that customers could be guided in their purchases^[36]. The store managers confirmed that anyone could visit a store or that store's Twitter, Facebook or Instagram feeds, as well as the company's website, to find what they were looking for. More recently, Exclusive Books had relaunched its online offering so that customers who were unable to get to a physical store were able to have their book of choice delivered to their door within 36 h. Not only did this allow customers to immediately access the more than 15,000 titles held in most stores but it also gave them a window into over 20 million titles available worldwide³³. Although he was comfortable with the online and social media customer ratings of the brand³³, Kirk realised that more work would need to be done to maintain and expand the electronic relationships with customers. In fact, at the last count, the cumulative number of Exclusive Books' Facebook followers was only 180,000, with just 30,000 Instagrammers.

Attracting people

With the words "thought leadership"^[28] still swirling in his mind, Kirk mentally took stock of the power of book launches. Book launches and book readings were powerful tools for the stores, with upmarket Johannesburg and Cape Town bookstores hosting a book launch every week and sometimes twice or three times a week. Book launches were very well attended, with mostly over 100 people at each event. Crowds of attendees for political and topical books could easily double that. In fact, the popular launches saw customers queueing outside the store with the hope of getting a view of the author and a chance to hear them and other thought leaders read from their book. The events attracted people to the stores and on those evenings the stores often sold more than just the book being launched^[28].

Building on the reputation that the company had in the 1960s, Exclusive Books continued to remain the place to be seen for thought leaders and people who wanted to associate with them.

Kirk came to understand that these were not just book launches, but an opportunity to continue to build on the relationships they had with their customers^[28]. Booksellers needed to be good listeners to listen for cues. He recalled that his managers even knew their frequent customers by name and could quickly recommend the latest relevant book to them when they popped into the store.

Knowing customers was a great asset, but Kirk now understood that possibly the most untapped of all of the Exclusive Books intellectual property was the Fanatics loyalty card. Over the 20 years of its existence, the Fanatics loyalty programme had amassed a copious amount of data about Exclusive Books customers. This data had not as yet been mined for trends and key insights. In fact, the only role that the loyalty card had played was to reward loyal customers with the highest rebate compared to competitor cards in South Africa. Little, if any, thought had been given to the wealth of information that Fanatics had

amassed ^[27]. Kirk knew that he would need to quickly understand how he was going to tap into the data analytics and extract information about customers' reading habits and buying patterns. He imagined what this data would mean for the future of Exclusive Books, and dreamed about how he could leverage possible trends and buying patterns to acquire what he really wanted, namely the ability to understand the reading habits of his customers. He would be able to quickly spot changes and declines in interest and expand his ranges to meet these peaks and ebbs. With this data, he would be able to expand the company's offering into more than just the extended ranges of non-book product items; the business would be able to help curate books for like-minded readers and make meaningful recommendations to customers.

Moreover, with the Internet of Things being topical, Kirk wondered how his data analytics would be able to find a niche to enter this playing field. He recalled that, during the history of the company, there had been an innovative attempt to open up a bookstore on travel books inside a travel agency, which had had a very short lifespan. However, knowing customer habits and how customers thought could allow him to meet their needs because "people trusted the booksellers to tell them what to read" ^[37].

Recently, the bookstores had run campaigns where customers could buy books for R20 ^[38] each to donate to local charities. In addition, they had run promotions which allowed customers to buy three books for the price of two in a particular genre, or five books for R200^[39], coupled with the online slogan "Great Price, Shop Now". He imagined the potential of these promotional campaigns once they were analysed and the information generated by the data analytics from the Fanatics loyalty programme were properly understood. He was excited about what this would mean for the organisation ^[27].

Thinking about the future

Kirk felt much more confident after his meeting with his store managers as he quickly took stock of the Exclusive Books business in the context of his experiences in Frankfurt. He had the privilege of leading the destiny of a South African brand which had stood the test of time, within the context of an ever-changing and evolving African continent – a continent still hungry to capture its own stories in print so that they could be passed on to the generations to come. The current range held by the larger bookstores could be between 15,000 and 20,000 book titles, with 20% comprising the Top 100 titles. The remaining 80% of sales came from the extensive range of books kept and curated by each store for their unique customer needs.

Kirk soon came to understand the strategic importance of another startling statistic: the fact that there was over 600 years of collective book experience within the store manager ranks. This allowed each manager, with the assistance of their team of knowledgeable booksellers, to curate books for their stores and their customers. This ensured the unique experience of a specifically curated list for each Exclusive Books neighbourhood bookstore.

However, Kirk was still concerned about issues that bucked the book trend, like the fact that adult colouring books had become a recent bestseller. No one did or could have predicted this phenomenon. Then again, he was reassured when his managers explained ^[28] that most

book trends could be seen and pre-empted. After all, the Frankfurt International Book Fair showcased books and trends a year in advance, so book retailers could always be prepared for most things ^[28].

Nonetheless, Kirk committed to himself that he would not wait to see whether print or digital would survive in the years to come, as they each had a space and could co-exist meaningfully. Instead, he wanted to think about new ways in which Exclusive Books booksellers could keep attuned to their environment and the needs of their customers. Listening to the hum of the news in the markets, Exclusive Books booksellers had ensured that they were aligned to novel thoughts and ideas to continue giving customers what they needed, whilst their books fed the minds of the nation ^[27]. He wondered, “How do we make sure that we enable customers to keep buying books?”

Notes

1. Personal interview with Grattan Kirk, CEO of Exclusive Books, on 11 September 2019.
2. Grattan Kirk is a qualified chartered accountant and previously served as the CEO of JSE-listed companies Connection Group Holdings and JD Group. He spent five years leading the consumer brands division of Tiger Brands Limited. He serves on the audit committee and board of the Consumer Goods Council of South Africa and as the national chairman for the General Trade at the SA Booksellers Association.
3. Exclusive Books is one of the largest book retail chains in sub-Saharan Africa, with a footprint of 41 stores in South Africa and two stores outside South Africa, in Gaborone, Botswana and Windhoek, Namibia. Retrieved from www.exclusivebooks.co.za
4. The Frankfurt International Book Fair/Frankfurt Buchmesse is the largest literary fair in the world based on both the number of publishers and visitors that attend from print media and digital media. Retrieved from www.buchmesse.de/en
5. R350 is equivalent to e21.32 at the 2019 exchange rate of e1 = ZAR16.42.
6. Personal interview with Training Manager and Historian, 11 September 2019.
7. Refer to Exhibit CS3 for a snapshot of the history of the company.
8. In today’s terms this would be approximately £11,400 – about R216,456 at the 2019 exchange rate of £1 = ZAR18.99.
9. For a high-level account of South African book burnings during the years of economic sanctions during apartheid in South Africa, see Dick (2018).
10. Apartheid was the institutionalisation of racial segregation in South Africa from 1948 to 1990.
11. Refer to Exhibit CS4.
12. See www.premierfmcg.com/Operations-Milling.aspx
13. JSE is the acronym of Johannesburg Stock Exchange. See www.jse.co.za
14. Refer to Exhibit CS3 for bookstore openings and closures during the course of its history.
15. Historical company records from company archive.

16. For details on Wooltru Limited, see its audited results for the year ended June 2002 at www.sharenet.co.za/free/sens/disp_news.phtml?tdate=20020829112852&seq=765
17. See www.sharenet.co.za/free/sens/disp_news.phtml?tdate=20010621170258&seq=1815
18. Mvelaphanda Group Limited is South Africa's pre-eminent broad-based, black-controlled, owned and managed diversified investment firm. See <http://www.mvelagroup.co.za>
19. See <https://mg.co.za/article/2007-10-09-johncom-proposes-name-change-to-avusa>
20. See www.businesslive.co.za/bd/companies/2017-06-13-times-media-becomes-tiso-blackstar
21. For the SENS announcement of the disposal, see www.moneyweb.co.za/wp-content/uploads/ftp/senspdfs/2013/SENS_20130919_S336547.pdf
22. See <http://switchbrand.co.za/portfolio-posts/exclusive-books-2>
23. Personal interview with General Manager: Operations on 10 September 2019.
24. Refer to Exhibit CS4: Brief overview of economic policy in South Africa.
25. See <https://businesstech.co.za/news/media/249237/exclusive-books-appoints-tiger-brands-executive-as-new-ceo>
26. Refer to Exhibit CS2: PWC Report on global entertainment and media outlook to better understand market potential.
27. Personal interview with Grattan Kirk, 11 September 2019.
28. Personal interview with Store Manager 3 on 10 September 2019, Store Manager 2 on 11 September 2019 and Store Manager 1 on 10 September 2019.
29. Compilation of information gained from personal interview with Store Manager 3 on 10 September 2019, Store Manager 2 on 11 September 2019 and Store Manager 1 on 10 September 2019.
30. Personal interview with General Manager: Operations on 10 September 2019.
31. Personal interview with Grattan Kirk, 11 September 2019 confirmed that there were approximately 3,500 book club members
32. See www.netflixinvestor.com/ir-overview/profile/default.aspx Netflix is one of the global leaders in internet-based entertainment with a reach spanning 190 countries and circa 158 million paid subscribers.
33. Personal interview with Group Marketing Manager on 20 September 2019.
34. Joint interview with Book List Curator 2 and Book List Curator 1 on 10 September 2019, and interview with Group Marketing Manager on 20 September 2019.
35. Personal interview with Store Manager 3 on 10 September 2019.
36. Personal interviews with Book List Curator 1 and Book List Curator 2 on 10 September 2019.
37. Personal interview with Training Manager and Historian on 11 September 2019.
38. R20 is equivalent to e1.22 at the 2019 exchange rate of e1 = ZAR16.42.

³⁹. R200 is equivalent to e12.18 at the 2019 exchange rate of e1 = R16.42.

⁴⁰. See www.exclusivebooks.co.za

⁴¹. Kahneman acknowledges that these terms were originally coined by psychologists Keith Stanovich and Richard West.

⁴². Approximately \$3.5 for 1 and \$14 for 3 books in 2019.

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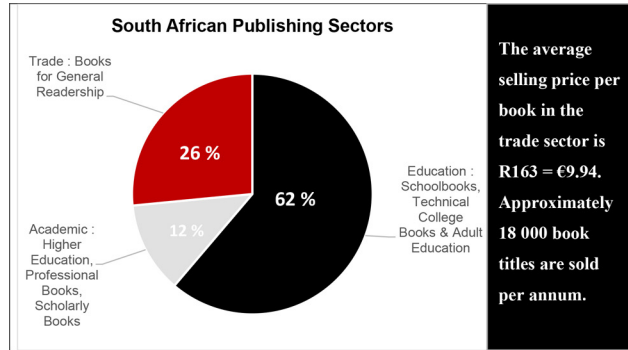
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Exhibit 1. Exclusive Books industry context

Figure E1



The average selling price per book in the trade sector is R163 = €9.94. Approximately 18 000 book titles are sold per annum.

South African Booksellers and Exclusive Books Competitors

Adams Books	Edustats	Pimp My Book
Bargain Books	Exclusive Books	Play & Schoolroom
Book Express	Fogarty's Bookshop	Pro Vision Books
Books 24/7	Galileo Books	Protea Boekwinkel
Books and Books	Juta and Company	South Cape Academic Supplies
Bothma Boekhandelaars	L.J. Armstrong Booksellers	Takealot Online
Caxtons	Lapa Uitgewers	The Book Lounge
Clarkes Books	Medibooks	Ulrich Naumann
CNA	Oom Polla se Winkel	University Bookshop
Cornea Boeke	Pickwick Books	Van Schaik
Denosa		Wordsworth

According to the company's CFO, Exclusive Books has between 30 and 40% market share in the General Trade Sector of the market.

Source: Author's own work adapted from information of Publishers Association of South Africa (2019)

Exhibit 2 PWC report on global entertainment and media outlook: 2019-2023 (PWC global, 2019)

Figure E2 PWC report on global entertainment and media outlook: global projected book revenues

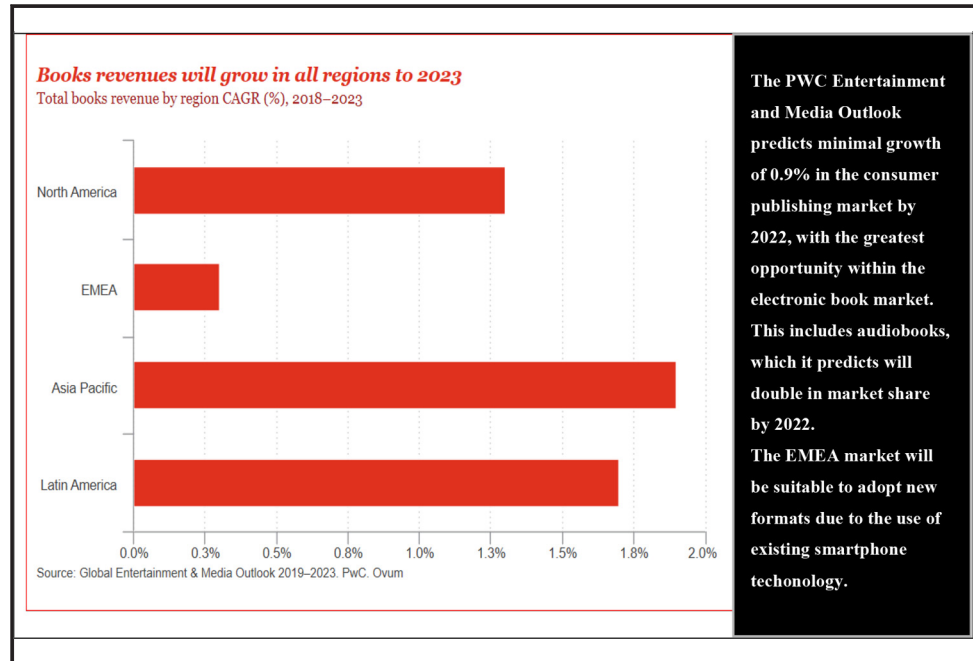


Figure E3 PwC report on global entertainment and media outlook: global projected annual growth rates

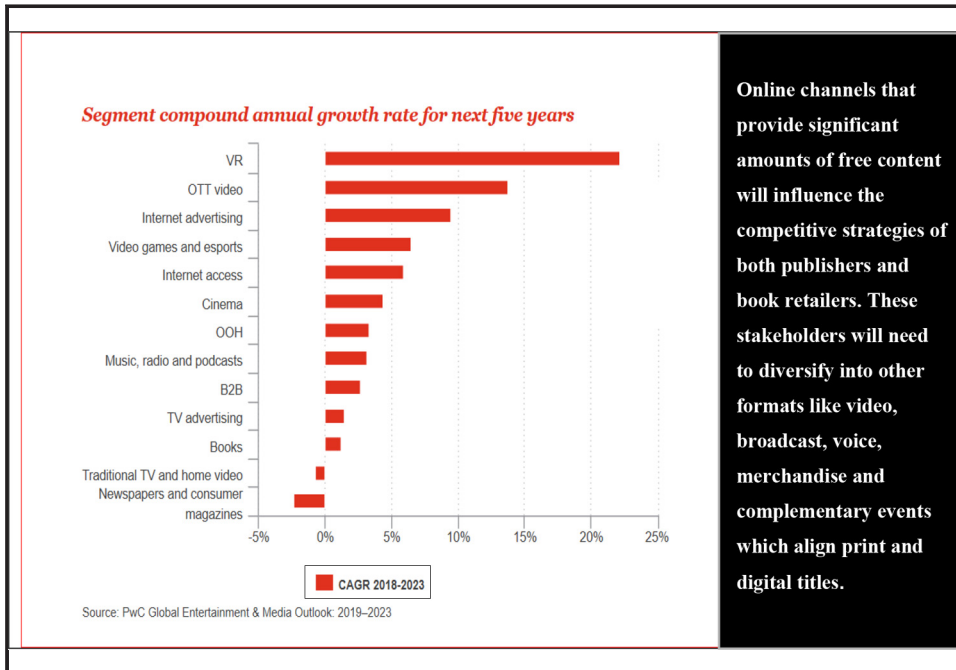


Exhibit 3

Table E1 Redacted historic timeline		
<i>Decade</i>	<i>Strategic eras</i>	<i>Events</i>
1950s, 1960s and 1970s	@1951 Grow organically using customer centricity and extend into B2B sector	Philip and Pamela Joseph bought the Exclusive Books store in King George Street, Johannesburg, South Africa 1954: A second store was opened in Kotze Street, Hillbrow, Johannesburg which sells second-hand, antiquarian and new books. First retailer in South Africa to trade after hours, Saturdays, Sundays and on public holidays B2B department, which sold to libraries, was opened Upscaled premises and opened a second store in Hillbrow, Johannesburg, which became a landmark in the area First branch opened in Church Street, Cape Town in 1976 and subsequently opened further stores at Town Square, Constantia and Pilgrims
1980s	@1987 Acquisitive and organic growth by establishing a strong expansive national footprint	1978: The Josephs sold to Premier Milling 1985: The Hyde Park Johannesburg Corner store was opened, officiated by Sir Lourens van der Post 1986: Johannesburg: Sandton City Bookworm; Cape Town: Pilgrims at Cavendish; Johannesburg: Rosebank Young Reading were purchased. Exclusive Books branded stores were opened at Stuttaford Square, Cape Town and Sunnypark, Pretoria
1990s		1987: Premier Milling consolidated the business into the Literary Group 1992: Fourth Cape Town bookstore was opened at Victoria Wharf. 1993: Exclusive Books Hillbrow closed down and the revamped Hyde Park bookstore became the largest bookstore in the southern hemisphere 1993: First Durban bookstore was opened at the Pavilion by Vikram Seth 1994: All bookstores were rebranded Exclusive Books and the group adopts the same name 1995: The company and its bookstores went digital. The bookstore in Cresta, Johannesburg was opened
1990s	@ 1996 Innovation, experimentation and expansion	1996: First Port Elizabeth bookstore was opened in Walmer Park Centre 1996: Bookstore was opened at Centurion Lake, Pretoria 1997: Second bookstore was opened in La Lucia Mall, Durban 1997: Purchased Sheldons in Eastgate Mall 1998: Facts & Fiction (F&F) chain of bookstores was acquired from the liquidator F&F stores in Village Walk, Johannesburg and Pretoria were closed down 1998: Opened first pop-up store within Seekers Travel Agency in Fourways Mall and Rosebank Mall, Johannesburg 1998: Fanatics, an innovative loyalty card programme introduced 1999: Seekers Travel pop-up stores were closed down
2000s – 2010s	@2006 Footprint overhaul to remain competitive while trying to find growth	1999: Coffee experiences were introduced by partnering with Seattle Coffee Company 2000: Massive expansion commenced with nine new bookstores opened across the country 2001: Three new bookstores opened 2002: First international store in the Riverwalk, Botswana was opened 2003–2005: A further 11 stores were opened and one store was closed 2006: Mvelaphanda company acquired Exclusive Books as part of Johnnic and a new strategy is ushered in 2006–2011: Thirteen more stores were opened and four stores are closed down 2012: Avusa became the Times Media Group and six stores were closed down 2013: Global Capital acquired Exclusive Books and the company changed its name to the Exclusive Books Group (Pty) Ltd 2014: Exclusive Books opened its own EB Cafés for lifestyle and coffee experiences 2015: The Social Kitchen opened as part of the store at Hyde Park 2015–2017: A further six stores were closed down and five stores are relocated 2018: Grattan Kirk was appointed as CEO, EB Cafés were transferred to Seattle Coffee Company
	@2018 Bring the business back on track, find growth and remain relevant and sustainable by growing genres & categories	2019: The Social Kitchen and Bar was taken over by the Olives & Plates restaurant franchise Kirk revisited all the non-customer facing expenses with a view to reducing them, including warehouses, relocating the Corporate Office and reductions in overheads

Source: Author's own work collated from Exclusive Books' available historic documents and various secondary sources on the internet as confirmed in the footnotes above

Exhibit 4: Brief overview of economic policy in South Africa

Economic policies

Apartheid (1948–1994)

This era was characterised by racial segregation where the white minority of the population dominated economic activity at the expense of other ethnic groups in South Africa ([History, 2020](#)).

Sanctions and gold (1980s)

Due to apartheid, international oil sanctions was imposed against South Africa, resulting in the development of unique coal to oil conversion capabilities ([ODI, 1986](#)).

Mining companies thrive due to rising international gold prices, with mining conglomerates investing in local businesses. Following sanctions, Nelson Mandela was release from prison in 1990, which culminated in South Africa becoming a democracy in 1994.

Black economic empowerment

A structured system of black economic empowerment was introduced that was aimed to ensure equitable housing, education and health facilities for black citizens. Several progressive strategies were introduced ([South African History Online, 2014](#)).

Reconstruction and development programme (1994–1995)

The RDP was established in 1994 with the aim of establishing economic equality.

Growth, employment and redistribution strategy (1996–2010)

The introduction of GEAR was aimed at “reducing fiscal deficits, lowering inflation, maintaining exchange rate stability, decreasing barriers to trade and liberalizing capital flows” ([South African History Online, 2014](#)). This succeeded in reducing the negative growth rate seen during the RDP period.

Accelerated and shared growth initiative for South Africa (2005–2013)

The objectives of this strategy were to reduce poverty and unemployment with the ambition of a “united, democratic, non-sexist and non-racial society and a single integrated economy”.

National development plan (2010–2030)

This plan aims to develop a framework for overcoming poverty and inequality.

Continued inequality

In the post-apartheid era, unemployment rises from 20% in 1994 to 27.32% by 2019.

South Africa's Gini coefficient of 0.63 in 2015 indicates that the country has become one of the most unequal societies in the world ([The World Bank, 2019](#)).

By 2019, the South African GDP growth rate had slowed down to 0.8% ([Trading Economics, 2020](#)).

Other continued economic issues in South Africa include a decline in wage share and periods of capital flight in excess of 5% ([Schneider, 2018](#)).

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