

# BARNES & NOBLE

## BOOKSELLERS

### THE MARKET

Barnes & Noble is the world's largest bookseller, employing 48,000 booksellers in more than 840 stores in 49 states and the District of Columbia. The company offers the world's largest selection of books, with titles from more than 50,000 publisher imprints, including thousands of small, independent publishers and university presses. Barnes & Noble conducts its e-commerce business through Barnes & Noble.com ([www.bn.com](http://www.bn.com)).

Leonard Riggio, the founder and chairman of Barnes & Noble, has written in the company's mission statement, "We will not only listen to our customers, but also embrace the idea that the company is in their service." The success of Barnes and Noble is a direct result of this commitment to customers, its extraordinary selection of books, a passion for bookselling, and the ability to consistently deliver on its promise of quality products at affordable prices.

### ACHIEVEMENTS

Since pioneering the superstore concept in the early 1990s, Barnes & Noble has revolutionized the book-selling business and expanded the marketplace for books in ways never before imagined.

Barnes & Noble was the first bookseller to discount books and advertise on television, and the first to make bookstores friendlier and more accessible. Comfortable chairs, cafés, huge children's departments, music and DVD/video offerings, community events, and author readings and signings have made Barnes



& Noble stores America's information and entertainment piazzas.

Barnes & Noble is the only bookseller with a fully operational multichannel strategy, with retail locations from coast to coast and an online subsidiary, Barnes & Noble.com.

Barnes & Noble.com offers the largest in-stock selection of in-print book titles with more than one million titles in stock, available for immediate delivery, and supplemented by more than 30 million listings from its nationwide network of out-of-print, rare, and used book dealers. Barnes & Noble.com is also a leading online retailer of CD and DVD/video titles. In addition to innovations in retailing, Barnes & Noble's publishing program offers books

not found elsewhere at prices not matched anywhere.

### HISTORY

Barnes & Noble's beginnings can be traced to 1873, when Charles M. Barnes started a book business from his home in Wheaton, Illinois. In 1917, his son, William, went to New York to join G. Clifford Noble in establishing Barnes & Noble. In the 1930s, they opened the Barnes & Noble flagship store on Fifth Avenue at 18th Street in Manhattan. Leonard Riggio acquired this store in 1971.

Mr. Riggio began his bookselling career while attending New York University. Working as a clerk in the university bookstore, he became convinced that he could do a better job serving students and opened a competing store of his own. With a small investment, Mr. Riggio established the Student Book Exchange in Manhattan's Greenwich Village in 1965. The store quickly became one of New York's finest college bookstores.

In 1971, when Mr. Riggio acquired the Barnes & Noble bookstore in Manhattan, his thriving business included six other college bookstores. Within a few years, he transformed the Fifth Avenue store into "The World's Largest Bookstore." Mr. Riggio's commitment to students continues today as

chairman and principal shareholder of Barnes & Noble College Booksellers, a privately held company that operates more than 500 bookstores on campuses across the United States and in Canada.

Throughout the 1980s, Barnes & Noble made a number of groundbreaking moves. It launched its own publishing division, started a mail-order business, and acquired B. Dalton, Scribner's Bookstores, and Bookstop/Bookstar.

During the 1990s, Barnes & Noble introduced a new kind of bookstore. These superstores combine a vast and deep selection of titles with an experienced bookselling staff and a warm, comfortable, and spacious atmosphere. Barnes & Noble became a publicly traded company in 1993, and its shares trade on the New York Stock Exchange under the symbol "BKS." In 1997, the company opened its online store, Barnes & Noble.com ([www.bn.com](http://www.bn.com)).

In 2001, Barnes & Noble purchased SparkNotes, the world's largest and most popular



Albuquerque, New Mexico



stand-alone educational Web site, with more than 6 million registered users. In 2002, Barnes & Noble purchased Sterling Publishing, one of the top 25 publishers in America and the industry's leading publisher of how-to books.

## THE PRODUCT

Barnes & Noble superstores average 25,000 square feet and are open seven days a week.

Barnes & Noble's online channel, Barnes & Noble.com, is one of the world's leading e-commerce sites and one of the world's best bookselling operations. Its college textbook store offers a vast selection of new and used textbooks, and its online products include a full selection of CDs, DVDs, and videos. The company's focus on information products is manifested in Barnes & Noble University, which offers courses for free or for a small fee.



SparkNotes offers more than 1,000 study guides and a host of other educational products covering everything from literature to chemistry to computer science. With the addition of Sterling Publishing, Barnes & Noble has publishing or



distribution rights to nearly 10,000 titles. Sterling has an active list of more than 4,500 owned and distributed titles, and annually publishes and distributes more than 1,000 new titles. Barnes & Noble continues to expand its Libros en Español section and now offers thousands of Spanish-language books, CDs, and movies to its retail and online customers.

## RECENT DEVELOPMENTS

In May 2004, Barnes & Noble took Barnes & Noble.com private with the purchase of the online company's outstanding public shares. Previously, in September 2003, Barnes & Noble acquired Bertelsmann AG's interest in Barnes & Noble.com.

Barnes & Noble recently launched Barnes & Noble Classics, affordable editions of the world's greatest books. Each book contains authoritative texts and original scholarship, including newly commissioned introductions by leading scholars and academics, and study materials for a new generation of readers. Barnes & Noble Classics, some selling for as low as \$3.95, are a huge success.

## PROMOTION

Barnes & Noble offers many unique in-store features that not only add value but also serve to drive store traffic.

Large-scale children's departments and story times for children, usually held three times a week, appeal to children, parents, teachers, and librarians. Its music departments feature RedDotNet,

the most advanced listening technology, which enables customers to listen to any CD in the store, sampling up to 200,000 music titles and making "browsing with your ears" a reality. Newsstands in many superstores stock hard-to-find specialty magazines as well as out-of-town and foreign newspapers.

The Barnes & Noble Membership Program, a customer loyalty program, gives added incentives to millions of loyal customers to continue shopping at Barnes & Noble. Barnes & Noble members receive 10 percent off virtually every item in Barnes & Noble stores and 5 percent off already discounted prices online at Barnes & Noble.com.

Barnes & Noble is also committed to developing new writing talent. Its "Discover Great New Writers" program, launched in 1993, recognizes literary excellence in both fiction and nonfiction on an annual basis.

Each new store opening is a promotional event in itself, often featuring local dignitaries, music, and children's games. A portion of the sales proceeds from every new store opening benefits a local charity.

## BRAND VALUES

By delivering on its promise of unparalleled service, selection, and convenience, Barnes & Noble is the booklover's second home. Practically every store and its contents are different, because each store is an integral part of its community and neighborhood, reflecting local choices and tastes. As a result of the brand's success, Barnes & Noble for the third straight year is the number-one retail brand for quality in America, according to surveys by Harris Interactive®.

## THINGS YOU DIDN'T KNOW ABOUT BARNES & NOBLE

- Barnes & Noble's bookselling innovations have established it as America's top retail brand for quality. The 2002, 2003, and 2004 EquiTrend® Brand Study by Harris Interactive® named Barnes & Noble number-one in quality among the country's retail brands.
- Barnes & Noble is the largest specialty retailer of magazines in the United States, offering up to 3,000 titles through its store newsstands.
- Since opening its online store in March 1997, Barnes & Noble.com has attracted approximately 18 million customers in 230 countries.
- Barnes & Noble is the second largest coffeehouse in the United States, behind Starbucks.

