

US publishers smile again as Kindle rivals emerge

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Apple Inc.'s new iPad, which doubles as a full-color e-reader of books, newspapers and magazines. US book publishers are smiling again, after years of watching digital versions of their titles sell for below what they thought they were worth.

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A host of rivals to the market-dominating Kindle [electronic reader](#) has given newfound hope to publishers that they will finally be able to dictate their own terms after being at the mercy of Amazon.

[Rupert Murdoch](#), whose [News Corp.](#) stable includes publisher HarperCollins, could hardly contain his glee during an earnings call last week.

"Without content, the ever larger and flatter screens, the tablets, the e-readers and the increasingly sophisticated mobile phones would be lifeless," Murdoch said. "Without content these ingenious and wonderful devices would be unloved and unsold."

One new arrival in particular has Murdoch and other publishers excited -- Apple's iPad [tablet computer](#), which doubles as a full-color e-reader of books, newspapers and magazines.

"We're at a happy point, not just with Apple, but with Barnes & Noble and the 'Nook,' the 23 devices that have been launched, and Google Books seems to be just around the corner," a source in the publishing industry said.

"Now we have that many more distribution outlets coming," said the source, who requested anonymity out of fear of antagonizing Amazon, which may be facing competition but remains the undisputed e-book leader.

Although the iPad will not be available to consumers until the end of March, Apple is shaking up the digital book market like it did the music industry with the iPod and iTunes music store.

Unveiling the iPad, Apple chief executive Steve Jobs announced deals with five major publishers and an agreement that allows publishers to set higher prices while Apple settles for a 30-percent cut.

The so-called "agency model" is a departure from the way Amazon has been doing business with [book publishers](#).

Since the release of the Kindle two years ago, Amazon has sold digital versions of hardcover new releases and bestsellers for 9.99 dollars, a move primarily aimed at driving sales of the online retail giant's e-reader.

Publishers were generally opposed, believing the price too low, but were not in a position to argue while Amazon was the only game in town.

That is no longer the case and the revolt against Amazon was immediate.

Just days after the wraps were taken off the iPad, Macmillan informed Amazon it wanted to begin charging between 12.99 and 14.99 dollars for e-book versions of most hardcover new releases and bestsellers.

Macmillan said it would give Amazon a 30-percent cut, as with Apple.

Amazon protested, temporarily pulling Macmillan titles -- both print and e-books -- from its online bookstore, but acknowledged that "ultimately, however, we will have to capitulate and accept Macmillan's terms."

Another major publisher, Hachette Book Group, quickly followed Macmillan.

"It's important to note that we are not looking to the agency model as a way to make more money on e-books," Hachette chairman and chief executive David Young said in a letter to literary agents.

"In fact, we make less on each e-book sale under the new model," he said. "We're willing to accept lower return for e-book sales as we control the value of our product -- books, and content in general.

"We're taking the long view on e-book pricing, and this new model helps protect the long-term viability of the book marketplace," Young said.

Gartner analyst Allen Weiner said it remains to be seen whether consumers, having gotten used to paying 9.99 dollars for a bestseller or a new release, will pay more.

"The precedent may have already been set," Weiner said. "Consumers may not pay more than 12 dollars."

"The damage that Amazon has done may be irreparable," he said. "The cow is out of the barn. I don't know how you get the cow back in the barn."

At the same time though, "we're in the process of having all distribution lines and pricing models redrawn," Weiner said. "It's Chapter One in all of this, but it may or may not dictate what happens at the end."

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