

Amazon looking to go 'mass market' with Kindle price cut

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An Amazon employee displays their e-reader device "Kindle" in 2008. Amazon, by slashing the price of the Kindle, is hoping to turn its electronic book reader into a device with mass market appeal, one for "serious readers" distinct from Apple's multi-purpose iPad.

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Amazon, the pioneer of the e-book business, last week unveiled a 139-dollar wireless-only version of the basic Kindle, less than six weeks after dropping the price of the e-book reader to 189 dollars from 259

dollars.

Amazon founder and chief executive Jeff Bezos said sales growth for the Kindle "tripled" following the price cut to 189 dollars and the company is anticipating that the even-lower price will spur further sales.

"The Wi-Fi only device for 139 dollars clearly targets a mass market audience," said Bank of America analyst Justin Post.

At 139 dollars, the Kindle is "edging closer to a tipping point price of 99 dollars" which could trigger widespread adoption, Post said.

"It's a very compelling price point for someone who's looking for a single purpose device which has a rich functionality," agreed Shawn DuBravac, chief economist with the Consumer Electronics Association (CEA).

US bookstore chain Barnes & Noble sells a version of its e-reader, the Nook, for 149 dollars while Sony's cheapest e-reader is 150 dollars and the iPad is going to set a buyer back at least 499 dollars.

Amazon does not release sales figures for the Kindle but says it has been the online retail giant's best-selling item for two years. Research firms and analysts estimate the number sold at more than three million units.

Apple sold nearly 3.3 million iPads in just the first three months since it hit store shelves but the competition from the trendy California gadget maker has Amazon unfazed.

The tablet computer from Apple allows users to watch video, listen to music, play games or surf the Web in addition to reading digital [books](#) but the Kindle, as Amazon founder Bezos has stressed repeatedly, is "all about reading."

"The Kindle device will succeed by being the best dedicated e-reader in the world," Bezos told Amazon shareholders in May, comparing it to a camera on a phone and a dedicated camera.

"If activities are important, then (people) end up getting dedicated devices because they're always going to do the job better," he said. "Serious readers, they're going to want a purpose-built device."

CEA's DuBravac said Amazon's approach may succeed.

"One of the things that's happened over the last several decades is that consumers have adopted technology," DuBravac said, adding that there are now "roughly 24 products per household."

"What that enables the consumer to do is go to the device that is most meaningful for the experience that they're looking for," he said.

Amazon insists that when it comes to reading e-books, the device that does it best is the Kindle and its black-and-white electronic ink screen is better than the iPad's backlit color LCD display, which Bezos says causes eye strain.

When Amazon introduced the Kindle nearly three years ago it was selling for 359 dollars and industry analysts believe the company may now be selling the devices at below manufacturing cost.

"Following the razor-blade model, Amazon appears to be taking a small margin on the razor (the Kindle) and planning to make it up on the blades (the e-books)," wrote analyst Paul Ausick of website 247WallSt.com.

Amazon's US [Kindle](#) store currently offers more than 630,000 titles and the company announced this month that it was now selling more e-books

a month than hardcover books, a trend that Bezos expects to accelerate.

"I predict we will surpass paperback sales sometime in the next nine to 12 months," the Amazon founder said in an interview with USA Today. "Sometime after that, we'll surpass the combination of paperback and hardcover."

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