

Amazon plays to book buyer wallets in Hachette battle

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Amazon on Tuesday suggested its battle with publishing giant Hachette is about making sure book lovers' on a budget pay less for digital titles.

"A key objective is lower e-book prices," the online retail colossus said in a Kindle forum update.

"E-books can be and should be less expensive."

Factors for holding down prices of e-books include the absence of costs associated with printing, over-printing, returns, lost sales, warehousing and shipping, Amazon reasoned.

Digital books typically can't be re-sold, meaning they don't compete with new copies in second-hand markets.

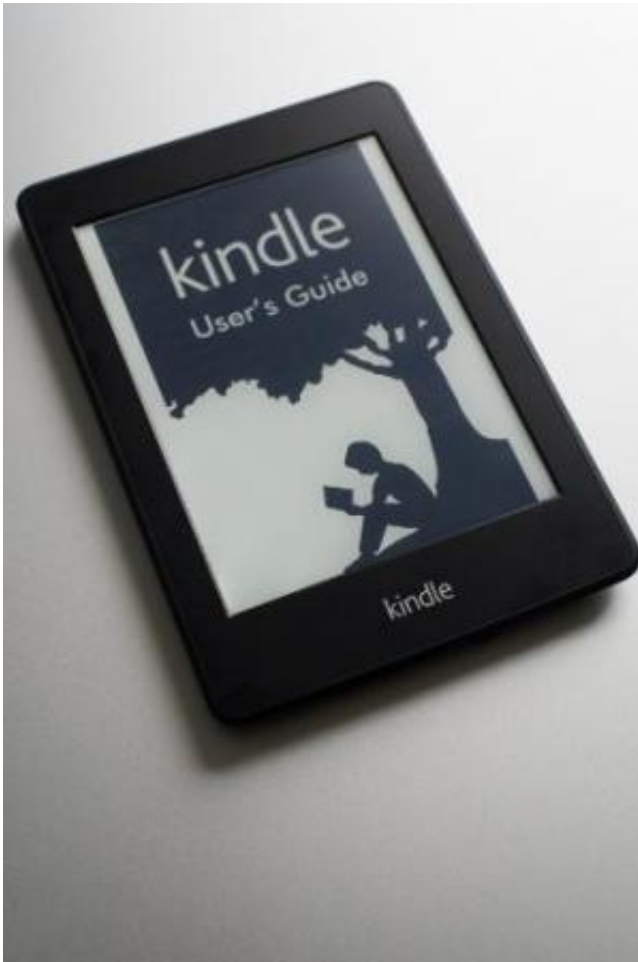
"Books compete against mobile games, television, movies, Facebook, blogs, free news sites and more," Amazon said.

"If we want a healthy reading culture, we have to work hard to be sure books actually are competitive against these other media types, and a big part of that is working hard to make books less expensive."

Because of lesser costs associated with e-books, lower prices sought by Amazon actually result in higher margins of revenue, the book seller argued.

- Authors get their share -

Amazon said its proposal to Hachette is to give 35 percent of e-book revenue to authors, another 35 percent to the publisher and the keep the remaining 30 percent as its share.



File photo of Amazon's Kindle e-reader

"The way this would actually work is that we would send 70 percent of the total revenue to Hachette, and they would decide how much to share with the author," Amazon said.

"We believe Hachette is sharing too small a portion with the author today, but ultimately that is not our call."

The 30 percent cut of revenue for Amazon was put in place four years ago at the behest of Hachette during contract negotiations, according to the online retailer.

Seattle-based Amazon earlier this month offered to give to authors all the money from e-book sales while its contract battle with Hachette drags on, and contended that the French publishing powerhouse is letting authors suffer to improve its bargaining position.

Amazon has acknowledged it was maintaining less inventory from Hachette and was no longer taking pre-orders from the publisher.

"Negotiating with suppliers for equitable terms and making stocking and assortment decisions based on those terms is one of a bookseller's, or any retailer's, most important jobs," Amazon said earlier this year.

Amazon maintained that the face-off with Hachette affects a small percentage, along the lines of a dozen out of every thousand, of the Kindle-maker's book sales.

Hachette Book Group is a subsidiary of French company Lagardere.

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