Amazon cuts Kindle price, adds global version

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Kindle DX

(AP) -- Amazon.com Inc. is cutting the price of its Kindle electronic-book reader yet again and launching an international version, in hopes of spurring more sales and keeping it ahead of a growing field of competitors.

With Wednesday's $40 reduction on the Kindle, the device now costs $259. It debuted in 2007 at $399 and started this year at $359, before another price cut in July.

In an interview, Amazon CEO Jeff Bezos said the company can now afford to reduce the price because of the increased number of Kindles

the company is making - and selling.

Bezos called it Amazon's best-selling product, but Amazon has not disclosed sales figures for the Kindle, which has a 6-inch screen that displays shades of gray, room to store 1,500 books and the ability to download books wirelessly.

The price reduction also shows Amazon is trying to maintain a lead in the nascent e-reader market as the field gets more crowded.

According to a report being released Wednesday by Forrester Research, e-reader sales will total an estimated 3 million this year, with Amazon selling 60 percent of them and Sony Corp. 35 percent. Sony offers a $199 "Pocket Edition" e-reader and larger $299 touch-screen model, and in December it will offer a $399 model that can wirelessly download books rather than needing a connection to a computer.

Lesser-known companies are moving in, too. IREX Technologies plans to release a wireless-enabled $400 e-reader this fall, and Plastic Logic Ltd. intends to sell one with wireless capabilities as well.

According to the Association of American Publishers, e-books accounted for just 1.6 percent of all book sales in the first half of the year. But the market is growing fast. E-book sales totaled $81.5 million in the first half, up from $29.8 million in the first six months of 2008.

And Bezos said Amazon sells 48 Kindle copies for every 100 physical copies of books that it offers in both formats. Five months ago it was selling 35 Kindle copies per 100 physical versions.

Bezos said that increase is happening faster than he expected.

"I think that ultimately we will sell more books in Kindle editions than

we do in physical editions," Bezos said in the interview, which was held in the Cupertino offices of Lab126, the Amazon subsidiary that developed the Kindle.

In hopes of stimulating even more growth, Amazon also will start selling a $279 version of the Kindle that will work in 100 countries and be sold to readers outside the U.S. This Kindle will begin shipping on Monday in such countries as Australia, Japan, India and Germany.

The current Kindle can wirelessly download content in the U.S. over Sprint Nextel Corp.'s network, but outside the country you must connect it to a computer with a USB cable to add content. The international version will be able to wirelessly download content over AT&T's network around the world.

Seattle-based Amazon also sells a larger version of the Kindle, the DX, which was released this past spring and is geared toward textbook and periodical reading. It costs $489.

Having sub-$299 price tags on the U.S. and international Kindles could help Amazon this holiday season - a period that the National Retail Federation is expecting to be sluggish. The trade group forecast this week that retail sales in November and December combined will fall 1 percent from last year.

Forrester analyst Sarah Rotman Epps thinks that e-reader prices need to come down even more if the devices are going to become mainstream products, however. She suggested $99 as a price that would be much more likely to lure consumers.

She said people "have somewhat unrealistic expectations of how much consumer electronics in general, and e-readers in particular, should be."

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