

From: administrat[REDACTED] [mailto:administrat[REDACTED]]
Sent: Saturday, June 23, 2012 11:50 AM
To: Read, John [John.Read@ATR.USDOJ.gov]
Subject: Please heed the thoughtful analysis of the Authors Guild -- Don't help Amazon target bookstores!

Our literary culture needs thriving brick and mortar bookstores which are endangered by Amazon's tactics, as set out below in the thoughtful analysis of the Authors Guild.

Unfair competition and acts intended to drive others out of business should not be tolerated or permitted by the Justice Dept. or the courts.

----- Original Message -----

From: "The Authors Guild" <sta[REDACTED]>
Sent: Fri, June 22, 2012 20:35
Subject: Last call. Tell DOJ: Don't help Amazon target bookstores

Feel free to forward or comment. Here it is at our blog: <http://tinyurl.com/87p8uqm>

Comments on the Justice Department's proposed e-book settlement are due Monday, June 25th. If you haven't yet done so, consider writing a brief note to John Read (john.read@usdoj.gov) with your thoughts on whether the settlement is in the public interest. Keep it simple, if you'd like: A healthy, competitive book market is vital to our culture. It's not in the public interest for the government to help Amazon use e-books to target traditional brick-and-mortar bookstores.

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Here's the background (for more see our earlier member alerts: [E-Book Proposal](#), [Needlessly Imperils Bookstores; How to Weigh In](#) and [Letter from Scott Turow! : Grim News](#)).

The Justice Department alleges that Apple and five large publishers colluded to introduce "agency pricing" to e-books.* The DOJ's proposed settlement would allow Amazon to resume the predatory pricing that allowed it to capture 90% of the e-book market while undermining its offline competition. (Amazon could select which e-books to sell at a loss, so long as it doesn't lose money over the publisher's entire list of e-books over a 12-month period.)

This is a big mistake:

1. Amazon controls the market for an estimated 90% of in-print titles. Amazon has long

commanded 75% of the online market for trade books in print form. Since only 10% of in-print books (frontlist books and core backlist titles) have substantial sales in brick-and-mortar stores, the online market is the only market that matters for most books. (Estimates vary, but it appears that there are about 2 million books in print. The largest brick-and-mortar stores might carry 150,000 titles; a typical independent bookstore carries a fraction of that.)

2. Amazon's predatory pricing targets 1% of in-print books: the books that its brick-and-mortar competitors rely on to bring customers to their stores. When not constrained by agency pricing, Amazon takes substantial losses on each sale of a specific subset of frontlist e-books – the bestsellers, near bestsellers, and might-be bestsellers. Losing \$2 or \$3 on each of these e-books pays immediate dividends. Since Amazon owns online bookselling (see Item #1), keeping readers out of bookstores keeps them on Amazon's turf.

3. A healthy literary marketplace depends on brick-and-mortar bookstores. Many books will never find their audience unless they're displayed on bookstore shelves and tables. These books include, of course, children's picture books, art books, and many cookbooks, which have to be seen and held to be appreciated. Bookstores are also destinations for readers, in a way that no online store can replicate. No one plans to take their kids to Amazon on Saturday to browse and pick out a book, for example, and people don't escape to Amazon to unplug and relax for a while. Those trips matter. Marketing studies confirm that readers are far more likely to buy unknown books by unfamiliar authors if they see them in a bookstore. Amazon, on the other hand, excels as a search engine for books readers have already heard of. This is one of the reasons the online market skews heavily toward familiar authors.

Clearly, Amazon is committed to capturing the U.S. book market by forcibly moving it online, where it can more easily eliminate its competitors. Economic history tells us that monopolists tend to dictate terms to all participants in their markets. For the sake of our literary culture, our book market deserves a better fate.

The Justice Department is required to submit your comments to the U.S. District Judge Denise Cote, who will decide whether the settlement is in the public interest.

Write to: John R. Read, Esq. (john.read@usdoj.gov)
Chief, Litigation III
Antitrust Division, United States Department of Justice
Washington, D.C. 20530

Refer to: U.S. vs. Apple, Inc., et al., 12-cv-2826 (DLC) (SDNY)

Deadline: Comments must be received by June 25, 2012.

Please note: All comments will be published at the Justice Department's website.

*** In agency pricing, the vendor acts as the publisher's agent, taking a 30% commission and selling at the publisher's undiscounted retail price. Amazon's e-book market share has fallen from 90% to 60% since agency pricing was introduced in 2010.**

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