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Sent: Monday, June 25, 2012 2:40 PM
To: Read, John
Subject: U.S. vs. Apple, Inc., et al., 12-cv-2826 (DLC) (SDNY)

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To: John R. Read, Esq.

A healthy, competitive book market is essential to our culture, our communities, our students, our workers. It is interwoven with core American values. It is not in the public interest for the government to help Amazon use e-books to target traditional brick-and-mortar bookstores. This will suppress the availability, variety and quality of books significantly, the viability of being a writer, and ultimately lead to a reduction in the quality of our lives, costing America not only jobs but also its standing in the educational and cultural forefront.

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, and here is why this is so:

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 DoJ should be investigating the predatory pricing practices of Amazon.

Signed,

Susan Knopf