

Subject: Re: New York publisher update
Date: Wed, 26 Jan 2011 08:00:51 -0800
From: "Eddy Cue" <cue@apple.com>
To: "Keith Moerer" <kmoerer@apple.com>
Message-ID: <8C0F910C-6D98-40E3-8456-2DDCF4610DF0@apple.com>

I will be in NY next week so see if Pam can set something up.

Eddy

On Jan 26, 2011, at 7:55 AM, Keith Moerer wrote:

Just finished a great meeting with John.

Would love to get John and Fritz Foy, who manages a big piece for education for him, out to California or meet in New York to discuss education with us soon.

Meeting with Carolyn in ten minutes.

On Jan 26, 2011, at 7:50 AM, Eddy Cue wrote:

all good except HC but that will be fine... they will all be very happy to finally get Random House.

On Jan 25, 2011, at 9:59 PM, Keith Moerer wrote:

Eddy--

Besides a two-hour launch planning meeting with RH on Thursday morning, I'm in New York this week meeting with major trade publishers and attending Digital Book World, a two-day conference in Midtown. (Google presented today and Amazon is presenting tomorrow.)

I saw Markus Dohle at Digital Book World today and we talked briefly, but he didn't seem comfortable being seen in public with me yet. :)

Every other publisher I've met with so far has brought up the one-year anniversary of our original deal, moving to automatic monthly renewals going forward.

Hachette:



- * Happy with all the current terms, no desire to revisit any aspect of the contract.
- * Pleased with our holiday sales spike, but hope we can sustain and build on this momentum. Told them we have a couple of significant sales drivers coming, but didn't talk specifics.
- * Says our children's picture books of theirs have outsold Barnes & Noble since launch
- * Would like to work on a high-quality but lesser known book of Ansel Adams color photography as their next illustrated book for adults

Penguin:

- * Also pleased with our holiday sales spike, but have been pushing hard for a desktop store and are pleased to hear that it's coming (I haven't mentioned dates, only that we're working on it.)
- * Are finally ready to sign an agency agreement in Canada, where they've been a holdout
- * Have not participated yet in children's picture books because of a font licensing issue, but hope to resolve this soon
- * Would like more price points (e.g. 49 cents) and a removal of pricing guidelines. Both were mentioned in passing as a topic for future discussion in the last five minutes of a 90-minute meeting.

HarperCollins:

- * One year later and still as crazy about pricing as ever.
- * Charlie Redmayne is pushing hard for us to consider an 80-20 split, so they could price their content lower while keeping their authors whole on their royalties. It's about selling more units, he claims, not keeping more money per unit for HC. I gave him a flat no, for all the usual reasons--including that a lower split turns books into a money-losing proposition for us-- but also said that I'd mention it to you (and give you a heads up in case Brian calls you directly).
- * Would like to like get rid of the pricing guidelines, even though he says HC has no intention of setting higher prices. Will save his tortured logic for our next conversation.
- * Says Barnes & Noble is outselling us on their children's books. At least part of the reason, they believe, is that B&N has read-along functionality for their books and we don't.
- * Had a couple of good ideas: Harper would like to sell adult ebooks (novels, narrative nonfiction), with audio sync'd to text, for \$2 more than the standard ebook. Think of it as a text/audio bundle. If I want to read, but my wife wants to listen to the book instead, we don't have to buy two products. Or, I can start reading a book before bed at night, and continue by listening on my drive in to work in the morning.
- * Would also like to offer cookbooks with audio sync'd to text so a cook in the kitchen doesn't have to use wet or dirty hands to turn the page of an iPad. This makes the the read along/audio sync to text feature planned for iBooks 1.3 much more than just a kids' picture book



enhancement. Will work with Jeff and AI to make sure we implement properly.

Google:

* Gave an amateurish 10-minute presentation about Google Books at Digital Book World, acknowledging customer frustrations with their reader (e.g. no landscape mode) with promises to improve.

* Claim "well over 1 million reader downloads" and 180 independent booksellers using their service to sell digital books.

* I've been told by two major publishers that they've gained almost no sales traction, with one publisher saying the results so far have been "shockingly disappointing."

I'm meeting with John Sargent and Carolyn Reidy tomorrow, and Random House on Thursday. Will send an additional update on Thursday or talk to you once I'm back on Friday.

Keith

----- end message -----

