

June 12, 2012

Mr. John Read, Chief Litigation III Section
Antitrust Division
U.S. Department of Justice
450 5th Street, NW, Suite 4000
Washington, DC 20530

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LITIGATION III, ANTITRUST DIV.
U.S. DEPT. OF JUSTICE

Dear Mr. Read,

As an independent bookstore owner, I am writing to you in response to the U.S. Department of Justice's recent action against several publishers and Apple regarding the agency pricing model.

Over the past decade, one of the biggest changes in the bookstore business has been the addition of e-books into the industry. In order to stay up-to-date, it is key for independent bookstores to be able to offer e-books to our customers. Whereas customers that have Kindles may only buy e-books from Amazon, other e-readers have been configured so that their owners can buy e-books through independent bookstores, chain bookstores, and various retailers.

Before the adoption of agency modeling, Amazon had cornered the e-book market. The American Booksellers Association found that Amazon, "had a 90 percent market share in e-books, which they were selling below cost, a price far lower than indie booksellers could purchase e-books from publishers." Small, independent bookstores such as mine cannot afford to sell e-books for less than our own purchase price. The agency model provided companies other than Amazon the opportunity to sell e-books at a competitive price.

According to your statement on April 11, the publishers involved conspired to increase the prices of e-books and make consumers over-pay. However, the agency model has actually lowered prices to indie bookstore customers, and indies themselves have seen significantly increased price competition among publishers in regard to promotions, discounts, and special offers, all of which have allowed bricks-and-mortar bookstores like mine to offer customers a wider array of titles at a greater value. As Barnes & Noble, Google, Apple, Kobo, and others have joined the market it has become far more competitive and diverse. There is, by the way, no across-the-board pricing for e-books as one might guess from your actions. Each publisher prices each of their own titles individually as they see fit.



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If the Department of Justice is successful in banning companies from using the agency model, there will be a dramatic shift in the e-book business. Competition between companies will become non-existent as Amazon will once again be allowed to use e-books as a loss leader. The result would be that independent bookstores, such as mine, will no longer be able to afford to offer e-books to our customers, and Amazon will once again dominate the e-book market with no competition. If the agency model goes away for a significant period of time, there is every reason to believe that Amazon will again price below cost and increase its e-book market share. We believe this can only be bad news for the reading public, resulting in a cultural landscape offering a far less diverse range of titles being published and a much-diminished range of publishers.

The April 11 statement the Department of Justice released stated that getting rid of the agency model would, "restore competition to this important industry and benefit consumers." But the opposite would happen and it would harm consumers in the long run. The American Booksellers Association has found that, "since the introduction of the agency model, the e-book market for consumers has become far more competitive-not less so!" The action you are pursuing will only enable a monopoly by a giant player, and the consumer is always a loser when that happens!

In the United States, we have always prized ourselves on promoting free enterprise and a healthy atmosphere for competition in our markets. Sales at my bookstore have increased since the addition of e-books into our inventory. Also, customers can shop locally and buy from a company that actually pays sales tax every month. The agency model should be allowed to stay in place in order to allow competition in the market, thus giving readers a choice in where to spend their money.

It is my fervent wish that the DOJ drop this suit at once. Having spoken with countless people in both my profession and yours, I find it hard to believe that this action is going forward at all!

Sincerely,



Jill Miner, owner
Saturn Booksellers, Gaylord, Michigan



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