

From: Sheila Allen Avelin [mailto:shei[REDACTED]]
Sent: Monday, June 25, 2012 5:42 PM
To: Read, John
Cc: c
Subject: Agency pricing model

Dear Mr. Read--

I own an independent bookstore in Philadelphia, and I've been following the DoJ case against Apple and the major publishers with great concern. It seems to me that the issue has been entirely turned around from the beginning. In our industry, Amazon is the 300-pound gorilla, and has been guilty of a myriad of monopoly practices designed to force businesses like mine out of the industry. Amazon should be the target of a DoJ investigation, not Apple and the major publishers.

I also wonder why anything sees anything novel in agency pricing! Publishers have set retail prices in the book industry for generations: books come to me with the prices printed on them, both on the cover and above the barcode. What was actually harmful to competition was not Apple's proposal to use the agency model in the iTunes store to allow publishers to set individual prices for each book, but Amazon's decision to sell e-books at a substantial loss in order to lock out other ebook retailers and e-reader manufacturers from a market that it dominated via the Kindle.

I also don't see that Apple and the major publishers did anything to affect the price of an individual ebook. Each individual publisher is still able to set the price of each title at whatever point it thinks is appropriate, independent of any other decision, just like printed books. Apple simply adapted a pricing model already in existence in print books and applied it to electronic books in order to make it more difficult for Amazon to continue its practice of massively underselling all of its competitors to defend its hardware monopoly.

I'm far more alarmed by the long-term anti-competitive implications of artificially lowering prices to below the publishers' cost, as Amazon has done. The competitive chill for people like me is clear--why should I invest in an online store to sell e-books when I know I can't meet Amazon's price, and the number of customers with non-Kindle readers is small?--but it also has alarming implications for the industry as a whole. If Amazon prices traditional publishing houses out of the publishing business, which it seems happy to do, and we are left with self-publishing to fill in the gap, we will be left with a swamp of poorly written, poorly edited, poorly proofwritten vanity projects that, frankly, no one wants to read. Amazon will still be in fine shape, because Amazon will be making money from selling self-publishing kits to the authors themselves--most of whom will lose money. The rest of us will be far worse off. If the only harm the Department of Justice recognizes is a higher price for the consumer, the Department of Justice is being incredibly short-sighted.

The issue here isn't really whether Amazon or individual publishers (via the Apple store) should set the prices for e-books. The issue is whether the retail stream that e-books represent should go exclusively to Amazon, or whether it should be available to a wide

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variety of book retailers, and whether publishers should be fairly compensated for the work they do in bringing books to the market.

Finally, the book industry is also our literary culture: do we want it to be vibrant and lively, do we want talented authors and interested audiences to connect easily, or do we want our written life to be mostly drek sorted by algorithms? That is very much what's at stake.

Yours,

Sheila Avelin, owner

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