

From:
Sent:
To: Reidy, Carolyn <Carolyn.Reidy@Simonandschuster.com>
Subject: RE:

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Sent: Wednesday, September 23, 2009 12:27 AM
To: Reidy, Carolyn
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Memo I hope clearly explained basic problem: how to get Amazon to change its pricing.

Have taken into consideration three parties: publisher/author/retailer

Have preserved author earnings

Have enabled retailer to discount ebooks greater than pbooks even if discounts pbooks considerably (even as high as 45%)

We definitely earn less (approximately \$1.6 million) than we are now—but what getting now is not sustainable, we feel. Important to move now before business is entirely dependent on \$9.99 price. If we can get it established a bit higher, we have room to move.

Have tried to do it by raising prices—has not worked.

Don't think that delaying ebook release will be successful. (B&N and other retailers now asking for this because of price pressures)

So only other option is minimum price.

DANGERS:

Economic:

Amazon core business is \$55 million. Can hurt that by selling less effectively

Ebook business is another? \$20 million. [REDACTED]

Could cut that off entirely – don't think would do that forever, but is a danger

There are not strong competitors at the moment; they could come within a year. But feel need to move before even more consumers are used to \$9.99 price.

[REDACTED]

Redacted

Do hope others would copy us if we move to do this.