

From: Sarah Battles
Sent: Thursday, January 21, 2010 5:07:27 PM
To: Theresa Homer
Subject: eBook Pricing Summary

Attachments: Nov - Jan eBook Sls Summary.xls

Attached is a detailed analysis of November, December, and MTD January eBooks sales.

SHORT VERSION

1. Our initial pricing rules allowed for three categories which informed our margin projections.
2. We decided to match Amazon with no guard rails for nook launch.
3. We need guard rails (or some throttle on price-matching) ASAP until we get a sophisticated pricing engine.

LONGER VERSION

Pricing Summary:

1. November chart: Reflects our original pricing rules and title mix.
2. December & January charts: Reflect the results of our decision to match Amazon and, in the interest of time, go without guardrails until further analysis.

November

% to TOTAL Demand Sls \$

WEIGHTED GROSS MARGINS

December

% to TOTAL Demand Sls \$

WEIGHTED GROSS MARGINS

January (wks 1+2)

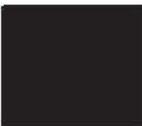
% to TOTAL Demand Sls \$

WEIGHTED GROSS MARGINS

NYT Bestseller



NYT Bestseller



NYT Bestseller

USA v. Apple Inc., et al.
12-CV-02826-DLC
DX-219



New Releases



New Releases



New Releases



Remainder



Remainder



Remainder



Impact of matching Amazon based prior analysis

1. NYT Bestsellers often priced less than 9.99
2. New releases can be priced less than 9.99 whereas before we had guard rails (27.99 to 34.95 = 14.99; 35 or greater = 20% discount)
3. Remainder of catalog is now deeply discounted whereas before we only discounted 20%

Overall margin is directly related to the title mix

In December & January we sold WAY more NYT Bestsellers and new releases than in previous months.

1. We acquired and put up many more new and bestselling eBook titles throughout November & December
2. Publishers release few new titles in November/December, and have a high amount of new releases in January
3. Initial nook owners appear to be bestseller/new release buyers

Suggested short term solutions

1. Decide if existing NYT Marketing Strategy will remain or change to include flexibility of a greater than \$9.99 NYT price point
2. Start excluding certain publishers from Amazon price matching and new release discounting rules (i.e., University Presses)
3. Create a dynamic pricing scenario where titles are matched to Amazon ONLY based on certain criteria, like
 - a. Sales rank threshold (or % to overall eBook unit and/or demand sales)
 - b. Onsale date
 - c. When titles do not fall into the price-matching criteria, they default to our own rules grid

Spreadsheet:

Tab 1 – shows title type breakout for Nov, Dec, Jan Week 1, Jan Week 2, and Jan MTD

Tab 2 – shows in pie graphs how the title mix has inverted from Nov to Jan, and a bar graph showing # of unique EANs sold per month

Tab 3 – shows in line graphs how the title mix has inverted from Nov to Jan and the corresponding margin changes

Thanks,
Sarah

Sarah Albrecht Battles

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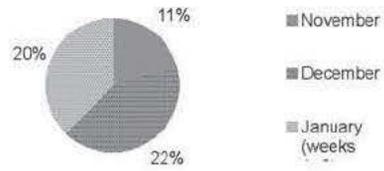
[HYPERLINK "http://www.bn.com"www.bn.com](http://www.bn.com)

P Save a tree – print less email

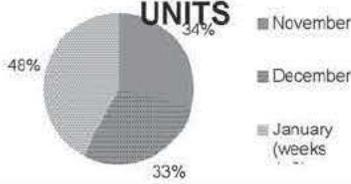
	A	B	C	D	E	F
1						
2	November 2009 eBook Sales					
3					\$ to TOTAL Nov 2009 UNITS	
3	Title Type	Avg DLP	Avg Cust Price	\$/s UNITS		Demand \$/s \$
4	NYT Bestseller	\$17.96	\$9.93	8,421	11%	\$81,960.74
5	New Releases	\$11.87	\$8.03	26,169	34%	\$218,507.16
6	Remainder of Catalogue	\$9.89	\$8.24	43,446	56%	\$273,608.47
7	GRAND TOTALS			78,036	100%	\$574,076.37
8						
9						
10	December 2009 eBook Sales					
11					\$ to TOTAL Dec 2009 UNITS	
11	Title Type	Avg DLP	Avg Cust Price	\$/s UNITS		Demand \$/s \$
12	NYT Bestseller	\$19.02	\$9.62	50,109	22%	\$460,387.15
13	New Releases	\$12.19	\$7.52	74,616	33%	\$582,888.35
14	Remainder of Catalogue	\$10.63	\$7.65	104,484	46%	\$709,720.31
15	GRAND TOTALS			229,209	100%	\$1,752,995.81
16						
17						
18	January 2010 - Week 1 eBook Sales					
19					\$ to TOTAL Jan 2010 Wk 1 UNITS	
19	Title Type	Avg DLP	Avg Cust Price	\$/s UNITS		Demand \$/s \$
20	NYT Bestseller	\$18.86	\$9.13	18,315	18%	\$157,648.41
21	New Releases	\$11.94	\$7.49	50,730	50%	\$337,363.00
22	Remainder of Catalogue	\$10.37	\$7.41	31,697	31%	\$198,807.58
23	GRAND TOTALS			100,742	100%	\$693,818.99
24						
25						
26	January 2010 - Week 2 eBook Sales					
27					\$ to TOTAL Jan 2010 Wk 2 UNITS	
27	Title Type	Avg DLP	Avg Cust Price	\$/s UNITS		Demand \$/s \$
28	NYT Bestseller	\$19.00	\$8.68	20,865	23%	\$161,992.46
29	New Releases	\$11.85	\$7.44	42,327	46%	\$299,194.70
30	Remainder of Catalogue	\$10.30	\$7.33	29,452	31%	\$186,510.84
31	GRAND TOTALS			91,644	100%	\$647,697.99
32						
33						
34	January MID 2010 - Weeks 1+2 eBook Sales					
35					\$ to TOTAL Jan 2010 1+2 UNITS	
35	Title Type	Avg DLP	Avg Cust Price	\$/s UNITS		Demand \$/s \$
36	NYT Bestseller			39,180	20%	\$319,640.86
37	New Releases			93,057	48%	\$636,557.70
38	Remainder of Catalogue			60,149	31%	\$385,318.42
39	GRAND TOTALS			192,386	100%	\$1,341,516.98
40						
41						
42						
43		Demand Sales	Overall Margin			
44	November	\$574,076.37	16.72%			
45	December	\$1,752,995.81	-0.04%			
46	January	\$1,341,516.98	-1.99%			

	A	B	C	D	E	F	G	H	I	J	K
1											
2			% to TOTAL								
3	NYT	% UNITS	Month's UNITS	Demand \$							
4	November	8,421	11%	\$81,960.74							
5	December	50,109	22%	\$460,387.15							
6	January (weeks 1+2)	39,180	20%	\$319,640.86							
7											
8			% to TOTAL								
9	NR's	% UNITS	Month's UNITS	Demand \$							
10	November	26,169	34%	\$218,507.16							
11	December	74,616	33%	\$582,888.35							
12	January (weeks 1+2)	93,057	48%	\$385,318.42							
13											
14			% to TOTAL								
15	Remainder	% UNITS	Month's UNITS	Demand \$							
16	November	43,446	56%	\$273,608.47							
17	December	104,484	46%	\$709,720.31							
18	January (weeks 1+2)	60,149	41%	\$385,318.42							

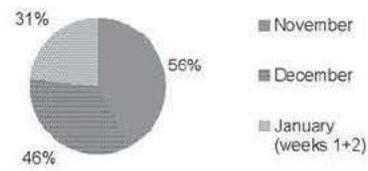
NYT % to TOTAL Month's UNITS



New Releases % to TOTAL Month's UNITS



Longtail % to TOTAL Month's UNITS



Unique EANs Sold by month

