Amazon under fire on books as Google debate rages

By Jeffrey Goldfarb

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LONDON (Reuters) - Amazon.com came under fire from Britain's book publishing and retailing industries on Monday even as the debate raged over a perceived threat presented by Google Inc.

The chief executive of HarperCollins UK, said she feared the online book seller more than the Web search leader, which has created a stir with plans to digitize every book.

"We all want to talk about Google, but personally I see Amazon as a bigger threat because Amazon has shown a lot of signs that they actually want to move into the publishing space," said Victoria Barnsley.

She cited Amazon.com's recruitment of senior executives from the publishing industry and its approaches to book agencies as evidence of the company's ambition.

"They are moving into the publishing space and we ought to be very mindful of that," she said during a panel discussion on the future of publishing at the London Book Fair. HarperCollins is owned by Rupert Murdoch's News Corp.

"I think we'd argue that Amazon is a real friend to the publishing industry," a spokesman for the retailer said when told of Barnsley's remarks.

He said Amazon had helped boost sales of publishers' back titles and said its own opt-in scanning project that allows consumers to see inside a book online has helped increase sales of those books by 7 percent in the United States.

Meanwhile, one of Britain's biggest book retailers said it is contemplating severing ties with Amazon.com and creating its own online retail space.

Alan Giles, CEO of HMV, which owns the bookselling chain Waterstone's, said he is not sure the shops should continue having Amazon host their Internet presence.
"We are having quite an open debate with Amazon whether that is necessarily fulfilling the aspirations we've got in the online space," Giles told Reuters on the sidelines of the presentation.

"The deal we did with Amazon was right for the time because it gave us a very cost-efficient way of providing maximum service to our customers, but we are due to make some changes to punch our weight on the online channel," he said.

Many companies initially were happy to farm out their online commerce sites to pioneers like Amazon for cost and efficiency reasons, but the ability to run them has become cheaper and easier, and more important for preserving brand identity.

The Amazon spokesman declined to comment, saying it doesn't publicly discuss commercial relationships.

Waterstone's is in the process of trying to buy rival Ottakar's while parent company HMV is the subject of a takeover bid by private equity firm Permira.

GOOGLE STILL A CONCERN

Google's efforts were not forgotten amid the Amazon chatter as book fair attendees flocked in droves to standing-room-only presentations explaining how the digitization efforts will work.

Google has been on the defensive since it unveiled a pair of scanning initiatives in late 2004 and has been trying to reassure the industry it is not making available online the full texts of volumes still under copyright protection.

U.S. publishers have sued Google and the animosity has now spilled overseas.

Nigel Newton, CEO of Harry Potter publisher Bloomsbury, called for a boycott of Google as the book fair opened, claiming the digital scanning plans are a "Pandora's box" despite the company's claims otherwise.

"Its quest to monetize for its own benefit the literature of the world must be stopped," he said.

"It must be regarded as likely that a subsequent management regime at Google will pressure publishers to allow it to offer 100 percent of text as battles for market share are joined against the other mighty search engines," Newton added.

Barnsley, the HarperCollins executive, said she had no plans to swear off Google, but noted that her company is spending millions of pounds to build its own digital repository.

"We will not do what Nigel Newton wants, which is not talk to Google," she said. "It would be mad to just shut down the dialogue.

"I do think that search -- which is what Google is about -- is going to transform our industry. I think it's the most exciting that's happened."