Electronic Device Stirs Unease at Book Fair

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LOS ANGELES — Is the electronic book approaching the tipping point?

That topic both energized and unnerved people attending BookExpo America, the publishing and bookselling industry’s annual trade show, which ended at the convention center here on Sunday.

Much of the talk was focused on the Kindle, Amazon’s electronic reader, which has gained widespread acclaim for its ease of use. Jeffrey P. Bezos, the founder and chief executive of Amazon, spent much of a packed session on Friday evangelizing about the Kindle, which he said already accounts for 6 percent of his company’s unit sales of books that are available in both paper and electronic formats.

But excitement about the Kindle, which was introduced in November, also worries some publishing executives, who fear Amazon’s still-growing power as a bookseller. Those executives note that Amazon currently sells most of its Kindle books to customers for a price well below what it pays publishers, and they anticipate that it will not be long before Amazon begins using the Kindle’s popularity as a lever to demand that publishers cut prices.

Overall, traffic at the book fair seemed lower than in past years, a reflecting perhaps that some editors did not make the long trip west from Manhattan, as well as the fact that the growth in the book business has slowed.

While authors including William Shatner, Andre Dubus III and Ty Pennington drew big crowds of booksellers seeking autographs, several books by little-known authors scheduled for publication were being pushed hard by publishers. Those include two that use witches, of a sort, as their protagonists and one whose author is in shaman training.

One, “The Heretic’s Daughter,” is a novel about Martha Carrier, the first woman to be accused, tried and hanged as a witch in Salem, Mass. The author, Kathleen Kent, is a 10th-generation descendant of Carrier (though not a witch herself, said Reagan Arthur, an editor at the book’s publisher, Little, Brown). Another, “The Lace Reader,” by
Brunonia Barry, is set in modern-day Salem, where the narrator hails from a family of women who can read the future in a pattern of lace. The novel, being published by William Morrow in July, was previously self-published by the author.

Kira Salak, the author of the third novel, “The White Mary,” draws on her travels across Papua New Guinea for an account of a journalist searching for a missing reporter who is thought to have committed suicide but might still be alive. According to Sarah Knight, an editor at Henry Holt, the author has undergone shaman training in Peru.

Booksellers, who make up the other major group attending the publishing convention, are also concerned that electronic books could become more than a passing fancy for an electronically savvy subset of customers. “It certainly does feel like a threat,” said Charles Stillwagon, the events manager at the Tattered Cover Book Store, a large independent bookseller in Denver.

Nearly all publishers say their sales of electronic books are growing exponentially. Carolyn K. Reidy, the chief executive of Simon & Schuster, said its sales of electronic books will more than double this year compared to last year, after growing 40 percent in 2007 from 2006. David Shanks, the chief executive of Penguin Group USA, said his company sold more electronic books in the first four months of 2008 than in all of last year.

The numbers are still small, which helps to account for the rapid growth. Ms. Reidy said that electronic book sales last year totaled about $1 million, a sliver of its annual sales of roughly $1 billion. During the convention, Simon & Schuster said it would convert an additional 5,000 titles to electronic format this year, more than doubling its number of electronic books and making available many of the best-selling books on the company’s backlist of consistent sellers.

Electronic books have been available since 1968 and have gained broader attention at least since 2000, when Stephen King sold 600,000 copies of “Riding the Bullet,” an electronic-only thriller, in two days. Now, however, “we’re finally at the tipping point,” Ms. Reidy said.

Much of the expected growth in electronic books can be tied to the Kindle. When Amazon introduced the product, it sold out of the machines on the first day. The company needed months to adjust its manufacturing capacity and supply chain to be able to keep Kindles in stock, which Mr. Bezos said it has now accomplished.

The chief competitor to the Kindle is the Sony Reader, which has been on the market since 2006 and has also helped boost sales of electronic books. Some technology critics have given the early advantage to the Kindle, however, which downloads books, daily newspapers and magazines wirelessly; the Sony Reader downloads content via a wired connection.

Even Mr. Bezos said he does not expect electronic books to replace bound paper versions anytime soon. “Anything that lasts 500 years is not easily improved upon,” Mr. Bezos said. “Books are so good you can’t out-book the book.”

But he also claimed that Kindle users are buying more books, not simply exchanging one format for another. He said that after buying a Kindle, Amazon customers purchase just as many physical books and two and a half times as many books overall, or three electronic books for every two physical copies.

Some publishing executives dispute that claim. “We don’t see people buying both versions,” Mr. Shanks said. “I think there is almost a one-to-one cannibalization.”
But neither Amazon nor Sony will say how many of their products they have sold, making it impossible for publishers to assess the size of the market or for bookstore owners to evaluate the threat.

One publisher estimated that Amazon had sold roughly 10,000 Kindles, while another estimated that as many as 50,000 electronic-book readers of all types are in general circulation. But both publishers, who spoke on the condition of anonymity, said that those figures were little more than educated guesses.

Amazon sells most Kindle books for $9.99 or less. Publishers say that they generally sell electronic books to Amazon for the same price as physical books, or about 45 percent to 50 percent of the cover price. For a hardcover best seller like Scott McClellan’s “What Happened,” the former press secretary’s account of his years in the Bush White House, that would mean that Amazon appears to be selling the book for about 25 percent below its cost.

(Mr. Bezos probably did not endear himself to people in the publishing industry fearful about his company’s power when, in response to a question after his speech, he waxed enthusiastic about how his “lottery ticket” wealth from the success of Amazon is allowing him to invest in a project to provide commercial travel to suborbital space.)

Electronic readers have nevertheless gained many fans in the publishing industry. Random House and Penguin, among others, have equipped their entire sales force with electronic-book readers, allowing them to avoid having to lug around as many preview editions of books. Editors at many of the larger publishing houses also use the devices to read manuscripts submitted by agents and authors.

A big advantage of the products is that bookstores never sell out of copies of an electronic book, something Mr. Bezos demonstrated by downloading and reading from “What Happened,” which in hardcover format has sold out in many stores. Amazon itself expects to be unable to ship new copies until June 21, according to its Web site. Barnesandnoble.com says it expects the book to be available June 6. That too makes bookstore owners nervous about the future of electronic books. “We’re always concerned with any competition,” Mr. Stillwagon, of Tattered Cover, said. “The technology has progressed, and people are embracing it. For us, every book sale counts.”
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