

Amazon, publishers spar over e-book pricing

By CAROLINE DOBSON
Epoch Times Staff

A bitter pricing dispute between Amazon.com and publisher Macmillan resulted in Amazon pulling the publisher's books from its online store, which supplies book titles to the popular Amazon Kindle reader.

After signing a deal with Apple Inc. to become a leading publisher on Apple's iBookstore, which would supply books to the company's new iPad, Macmillan put pressure on Amazon to raise prices.

In turn, Macmillan chief executive John Sargent said that he was told over the weekend that the publisher's books would be removed from Amazon.com. This week, Amazon notified customers that due to Macmillan's demands, its online books would be sold at \$14.99 but only through third party channels. All books currently cost \$9.99 from Amazon, which some publishers have argued could undermine their book business.

Amazon Kindle is basically an interface that enables consumers to access electronic books and other digital media, rather than the traditional paperback or hard cover books. Kindle is currently the best-selling e-book reader.

According to Reuters, this latest policy introduced sets a precedent for the world's largest online retailer—and its market-leading Kindle—that it would soon be challenged by publishers. One of the key features of the Kindle e-reader, introduced in 2007, has been its relatively cheap pricing for books, a key reason for its best-selling status. Currently, it faces pressure from Barnes & Noble Inc. and Sony Corp., who have made their own readers.



Online retail giant Amazon.com CEO Jeff Bezos with the Kindle DX. EMMANUEL DUNAND/AFP/GETTY IMAGES

Some members of the publishing industry alleged that Amazon's contract cannibalizes their regular sales, because of Amazon's low pricing policy of e-books.

However, the e-book reader industry is experiencing its own changes, with the recent launch of the iBookstore coinciding with Apple's latest touch screen tablet computer iPad.

GC Partners analyst Colin Gillis, in a statement, called the concession to Macmillan "just the first

repercussion to Amazon's Kindle and e-book franchise from the recently announced Apple product."

Penguin Books, HarperCollins, Simon & Schuster, Macmillan Publishers, and Hachette Book Group USA committed to producing content for the iBookstore. U.S. users are able to browse books online and download to their iPad with a 3-D virtual bookshelf that is personalized on their machine.

"We've got five of the largest publishers in the world that are

supporting us in this and are going to have all of their books in the store," Apple CEO Steve Jobs said during last Wednesday's keynote as published on its Web site. He also brazenly stated that "Amazon's done a great job of pioneering this [e-book] functionality with the Kindle, and we're going to stand on their shoulders ... because we've already sold 75 million iPhones and iPod Touches, we already have 75 million people who know how to use an iPad."



The BMW Concept Active E, electric project car is displayed during the first press preview day at the 2010 North American International Auto Show January 11, 2010 at Cobo Center in Detroit, Michigan. STAN HONDA/AFP/GETTY IMAGES

Despite 20 percent U.S. sales drop, BMW confident in 2010

By SIMON VAN DE BERG
Epoch Times Staff

BMW AG, the world's leading premium auto manufacturer, is optimistic about its sales prospects in 2010. Despite unfavorable economic conditions worldwide, the decrease in group revenues in 2009 was comparatively moderate, dropping to 50.6 million euros (US\$70.5 million), a 4.7 percent decrease compared to 2008.

Last year, the German multinational sold a total of 1.29 million vehicles, more than 10 percent less than in 2008. BMW sold 1.07 million BMW vehicles worldwide, retaining its top position as the best-selling premium car brand, followed by Daimler AG's Mercedes-Benz, at sales of 1.01 million cars in 2009. In addition to its namesake luxury brand, BMW also makes Mini and Rolls-Royce cars.

"The BMW Group can start the new year with a certain amount of optimism. New models will provide a tailwind over the course of the year. We plan to increase sales to over 1.3 million units," proclaimed Norbert Reithofer, chairman of BMW, in a statement last week in Munich.

One of the most important model developments in 2010 is the new BMW 5 Series, which will come

onto the market at the end of March. The Mini Countryman will also be introduced into the markets during the current year.

Apart from these new introductions, the new BMW X1 and BMW 5 Series Gran Turismo models—both of which were launched at the end of 2009—are likewise expected to have a positive impact on the sales volume performance in 2010.

In 2009, sales of BMW grew the strongest in emerging markets, namely China (37.5 percent increase), Brazil (118.8 percent increase), and India (24.4 percent increase), achieving new volume records in all three markets.

"We plan to achieve sales volume growth again in China, Brazil, and India in the current year," stated Reithofer.

But the automaker has seen its sales drop in the United States, BMW's largest market. A key reason for the decline is lower consumer spending—especially spending on luxury items—in the largest recession since the Great Depression.

The company sold 241,727 vehicles (including motorcycles), 20 percent less than the previous year in the United States. Despite that, BMW remained the best-selling European premium car brand in the country.

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Video game industry hurt by recession, sales down 9 percent

Overall, the video game industry has been one of the fastest growing sectors in the digital economy



Showgoers try out games at the PlayStation 3 exhibit at the 2009 E3 Expo on June 3, 2009 in Los Angeles, California. DAVID MCNEW/GETTY IMAGES

By ANTONIO PEREZ
Epoch Times Staff

NEW YORK—During the recession, U.S. consumers have cut back on personal spending on many fronts, and personal entertainment was no different. The 2009 U.S. retail sales of video games saw an 8.6 percent decline over 2008.

Total sales were \$20.2 billion in 2009, which includes portable and console video game hardware, software, and accessories. That is an 8.6 percent decline from sales of \$22.1 billion in 2008. The figures were released in a recent report by the NPD Group, a leading market research company.

Sales of PC video game software were down a staggering 23 percent, coming in at \$538 million for 2009.

"Clearly, 2009 was a tough year for consumers and the national economy," said Michael D. Gallagher, president of the Entertainment Software Association, in a statement. "However, the bigger picture is one that underscores the industry's strength; 2009 and 2008 were the highest grossing years in our industry's history. That said, our industry's structure is solid, and I anticipate a strong 2010 with a pipeline full of highly-anticipated titles."

The top video game software title of 2009 was "Call of Duty: Modern Warfare 2" for the Xbox 360, followed by "Wii Sports Resort" for the

Nintendo Wii, according to NPD data. Six of the top ten titles were games for the Wii, underscoring the popularity of Nintendo's gaming console among casual gamers.

Overall, the video game industry has been one of the fastest growing sectors in the digital economy. Total video game sales were only \$7.9 billion in 2000.

"In 10 years, the industry has changed dramatically in many ways, but most importantly it was grown over those years by more than 250 percent at retail alone," said NPD analyst Anita Frazier. "Considering there are many new sources of revenue including subscriptions and digital distribution, industry growth is even more impressive."

VIDEO GAMES BIGGER THAN MOVIES IN THE U.K.

Last year, U.K. consumers spent more money on video games than movies—both in theaters and on DVD—a report by the Daily Telegraph said.

In the 12 months ending September 2009, 1.73 billion pounds (US\$2.9 billion) were spent on video games according to data company GFK Chart-Track. In comparison, only 1 billion pounds (US\$1.6 billion) was spent on movies and films.

But critics of video gaming argue that technological advancement in the industry are a detriment to human behavior. "Too many politicians

think video games are played by teenage boys staying up all night shooting things in their bedroom," said Tom Watson, former Cabinet Office minister in the U.K., told the Telegraph.

BIG BUSINESS

Two of the world's biggest video game publishers are Activision Blizzard, Inc. and Electronic Arts, Inc. Both companies will report their fourth-quarter and full-year 2009 earnings next week, when analysts will get a fuller picture of video game sales during the 2009 holiday shopping season.

In the third-quarter 2009, Activision reported revenues of \$703 million and net income of \$15 million. The Redwood City, Calif.-based Electronic Arts is the world's largest publisher of video games, and it reported third-quarter revenues of \$788 million and fiscal year 2008 revenues of \$4.2 billion.

In recent years, a shift in the industry has seen sales of portable and interactive video games grow exponentially, especially multiplayer games played online and games for the Apple iPhone/iPod Touch.

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