

E-Book report: Nook is up, iPad still catching up

HILLEL ITALIE - AP National Writer - Associated Press

As the publishing industry wrapped up four days of digital talk at its annual national convention, Amazon.com's Kindle was seen as the clear, if not dominant, player in the growing e-market; Barnes & Noble's Nook was considered a pleasant surprise and Apple's iPad an underachiever.

"They had a respectable launch, but we think Apple can do better," Penguin Group (USA) CEO David Shanks said this week during BookExpo America, which ended Thursday at the Jacob Javits Center. "They still haven't moved their e-books into their iTunes store, and they can have a much better search capability in their iBookstore."

"The iPad offers so many audio visual applications that reading is not given as much priority as it is in dedicated (reading only) devices like the Nook and Kindle," says literary agent Richard Curtis.

More than 20 million iPads and iPad 2s have been sold over the past year, and the iBookstore is also available on more than 160 million additional devices through the iPhone and iPod. But publishers and agents say Apple is not yet the balance to Amazon.com for which they had hoped. They estimate that Apple sales are around 10 percent of the e-market, far behind the believed 60 percent to 65 percent for Amazon. Publishers and agents say e-books are at least 15 percent to 20 percent of overall sales, more than double from just a year ago.

Apple spokesman Jason Roth declined to comment on any specific criticisms, but did say that the iBookstore had over 150,000 titles — an Amazon spokesman says the the Kindle store has more than 950,000 — and that more than 100 million books had been downloaded worldwide through the iBookstore. He would not say how many were downloads of free books. Selections at the iBookstore were greatly improved this year when Random House Inc., publisher of Stieg Larsson and John Grisham among others, agreed to sell through Apple after resolving differences over pricing.

Brian Murray, CEO of HarperCollins Publishers, said iBookstore sales were "a little smaller than expected," but he praised the iPad as a multimedia breakthrough that enabled publishers to sell e-picture books and "enhanced" e-books that include video and sound.

"There are certainly areas for improvement, as there are with every book retailer and device," he said. "But the promise of having another platform where books can be discovered is still true today. The potential is enormous."

A strong No. 2 to Amazon has emerged, but it's Barnes & Noble, which launched the Nook late in 2009 to skepticism about everything from the name "Nook" to the

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design. David Pogue in The New York Times had mocked the Nook's "half-baked software" and called the device "an anesthetized slug."

But Barnes & Noble has worked to improve the Nook and to offer different types, including a touch screen version announced this week. The company promoted the Nook relentlessly through its superstores and now has around 25 percent of e-sales, publishers say.

David Young, CEO of the Hachette Book Group, said the Nook's success had "frankly astounded" him. Random House CEO Markus Dohle acknowledged he was initially "worried a bit" about the Nook, but praised Barnes & Noble for its "extraordinary accomplishment."

Even the American Booksellers Association, the trade group representing independent sellers, was congratulating its longtime rival.

"They've married the physical location to the e-book device in a way that is profound," says Len Vlahos, the association's chief operating officer.

BookExpo America is a combination of trade show, seminar, soapbox and family reunion, with agents, authors, booksellers and publishers assembled under the Javits roof and in and out of the center's erratic Wi-Fi. The convention is also a testament to the endless and surprising variety of publishers, where a booth this week for the Lebanese Ministry of Culture stood across the aisle from a display of American Girl products.

Among the "buzz" books were the novels "The Art of Fielding" by Chad Harbach and Erin Morgenstern's "The Night Circus." Buzz words included "petting zoo," meaning an in-store selection of e-book devices that customers are allowed to handle; and "showroom," the latest pitch for the value of a physical, "bricks and mortar" store.

Membership in the booksellers association has increased for two straight years after decades of decline, and independents are encouraged by the Nook because they think it demonstrates that old-fashioned bookstores, "showrooms," remain the best way to promote books.

With Borders closing stores and Barnes & Noble committing more space to the Nook, publishers are looking to independents to ensure the tradition of spontaneous discovery, a passer-by spotting a new release in the window or a browser finding an old paperback on a shelf.

"Independents are going to be OK, I genuinely feel," says David Young of Hachette. "We care about the all physical stores, and that includes the chains, because they're our showrooms. It's a good term and one at the moment you can't replicate online."

Independents are not ignoring e-books. Around 250 have signed with Google and its e-book store, which opened last December and which Vlahos of the booksellers association praised as a valuable addition. Synonymous with Internet searching,

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Google has positioned itself as a bridge between different kinds of devices and retailers, a peacemaker on the e-battlefield.

Some publishers and booksellers would like more noise, though. Brian Murray of HarperCollins says he's disappointed with Google sales, which even Google acknowledges have been small so far. At an information session hosted by Google, booksellers questioned the company's aversion to advertising.

Google's director of strategic partnerships, Tom Turvey, says that spending "lots and lots" of money on ads was unlikely. But he noted that the store was relatively new and was confident that sales would increase as more readers learned about it, whether online, through an e-book device or through the bookstores promoting it. Michael Norris of Simba criticized Google for not having "thought out their e-book strategy all the way through." But Turvey said the Google store was evolving as planned.

"My entire team comes from the book business," says Turvey, a former director of online sales and marketing at HarperCollins. "We understand the issues extremely well."

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