

Published based on [Why Is Increased Competition Producing Higher E-Book Prices?](#)

# **Why Is Increased Competition Producing Higher E-Book Prices?**

Increased competition is, as a general rule, good news for consumers. It usually produces a downward pressure on prices - as well as increasing the choice available to end users. There are very few exceptions to this - you will see prices being forced downwards time and again in a wide variety of different markets.

It's hard to see any real reason why the e-book reader and e-book market should be any different. The market has been heavily dominated by the Amazon Kindle reader and Kindle books since the February 2009 launch of the Kindle 2.0. Amazon has made a good contribution to the development of the e-book reader market and the popularity of the Kindle and the success of Kindle books has been their reward.

Other manufacturers, such as Barnes and Noble, Sony and Plastic Logic, either developed or updated their own e-book readers so as to compete with the Kindle and to secure their share of the developing e-book reader market. Although there was no sign of a "Kindle Killer" and Amazon retained their top spot, the increased competition did lead to lower e-book reader prices. Which is just what you would expect - nothing unusual there and good news for customers.

So it does seem a little strange that now that the Kindle has some genuinely tough competition - in the form of Apple's new iPad - it seems likely that prices are going to rise. Amazon's policy of pricing e-books at \$ 9.99 or lower has created some friction with the large publishing houses who are keen to preserve the profit margins of their hardback editions. However, as well as launching the iPad, Apple will be setting up their own e-book store, and Apple will allow the big publishers to fix their e-book prices at whatever level they wish. So long as they don't allow any other book outlet (Amazon for example) to access their content at a lower price level. This has meant that Amazon have had to climb down and permit publishing houses to fix prices higher than their \$ 9.99 target level for newly released editions.

Apart from protecting the interests and profits of the big publishing houses, it's hard to see any logic in this. Even disregarding the fact that increased competition should naturally lead to lower prices, why should customers be expected to pay over the odds for a digital product which costs a fraction of the physical product's cost and has virtually no delivery fees?

Apple do seem to have joined forces with the major publishing houses in order to keep prices and profits high. It may be a tactic that will work in the short term, but it seems unlikely that consumers will tolerate artificially inflated prices for long.

Learn more about the [Amazon Kindle](#) for yourself and view the wide range of [Kindle accessories](#) available to help you personalise and protect your reader.

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