

An iTunes moment?

The growing popularity of electronic books could offer hope for newspapers.



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Things are suddenly hotting up in the rather obscure field of electronic books and their associated reading devices, the best known of which is Amazon's Kindle. A new, sleeker version of the Kindle was unveiled on February 9th. Just days earlier, Google said it was making 1.5m free e-books available in a format suitable for smart-phones, such as Apple's iPhone and handsets powered by Google's Android software. Amazon said it was working to make e-books available on smart-phones as well as the Kindle. Plastic Logic, the maker of a forthcoming e-reader device, said it had struck distribution deals with several magazines and newspapers. The iPhone, meanwhile, has quietly become the most widely used e-book reader: more people have downloaded e-book software (such as Stanza, eReader and Classics) for iPhones than have bought Kindles. Might e-books be approaching the moment of take-off, akin to Apple's launch of the iTunes store in 2003, which created a new market for legal music downloads?

The analogy is informative, and not just because the Kindle is often described as "the iPod of books". Before Apple moved into music downloads, consumers faced a bewildering array of incompatible and incomplete services, none of which had critical mass, thanks in part to the record companies' inability to agree on a common format. Apple, not being a record company, was able to broker an agreement and define a standard. At first, there was widespread scepticism that anyone would pay for music downloads, given rampant piracy of music on the internet. But being able to find music quickly and easily, rather than fiddling around with file-sharing software, proved far more popular than expected, and iTunes took off. That has not stopped piracy, and download revenues have not been anywhere near enough to compensate for falling CD sales. But iTunes provided a new model for a troubled industry.

Book publishers are in better shape than record labels. Far from harming sales, the Kindle and the iPhone seem to offer incremental revenue, by making it easier for avid readers to buy more titles. Yet if e-readers do take off, the real beneficiaries could be the ailing newspaper and magazine publishers.

The print media are in an awful state—and not just because advertising revenue always dives in recessions. Thanks to the rise of the internet, much of their business, notably classified ads, is migrating rapidly to the web. Meanwhile, most have failed to find a decent online business model. Giving news away on the internet, as most newspapers do, and selling online advertising alongside it, is not sustainable because the ad rates are so much lower online. Attempts to charge subscription fees or set up "micropayment" schemes have failed.

But consumers treat phones (and Kindles) differently from PCs. People pay for text messages, even though e-mail is free. Apple has sold millions of iPhone applications through the iTunes store. Several newspapers and magazines are already available, by subscription, to Kindle users. As with iTunes, people are happy to pay once it is made easy.

So it is not unreasonable to suppose that someone could step in, as Apple did with music, and introduce a comprehensive and easy-to-use shopfront, through which books, newspapers and magazines could be supplied to paying customers. The convenience of having content delivered to devices automatically overnight, and being able to flick quickly between stories at the breakfast table, when underground or on an aeroplane, might be something that people will pay for. If this approach took off, newspapers would no longer depend on advertisers and could wind down their paper editions. (They could also quietly scale back their free websites.)

How Apple could kill the Kindle

Amazon clearly has designs on this market with the Kindle, even though it is primarily intended for reading e-books. But Apple is arguably in a much stronger position. There are already millions of iPhones and touch-screen iPods in circulation, and the company has long been rumoured to be working on a larger "tablet" device. Selling e-books and newspapers via iTunes, which already has millions of paying customers, would be simple. True, Steve Jobs, Apple's mercurial boss, has expressed scepticism about e-readers, claiming that "people don't read any more". But Mr Jobs has a record of insisting that Apple is not interested in making a particular product (a video iPod, a mobile phone)—right up until the moment when he unveils one. Might e-books soon be the next example?

The Economist, New York, 12 fev. 2009, Leaders, online. Disponível em <www.economist.com>. Acesso em: 16 fev. 2009.