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Issues that will Shape**REAL TIME EXCHANGE**By TIM HANRAHAN AND JASON
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Readers Ponder Penny Books

May 12, 2005

In [Monday's column](#), we wrote about the strange economics of [Amazon.com's](#) penny-book business, concluding that penny books are less a business model than an unintended consequence of a business model. Readers wrote in with their thoughts and their experiences buying (and selling) books online.

On to the letters, some of which have been edited. You can always drop us a line at realtime@wsj.com -- comments will be posted here in Real Time Exchange on Thursdays. Thanks to everybody who wrote in. Remember: If you *don't* want your comments considered for Real Time Exchange, please make that clear.

* * *

Elias Oz writes: Your article made online bookselling sound rather depressing. That's because it didn't take into account any of the other business models for online bookselling, or contrast penny-selling with them.

One bookseller you interviewed said, "It's similar to if we had one street with 1,000 bookstores ... The prices would eventually be driven down to nothing."

True for common books, perhaps. But scarce and uncommon books that used to molder on shelves in bookstores for years are now finding their customers, and the pricing is based on condition and relative scarcity. A book whose scarcity was unknown before the Internet might have sold for \$10 in the old brick-and-mortar world. Now that the Internet tells us exactly how many copies are "in play," the same book may find a customer willing to pay \$100 and up.

Even with the common books, which some people are offering for a penny, it is not an absolute of this marketplace that pricing is the deciding factor. The aura of garage sales and junk shops is around these penny books, and there are many readers who would rather pay realistic prices for books based on condition and the reputation of the seller.

I can't tell you how many times we sold books for \$20 to \$30 against the penny sellers. I can sit on a book for a year, sell it for \$27.50, and come way out ahead of the competition. It would take one of these lowballers, netting 50 cents a sale, more than 50 sales to equal the net of our one sale. And their so-called net never takes into account all the

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labor that goes into buying, storing, listing on Amazon, packing and shipping 50 books!

The book market is not like a commodity market. Each title, among the millions available, is of unique interest and value. What does it matter if "we had one street with 1,000 bookstores" if each of these stores have different books on the shelves? And what if 300 million customers visited these 1,000 stores?

Jan Bottone writes: I tried my luck as an Amazon Pro Merchant Seller for about six months, but gave it up because I just couldn't see any way to compete with Amazon's prices. I didn't warehouse large supplies of books nor did I ever list books for a penny. I tried to find more-expensive titles with fewer listings, or books in categories that seemed to command higher prices. However, I was never quite able to beat Amazon's own ever-falling prices and free shipping when I added in my shipping supplies and when I actually tried to take into account my own time and effort packing books, taking them to the post office each day, and handling the many customer-service emails I exchanged with my buyers. I tried to give my customers the service I would have wanted, and yes, they did reward me with excellent feedback. But that just couldn't expand my bank balance enough to justify all my time. Perhaps some large Pro Merchant Sellers are making a living -- or at least a profit -- but from my experience I would advise most folks to steer clear. But please note: All the folks at Amazon's Seller Support were always kind, courteous and extremely helpful. And yes, I still do buy books from Amazon and other individual sellers listing there. Those prices are pretty hard to beat.

Morris Rosenthal writes: You skipped over the value of Marketplace pricing to publishers. Most publishers are very secretive about their sales numbers, and extracting information about Amazon sales from sales ranks is a laborious process under the new system, as it requires frequent checks and averaging. For nonfiction publishers of competing works, the price of a book on Marketplace -- along with the number of copies for sale at way below cost -- is a quick indicator of the demand for the genre and subject. Popular books, even if they are older titles available in multiple editions, never fall to the penny level, and even large influxes of remainders will sell out on Amazon in a short time. The used-book market on Amazon is so large that it makes a pretty good proxy for the whole book market. If you're interested in the lengths some publishers go to, the most recent reverse-engineering I did on sales ranks is posted [here](#).

P.D. writes: I used to buy at bookstores, and it was nothing for me to spend \$100 in one visit, even on their discounted books. Then, when online shopping first came to prominence in the late 1990s, steep discounts (60% off) and free shipping for new books abounded.

I started buying used books online because I was looking for titles that were out of print. That's how I became aware of how inexpensive used books could be online. I think the first thing that I bought used from an online seller, instead of new from a bookstore or an online bookseller, was the two-volume set of the New Shorter Oxford English Dictionary. These days, I buy all my books used, because I can find the books I want in very good to "like new" condition. I shop for them through Web sites like [abebooks.com](#) and [half.com](#), as well as at [Amazon.com](#). I compare prices at [isbn.nu](#). I also find good used books on the discard racks at the public libraries in my area. The only time I buy new books now is when I am giving a book as a gift.

ABOUT THE COLUMN

Tim Hanrahan and Jason Fry write Real Time Exchange every Thursday, posting readers' responses to their [Real Time column](#), published Mondays. Tim is the daytime news editor of the Online Journal. Jason is an assistant managing editor, and also co-writes [The Daily Fix](#) sports column. The Real Time column won first place in the online category in the National Society of Newspaper Columnists contest in 2004. Write to Tim and Jason at realttime@wsj.com

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Staci Abel writes: The availability of cheap used books online has totally changed my book-shopping habits. I am an avid reader and shop chiefly at Amazon. Now, when contemplating a book purchase, I always check the used-book price, adding in the \$3.49 shipping charge. If the total used price is at least a dollar better than the Amazon new price with shipping added (and it is about 90% of the time), then I nearly always go for the used option. The only exception is if I am buying the book for a gift.

I love getting used books because it not only saves money but also supports my personal values of recycling and being environmentally conscious. I've probably purchased nearly 75 used books through Amazon and I've never been unhappy with the quality of my purchase.

For mass-market paperbacks and other "trendy" books that I know I'll read once and never want to read again, I use booksfree.com. I pay a monthly fee of \$12.99, which allows me to borrow four books at a time. When I am finished reading two of the books, I return them in a postage-paid envelope and the company sends me the next two books on a request list I maintain on their Web site. It's very similar to Netflix. When I first started using booksfree.com, the selection was somewhat limited, but recently I've noticed a big improvement. This arrangement works great for me because I'm too busy to make it to the library on a regular basis, plus the selection is better. And, again, it saves trees and it cuts down on clutter on my bookshelves.

I still spend time browsing at my local Barnes & Noble, but I rarely buy anything unless I'm craving the instant gratification of a new book to read right then. Instead I jot down a list of authors and titles to search for the next time I'm online.

Alexander Tolley writes: I started buying books online when Bibliofind first started, ultimately switching to Abebooks for most of my buying. From the start, I was interested in being able to acquire out-of-print books for my collections, all of which I read as well. The impact on my buying has been primarily to reduce my browsing time in local used bookstores, allowing me to focus on acquiring the books I want, rather than what is available.

Mark Porter writes: I have started comparing used vs. new prices every time I shop on Amazon. And, based on shipping, I figure the used price has to be at least 20% lower than new in order for me to consider it. That said, my purchase activity is now probably close to 50/50 used/new. An even odder phenomenon: "used" items listed that are actually new. I assume these are publishers' closeouts, but the last three DVDs I purchased were all "used" -- except they were new, or at least still shrink-wrapped.

John M. Seifrick writes: I have noticed that brick-and-mortar bookstores are now offering many titles at \$3.99 and \$4.99, near what I usually spend for 75-cent online books with shipping. An example of how the Internet has lowered prices for all consumers, not just those with Internet access.

Alan Barber writes: I used to enjoy used-bookstore crawling. I still do, but now my favorite book stores are university libraries. They're well lit, comfortable, open late, and have an unbeatable inventory. No, I don't steal books. If I find something I like I check Amazon and ABE, often right there, and usually find a copy at a very reasonable price.

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