



## Amazon's Kindle: Saviour of Publishing Industry?

Industries undergo change over a period of time that may have varying effect on them. Depending on the degree of effect, the change is of various types (Exhibit I). Industries that withstand change would only be able to survive in the long run. They should be able to adjust to the technological developments taking place in the industry. These developments sometimes prove to be a boon to the industry and help in its growth, on the other hand they might prove to be fatal as well and question the survival of the industry itself.

**Exhibit I**  
**Trajectories of Industry Change**

		Core activities	
		Threatened	Not Threatened
Core assets	Threatened	<p><b>Radical Change</b> <i>Everything is up in the air.</i> Examples: makers of landline telephone handsets, overnight letter-delivery carriers, and travel agencies</p>	<p><b>Creative Change</b> <i>The industry is constantly redeveloping assets and resources.</i> Examples: the motion picture industry, sports team ownership, and investment banking</p>
	Not Threatened	<p><b>Intermediating Change</b> <i>Relationships are fragile.</i> Examples: automobile dealerships, investment brokerages, and auction houses</p>	<p><b>Progressive Change</b> <i>Companies implement incremental testing and adapt to feedback.</i> Examples: online auctions, commercial airlines, and long-haul trucking</p>

Source: McGahan Anita M., "How Industries Change", *Harvard Business Review*, October 2004

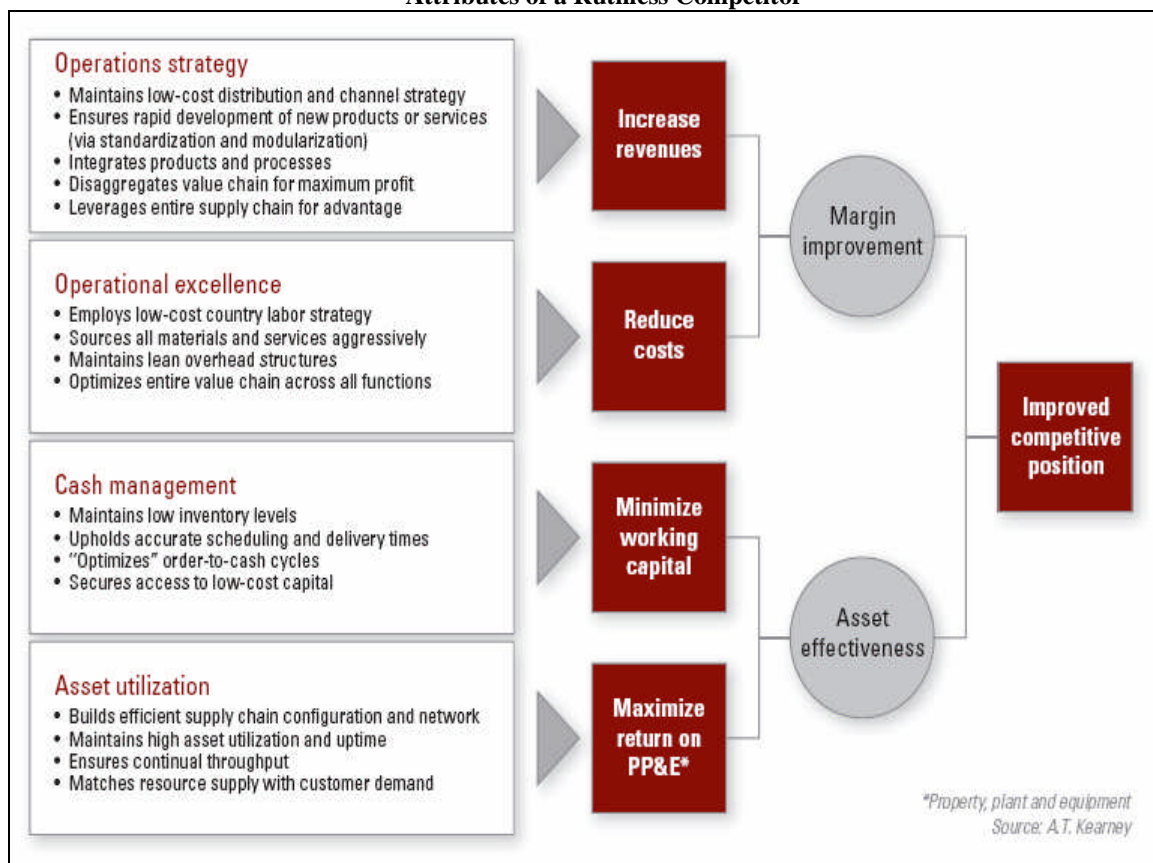
In the light of the above, publishing industry also underwent transformation over the years. Many technological changes are affecting it from time to time. Publishing industry, which flourished well up to the last decade of the 20<sup>th</sup> century gradually started losing its lustre due to the proliferation of broadband. With the vast free content available on the internet, it started losing its sheen and the survival of the print itself seemed to be in dilemma. In the first decade of the 21<sup>st</sup> century, adding to the woes of the industry, which is struggling hard to survive, new technology in the form of e-readers came into being challenging the survival of the publishing industry.

One such device launched by Amazon.com known as Kindle (in various versions) is posing a new challenge to the publishing industry. Kindle, which is developed using e-ink technology, is considered to be of high quality than the printed versions. It is luring customers with its customer-friendly features that make reading a pleasure. Amazon is also offering e-books, newspapers and magazines to its customers at comparatively lesser price than its counterparts such as Sony, Barnes & Noble, etc.

It is also offering e-books on its e-readers at a lesser price than the published books to increase the demand for its e-books. For the same, Amazon at present is buying books at a higher rate from the publishers and selling them at a lower rate to increase its customer base. Observing the strategies adopted by Amazon, few analysts feel that it might monopolise the market very soon. Although Kindle is considered as the iPod of the publishing industry by some critics, to what extent it would be its saviour is yet to be seen. Also, with many new trends such as 'self-publishing' evolving in the 21<sup>st</sup> century, the major question is, what should be the course of action for the publishing industry and the e-book readers: compete or collaborate?

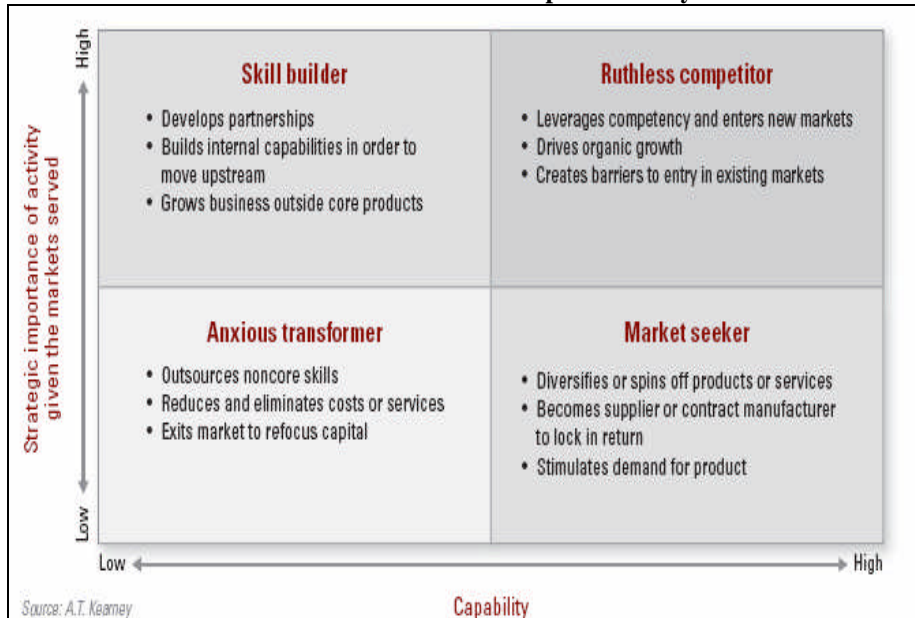
Even ruthless competitor analysis can be done on Amazon, as Amazon with its Kindle can also be seen as a ruthless competitor that entered new markets with new technologies (Exhibits II and III). Being a ruthless competitor it uses all its strengths to come up with innovative technologies, to have a competitive edge.

**Exhibit II**  
**Attributes of a Ruthless Competitor**



Source: Morehouse Jim, et al., "Are You More Capable Than Your Competitors Are Ruthless?", [http://www.atkearney.com/images/global/pdf/Are\\_You\\_More\\_Capable.pdf](http://www.atkearney.com/images/global/pdf/Are_You_More_Capable.pdf), page 17

**Exhibit III**  
**Framework for Ruthless Competitor Analysis**



Source: Morehouse Jim, et al., "Are You More Capable Than Your Competitors Are Ruthless?", [http://www.atkearney.com/images/global/pdf/Are\\_You\\_More\\_Capable.pdf](http://www.atkearney.com/images/global/pdf/Are_You_More_Capable.pdf), page 18

**Author: Swapna Pragada**

© IBSCDC, 2009

**Related Case Studies:**

1. **Amazon.Com: From Books to Outsourcing Services**
2. **Barnes & Noble vs Amazon.com**
3. **Amazon's foray into e-grocery market: Successful Venture?**
4. **DANGDANG: Amazon.com of China?**

**Related Effective Executive Interviews:**

**Related Video Interviews:**