

AMAZON CHANGES THE GAME AGAIN WITH PRICE DROP ON IT'S AD-SUPPORTED KINDLE



In New York City, Jeff Bezos, the CEO of Amazon, revealed the new, much anticipated, Amazon tablet. In addition to the Amazon tablet, Bezos also announced the four newest versions of Amazon's e-reader. Each price given seemed surprisingly low for a new e-reader, with the lowest reader costing only \$79 and the most expensive costing \$149. Later everyone realized that these prices were for ad-supported versions of the e-readers, and non-ad versions cost \$50 more. During the release, prices for the readers without ads were not called out at all. This showed the audience that ad-support is the new default way of supporting the Kindle e-readers. The Amazon Kindle's ad-sponsored e-readers feature "Special Offers", which are ads on the screen saver and located at the bottom of the e-reader's homepage. Currently, these ads are relatively noninvasive, and do not directly affect the user's experience on the device. While the price difference between sponsored and unsponsored Kindle's is not great, it enables you to get Amazon's e-reader for less than \$99. To add to the experience with ad-sponsored Kindle's, Amazon has created the system to work directly with your purchasing history. As it recognizes the things you have purchased through Amazon in the past, it creates ads relevant to you. This feature innovates beyond the current ad capabilities of competitors like Sony and Barnes & Noble, which simply feature generic advertisements to all its customers. While the ads may seem difficult to adjust to, it may end up being profitable for you as well as Amazon. Amazon realizes that taking a hit on selling the hardware cheaper will turn out to be more profitable in the long run. This has worked throughout Amazon's e-reader journey. Presently, it is estimated that Amazon is losing \$10 for each sale it makes on its new Kindle Fire, because it is estimated to cost approximately \$210 to make, while they only sell it for \$200. However, Amazon knows that as long as it keeps providing users with high-quality content to download, that it will make up the profit many times over. In addition to the regular e-books on the market through Amazon, the company has begun adding other types of media including movies and television shows that users pay a yearly fee for streaming. Experts say that Amazon is so profitable after the initial sale of the hardware, that they could essentially give the devices away and still make money. Amazon thrives on making innovative and bold moves to stay ahead of the game. The use of user friendly, ad-supported devices show that Amazon still has the ability to step up its game as the leader of the e-book marketplace. Its e-book business continues to grow and rise in popularity, regardless of the losses it takes on hardware costs.