In Price War, New Kindle Sells for $139

The new Amazon Kindle Wi-Fi, above, will sell for $139 but connect to the Web only by Wi-Fi. A new model to replace the Kindle 2 will sell for $189 and connect to the Internet through a cellphone network.

By CLAIRE CAIN MILLER

SEATTLE — Amazon.com will introduce two new versions of the Kindle e-reader on Thursday, one for $139, the lowest price yet for the device.

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Amazon is hoping to convince even casual readers that they need a digital reading device. By firing another shot in an e-reader price war leading up to the year-end holiday shopping season, the e-commerce giant turned consumer electronics manufacturer is also signaling it intends to do battle with Apple and its iPad as well as the other makers of e-readers like Sony and Barnes & Noble.

Unlike previous Kindles, the $139 “Kindle Wi-Fi” will connect to the Internet using only Wi-Fi instead of a cellphone network as other Kindles do. Amazon is also introducing a model to replace the Kindle 2, which it will sell for the same price as that model, $189. Both new Kindles are smaller and lighter, with higher contrast screens and crisper text.
“The hardware business for us has been so successful that we’re going to continue,” Jeffrey P. Bezos, Amazon’s chief executive, said in an interview at the company’s headquarters. “I predict there will be a 10th-generation and a 20th-generation Kindle. We’re well-situated to be experts in purpose-built reading devices.”

When Amazon introduced the Kindle in 2007, Mr. Bezos described it as a must-have for frequent travelers and people who read “two, three, four books at the same time.” Now, Amazon hopes that at $10 less than the least expensive reading devices from Barnes & Noble and Sony, the new Kindle has broken the psychological price barrier for even occasional readers or a family wanting multiple Kindles.

“At $139, if you’re going to read by the pool, some people might spend more than that on a swimsuit and sunglasses,” Mr. Bezos said.

Some analysts are predicting that e-readers could become this year’s hot holiday gift. James L. McQuivey, a principal analyst specializing in consumer electronics at Forrester Research, said a price war could for the first time reduce at least the price of one e-reader to under $100, often the tipping point for impulse gadget purchases.

Amazon has slashed the price of the Kindle at a speed that is unusual, even for electronic gadgets. By last year, the price of the device was to $259, down from its starting price of $399 in late 2007. In June, hours after Barnes & Noble dropped the price of its Nook e-reader to $199, Amazon dropped the price of the Kindle to $189. The Kindle DX, which has a larger, 9.7-inch screen, is $379.

With Amazon’s latest announcement, it is again waging a price war. Barnes & Noble offers a Wi-Fi version of the Nook for $149 and Sony offers the Reader Pocket Edition, which does not have Wi-Fi, for $150.

Of course, price is just one factor people consider before making a purchase. The quality of the product, adequate inventory and appealing marketing are just as important, said Eric T. Anderson, a professor of marketing at Northwestern University’s Kellogg School of Management.

But as the e-reader marketplace has grown crowded “there are lots of substitutes out there so the only way they can create demand is by lowering the price,” he said.

Still, the iPad’s $499-and-up price tag has not stifled demand for that device. Though the iPad does much more than display books, customers often choose between the two, and are willing to pay much more for the iPad because it is an Apple product, said Dale D. Achabal, executive director of the Retail Management Institute at Santa Clara University. “The price point Apple can go to is quite a bit higher than the price point other firms have to go to that don’t have the same ease of use, design and functionality,” he said.

Apple says it has sold 3.3 million iPads since introducing it in April. Amazon does not release Kindle sales figures, but says that sales tripled in the month after its last price cut.
Two of the most compelling aspects of the iPad — a color display and touch screen — are elements that some customers have been yearning for on the Kindle. Keep waiting, Mr. Bezos said.

“There will never be a Kindle with a touch screen that inhibits reading. It has to be done in a different way. It can’t be a me-too touch screen,” he said. Earlier this year, Amazon bought Touchco, a start-up specializing in touch-screen technology, but current touch-screen technology adds reflections and glare and makes it hard to shift one’s hands while reading for long periods of time, he said. Color is also “not ready for prime time,” Mr. Bezos said.

The new Kindles, which will ship Aug. 27, have the same six-inch reading area as earlier Kindles but weigh about 15 percent less and are 21 percent smaller. The Kindles have twice the storage, up to 3,500 books.