

## Business

## Technology

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# Borders markets its Kobo e-reader

Device is more affordable than the Kindle and Nook

**Jaclyn Trop / The Detroit News**

*Ypsilanti* -- Ann Arbor-based Borders Group is the last major bookseller to move into the future with its own e-reader. But the company made clear at its annual meeting Thursday that it hopes its digital strategy will rescue its weak sales.

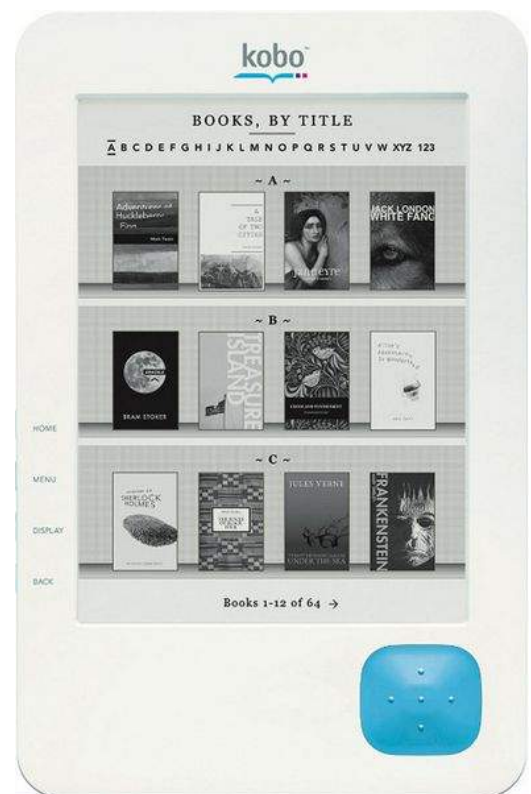
The nation's second-largest bookseller is undercutting competitors with a device that will retail for \$150, about \$110 cheaper than the price of rival readers from Barnes & Noble and Amazon. Borders' Kobo e-reader is set to release on June 17 in time for Father's Day.

Though less expensive than Amazon's Kindle and Barnes & Noble's Nook, the device will target the same customer -- the "serious, travel-based reader," Borders CEO Mike Edwards told shareholders.

"There's a big market opportunity for under the \$200 price point," Edwards said.

The Kobo is part of the bookseller's new strategy to restore its financial health. Borders lost \$109 million in 2009, its fourth consecutive year of losses.

The e-reader market is expected to grow to 30 million during the next three years, Edwards said. eBook sales rose nearly 200 percent last year and are expected to



top \$500 million in the United States this year, according to Forrester Research, an online market research firm based in Cambridge, Mass.

The Borders device already has received "very strong reaction," Edwards told shareholders.

A Wired magazine gadget writer has called the Borders e-reader "the real Kindle killer."

Borders has partnered with Kobo, a Canadian-based digital bookseller, to deliver books on any device, including laptops, mobile phones and iPads. The books will not be available on the Kindle, which uses its own digital content system.

#### E-reader competition

How the digital readers of Amazon.com, Barnes & Noble and Borders compare.



Features	Kindle	Nook	Kobo eReader
Weight	10.2 oz.	12.1 oz.	8 oz.
Price	\$259	\$259	\$149.99
Storage	3,500 books	1,500 books	1,000 books
Wireless WiFi	Yes	Yes	No
Pre-loaded books	No	No	Yes
Download books	Yes	Yes	Yes
Digital dictionary	Yes	Yes	No

Source: Detroit News research

The Detroit News

"They're thinking in the right direction," said Farmington Hills retail analyst Kenneth Dalto, "but my concern is it's too little, a little too late."

Borders is two or three years behind its competitors, and it's unlikely that the cash-starved company will be able to spend millions of dollars on marketing the device, like Apple spent advertising its iPad, Dalto said.

The Kobo will capitalize on the shift toward digital content but is not meant to compete with the pricier Kindle or Nook, Edwards said.

The Kobo device will not feature the same conveniences, such as Wi-Fi, digital dictionaries and a search function, that other e-readers boast. The digital books, which will be available from Borders e-Book store on borders.com in mid-June, will drive traffic to the website, Edwards said.

Books will range in price from a few dollars to \$20.

Kobo's price point could win over consumers who are skeptical about investing in an expensive device that they may not use often, said Michael Norris, senior trade analyst at Simba Information. The price tag also makes the e-reader a more affordable gift.

"But eBooks still make up a very small percentage of overall book sales," Norris said. "It's all about how Borders presents the device to customers."

Borders expects demand to surge for the holidays, when Borders will make the e-reader its biggest retail initiative, Edwards said. Borders has been especially hard hit in recent holiday seasons.

Digital books are expected to account for 15-20 percent of the overall book market in three years, according to Edwards.

"This means that 80 percent of books consumers read will still be on paper," he said. "I think there will always be a significant market for printed books."

The company, which saw the departure of two chief executives during the past 18 months, also is taking steps to attract new customers by "redefining the store experience"-- changing signage, graphics and navigation, and adding more digital offerings, Edwards said.