

January 21, 2005

Could Web Sales' Boom Leave Amazon Behind?

Excerpted from "Web Sales' Boom Could Leave Amazon Behind By MYLENE MANGALINDAN

The online giant, which opened its virtual doors nearly 10 years ago, now sells everything from books to boating supplies and boasts more customers, 44 million, than all but a handful of sites.

Now, **E-COMMERCE HAS GONE MAINSTREAM.** But that means new challenges for Amazon. **Traditional retailers...are attracting more shoppers with Web sites that have been enhanced with improved search capabilities and other easier-to-use features...and mom-and-pop merchants lure Web surfers with advertisements on search engines.... "Consumers are a lot more comfortable shopping around on the Internet,"** said Safa Rashtchy, an analyst at Piper Jaffray.

On Jan. 3, analyst Lanny Baker of Citigroup's Smith Barney estimates that Amazon's North American sales grew 16% in the fourth quarter, lagging behind the overall growth in online spending. He cites research from comScore Networks Inc.'s MediaMetrix, which estimates that **visits to Amazon's web site(s) rose 14% during the holiday season, compared with jumps of 79% at Walmart.com, 57% at Target.com...**

and 77% at smaller sites.

"...Small merchants can now reach more online shoppers through (website) advertising...and as the choices multiply...shoppers are more likely to choose a merchant...especially if local...", said 71% of respondents **In a recent Piper Jaffray survey...**

(Through it all)...Amazon will report its fourth-quarter results Feb. 2. Analysts expect earnings -- excluding some expenses -- of 40 cents a share, up from 29 cents on a similar basis in the fourth quarter of 2003, according to Thomson First Call. Analysts project revenue of \$2.42 billion, up 24% from a year earlier.