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Billions and billions in holiday sales projections

EVERETT DIRKSEN WAS KNOWN for once saying something like, “A billion dollars here, a billion dollars there, and pretty soon you’re talking about real money.”

Well, we wonder what the late U.S. senator from Illinois would think about the wide variance in projections of fourth-quarter online sales. Now that the holiday shopping season is upon us in earnest, new figures have been making their way into the industry’s news flow almost daily.

They range from the \$6 billion that Jupiter Communications expects online consumers to spend on the holidays, to the \$7.3 billion recently prognosticated by eMarketer, to the \$12.2 billion just projected by the Gartner Group’s Dataquest Inc. unit. (Another divergent set of projections is that for online sales for 1999 as a whole, which includes Dataquest’s guess of \$31.2 billion and Forrester Research’s prediction of \$20.2 billion — but that’s another story.)

One wonders how projections could vary so widely for an “event” so imminent — but so little about the Internet, except its continuing explosive growth, is actually foreseeable. In any event, “only” \$3 billion to \$4 billion was spent online during last year’s fourth quarter. So if consumers reach even the lowest-projected total for this year, it’ll represent roughly a doubling of activity from a year ago. Pretty soon, we’ll be talking real money.

Such an outlook is more than plausible: Consider the billions of dollars that have been invested in dot-com business development and branding over the past 12 months. Consider the tens of millions of new Internet users who have entered the marketplace in the same period. Consider the lessons learned from last year’s online holiday sales experiences.

For Vstores — both “click” and “mortar” — such expectations represent huge potential, not only to generate revenues in the next couple of months, but also to form consumer loyalties which could help propel them into the new millennium.

But the coming holiday frenzy will not be without risk, notes Jupiter Communications, which warns the anticipated jump in volume could result in “additional site failures, inadequate customer service, and poor order fulfillment.” Such mishaps would likely disenchant the increasing number of mainstream consumers who are jumping online to buy things — and who are likely to be less forgiving than “early adopters” of e-commerce.

Web sites referenced in this edition:

<http://www.forrester.com>

<http://www.jupitercommunications.com>

<http://www.emarketer.com>

<http://www.dataquest.com>

Best of the press:

Reuters (Oct. 12, 1999): “Internet Shopping Seen Tripling in Fourth Quarter.”

Jupiter Communications press release (Sept. 21, 1999): “1999 Holiday Online Sales Will Double to \$6 Billion,”

<http://www.jupitercommunications.com/jupiter/press/releases/1999/0921.html>

Forrester Research press release (Sept. 28, 1999): "Online Retail to Reach \$184 Billion By 2004 As Post-Web Retail Era Unfolds,"
<http://www.forrester.com/ER/Press/Release/0,1769,164,FF.html>"

eMarketer report: "Holiday Presents for eTailers: 3 Million New Buyers,"
http://www.emarketer.com/estats/102599_nfo.html

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