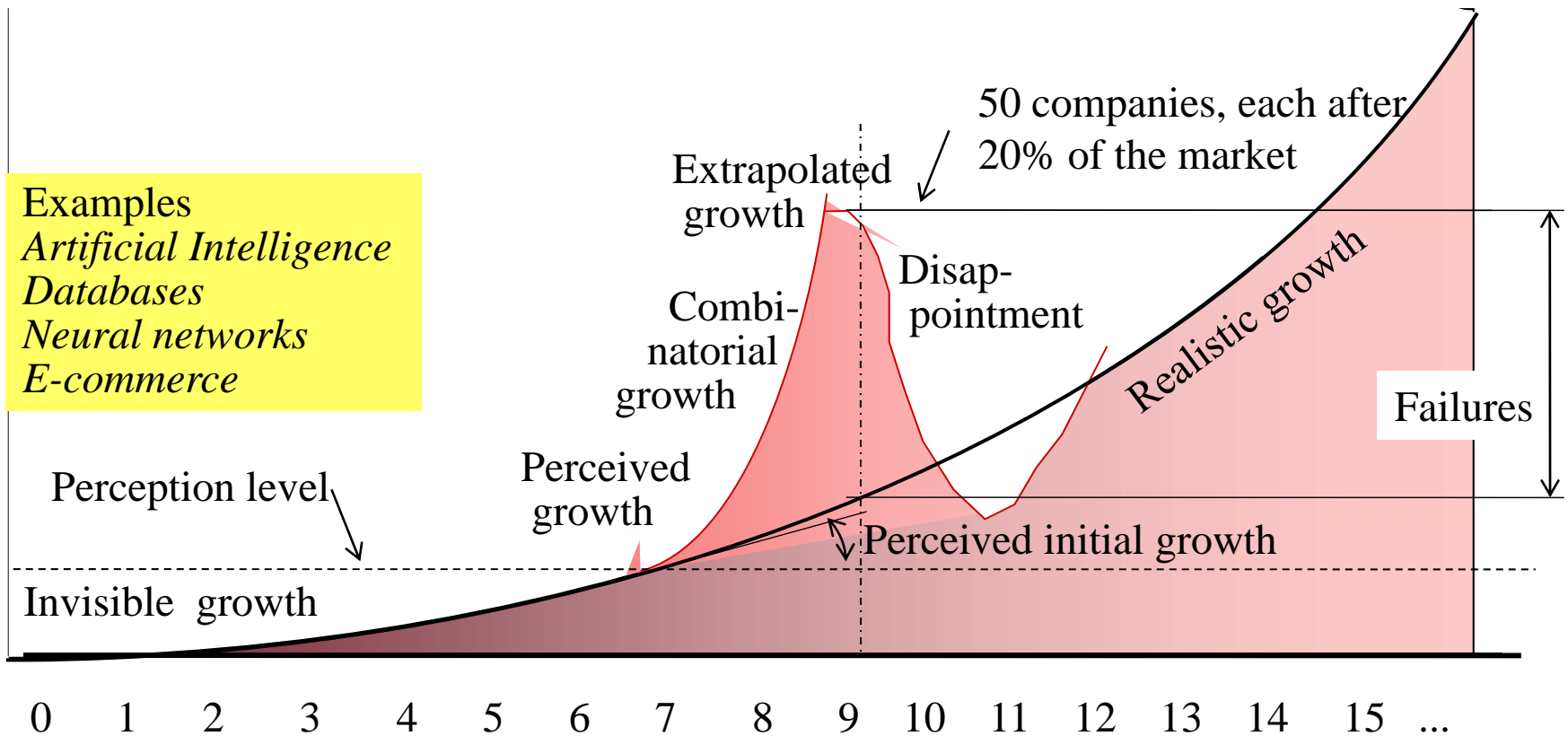


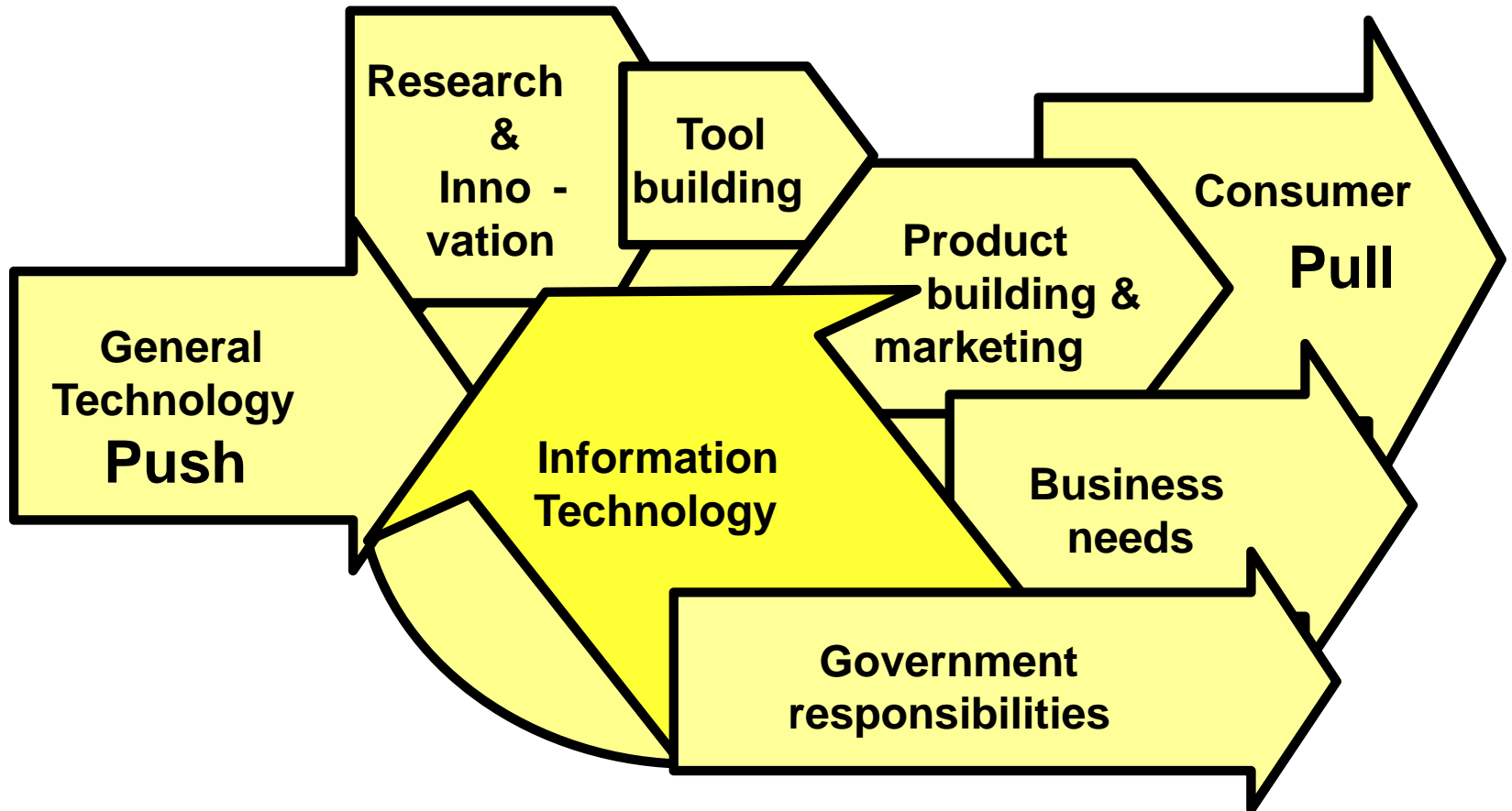
Growth and Perception

E-commerce

- Gartner: 2000 prediction for 2004: 7.3 T\$
- Revision: 2001 prediction for 2004: 5.9 T\$ *drastic loss?*



Interactions

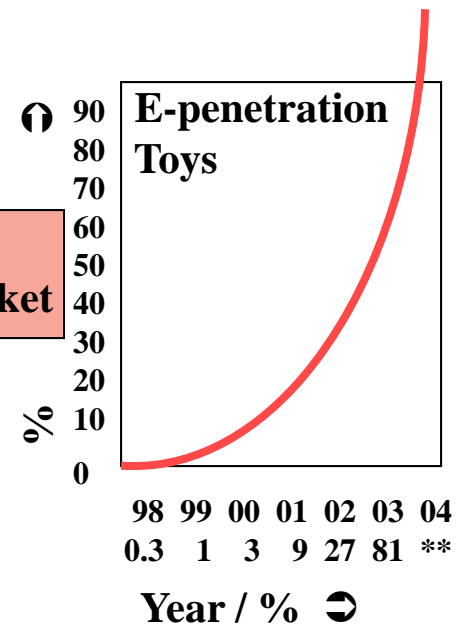


Trends 1998 : 1999

- Users of the Internet 40% \Rightarrow 52% of U.S. population
- Growth of Net Sites (now 2.2M public sites with 288M pages)
- Expected growth in E-commerce by Internet users [BW, 6 Sep.1999]

| segment | 1998 | 1999 |
|------------------|-------------|--|
| – books | 7.2% | \Rightarrow 16.0% |
| – music & video | 6.3% | \Rightarrow 16.4% |
| – Toys | 3.1% | \Rightarrow 10.3% |
| – travel | 2.6% | \Rightarrow 4.0% |
| – tickets | 1.4% | \Rightarrow 4.2% |
| – <u>Overall</u> | <u>8.0%</u> | <u>\Rightarrow 33.0% = \$9.5Billion</u> |

Centroid, in 1999
~1% of total market



An unsustainable trend cannot be sustained [Herbert Stein, Council Econ. Adv, 1974]

\Rightarrow *new services*