

Consumers still flock to Amazon: income up 62 pct

October 22 2009, By RACHEL METZ , AP Technology Writer



FILE - In this Dec. 1, 2008 file photo, an Amazon.com employee grabs boxes to be loaded onto a truck at the company's Fernley, Nev. warehouse. Amazon.com Inc. on Thursday, Oct. 22, 2009 said its third-quarter profit soared 62 percent, showing that consumers are comfortable opening their wallets to the online retailer despite the still-shaky economy. (AP Photo/Scott Sady, File)

(AP) -- Amazon.com Inc. said Thursday that its third-quarter earnings soared 62 percent, showing that consumers are comfortable opening their wallets to the online retailer despite the still-shaky economy.

The report and Amazon's prediction for more than 20 percent growth in the current quarter sent Amazon shares surging in after-hours trading.

Throughout the recession, shoppers have flocked to Amazon for deals on

all kinds of products, from books to baby strollers, even while offline competitors were struggling.

The most recent report shows that the summer months were no exception - and that Amazon expects to carry the momentum through the holidays. It said it expects revenue in the current quarter to grow between 21 percent and 36 percent.

During a conference call with reporters, Chief Financial Officer Tom Szkutak said consumers are continuing to spend at Amazon because of its low prices and large selection.

"That's certainly helping growth," he said.

Amazon ended the quarter with more than 98 million active customer accounts, up 17 percent from a year ago.

Szkutak said that Amazon's earnings rose so much more than its revenue in part because the company was able to keep its operating expenses in check.

Amazon said Thursday it earned \$199 million, or 45 cents per share, in the third quarter. That far exceeded the 30 cents per share that analysts polled by Thomson Reuters were expecting.

Revenue climbed 28 percent to \$5.45 billion, also surpassing analyst estimates of \$5.03 billion.

Amazon's stock jumped \$13.70, or 14.7 percent, to \$107.25 in after-hours trading, well past its 52-week high of \$97.82. Before the earnings report the stock had finished regular trading up 3 cents at \$93.45.

Revenue from books, CDs, DVDs and other media rose 17 percent to

\$2.93 billion. Electronics and other "general merchandise" revenue jumped 44 percent to \$2.36 billion.

Amazon said its revenue rose 23 percent in North America and increased 33 percent elsewhere around the world.

For the current quarter, Amazon predicted revenue of \$8.13 billion to \$9.13 billion. Analysts were expecting \$8.11 billion.

Forrester analyst Sucharita Mulpuru said Amazon's results reflect similar sales data she recently gathered from several dozen online retailers.

"I think that it shows that we're hopefully beyond the bottom of the recession and that Web sales are back on track to continue taking market share overall," she said.

The company declined to give details about sales of its electronic reader, the Kindle, beyond saying it is the company's best-selling product.

Though e-books still make up a small portion of the overall book market, the market has grown rapidly. Now Amazon faces tougher competition from such companies as Sony Corp. and Barnes & Noble Inc. - which both soon will release devices that, like the Kindle, can wirelessly download books.

Amazon said Thursday that it intends to release software next month that lets people buy Kindle books and read them on a computer, regardless of whether they own a Kindle device. This is similar to an application already offered to owners of Apple Inc.'s iPhone and iPod Touch, and may provide Amazon with a way to expand its e-book revenue.

Also Thursday, Amazon lowered the price of its international version of the Kindle by \$20, to \$259, matching the cost of a U.S.-only version it is

discontinuing. Now all standard-sized Kindles will have wireless access that works around the world. The company also sells a larger-screen Kindle called the DX in the U.S. for \$489.

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