SOON after Amazon.com debuted 10 years ago, Jeff Bezos and his handful of employees spent late summer nights packing books in a tiny warehouse, scrambling to ship a growing rush of orders.

Today, the man who has grown accustomed to being hailed the king of internet commerce runs a global powerhouse that turned over nearly $US7 billion ($9.4 billion) in sales last year, dealing in everything from banjo cases to wild boar baby back ribs.

As more businesses beef up their online operations, is the company that helped get it all started in danger of seeing its dominance eroded by the competitors it helped spawn?

Time will tell, but industry experts say Amazon is well positioned to maintain a firm grip on its title as the undisputed e-commerce leader.

"Amazon's biggest challenge is itself. They've really raised the bar for the entire industry," said Kurt Peters, editor of Internet Retailer, a monthly magazine.

In the beginning, Mr Bezos said he had no plans to sell anything but books online.

After it went live on July 16, 1995, the business took off more quickly than anyone had predicted, and before long customers started clamouring for more. "We actually started to get emails from customers asking if we'd consider selling music, because they'd really like to buy music this way, and DVDs, and electronics," Mr Bezos said.

Amazon has almost 49 million active customers, and during last year's holiday blitz they bought more electronics than books, a first.

With $US6.92 billion in sales in 2004, Amazon ranked at the top of Internet Retailer's annual top 400 list, well ahead of computer maker Dell, which posted $US3.25 billion in online business-to-consumer sales.

Office Depot, which has a partnership with Amazon, wasn't far behind with $US3.1 billion.

EBay users moved $US34.2 billion worth of merchandise through its online auction house in 2004 but the magazine doesn't include it on the list because it's essentially an online shopping bazaar, not a retailer.

Scott Devitt, an analyst with the Baltimore investment firm Legg Mason Wood Walker said comparison shopping sites such as shopping.com and shopzilla.com pose the most formidable threat, because they often push prices lower than Amazon.

"But when you buy from a comparison shopping site, just like when you buy from eBAY, you don't know what you're getting from the merchant," Mr Devitt said.

Amazon has had a decade to build up trust that it will deliver orders on time and cheaply enough to keep customers coming back.

Amazon paved the way for competitors to follow, but Mr Devitt said he thought most retailers, especially brick-and-mortar shops, had a lot of catching up to do: "Amazon is always one step ahead."
More than 900,000 third-party sellers now hawk their wares on Amazon, making up more than a quarter of last year's overall sales – a sure sign Amazon is getting serious about taking on eBay.

Recently it started renting DVDs in Germany, six months after it got into that business in Britain.

Amazon hasn't said when – or if – it might go head-to-head with Netflix, which took over Wal-Mart's DVD rental business in May after the world's largest retailer admitted it couldn't compete. Amazon first ventured beyond books when it added music and DVDs in 1998. Electronics, toys, games, home improvement items, software and video games came a year later.

Today it has 31 product categories and does business in seven countries.

International sales accounted for nearly half the company's revenue last year, and Mr Bezos has vowed to continue expanding overseas.

Analysts say Amazon has won over the masses with its vast selection, a brand name everyone knows, a site that's easy to navigate and a reputation for reliability.

"They've developed an extremely loyal customer base, and they've cultivated that by continually lowering prices and adding features to their website," said Dan Geiman, an analyst with McAdams Wright Ragen in Seattle.

The company has also weathered hard times that killed off most early online retailers.

When the dotcom bubble burst in 2000, Amazon scaled back and laid off 1300 employees. It took several years to post a profit.

The bumps in the road and the lingering volatility of the company's stock price don't seem to faze Amazon's eternally ebullient chief.

"During those bubble years while the stock price was going up 30 per cent a month, we would have all-hands meetings, and I would say to the employees that they shouldn't feel 30 per cent smarter because the stock went up 30 per cent, because when it goes down 30 per cent in a month, we'd have to feel 30 per cent dumber," Mr Bezos said.

The stock has been trading in the mid-$US30 range in recent months after topping $US100 in the late 1990s.

Mr Bezos played the unflappable optimist when he pointed out that, adjusting for splits, the stock started out at $US1.50 a share. "In eight years to go from $US1.50 a share to $US35 a share is an unusually good performance by any measure," he said.

/The Associated Press/

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