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## The Next Generation Of Price-Comparison Sites

As Competition Heats Up,  
Services Add Protection  
From Fraud, Bigger Discounts

By **MYLENE MANGALINDAN**  
Staff Reporter of THE WALL STREET JOURNAL  
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*(See Corrections & Amplifications item [below](#).)*

Sites that scour the Web for the cheapest prices on everything from television sets to mortgages are one of the most-popular features of the Internet.

Now, a new crop of start-ups is pushing the price-comparison concept even further, offering extra discounts, greater convenience and protection from fraud by shady vendors, which has become an increasing problem as e-commerce has soared.

The growing traffic on these sites has sparked a buying spree by companies, including [eBay Inc.](#) and [E.W. Scripps Co.](#), which are eager to get into the business. The two companies recently spent more than \$500 million each to acquire rival price-comparison search sites.

The more-established sites are adding new features to remain competitive in the face of the well-financed competition. Smarter.com, owned by the private company MeziMedia Inc., now includes coupons and additional retailer discounts in its price results. In the past, consumers would have had to click deep into a retailer's site to find out about these additional savings.

Vendio Services Inc. recently introduced a toolbar that people can download. If a person

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is on the Web page of a particular product -- whether it's an iPod or a Canon digital camera -- the toolbar flashes a blinking alert when it finds a lower price for that same item somewhere else. The person can then open a window on the side of the site to learn the details of the cheaper price -- or, simply ignore the alert.

BuySafe Inc. introduced a Web site last month that lets consumers search among about 1.5 million products that are backed by antifraud guarantees. If a buyer purchases one of the items and the seller fails to deliver, the buyer can get reimbursed for the full cost up to \$25,000. Merchants on the site include those that sell on eBay and Overstock.com.

As shopping-comparison sites have become more popular, big Internet search engines like [Google Inc.](#) have launched their own specialized retail sections. But the newer companies reflect a growing belief among some Internet entrepreneurs and venture capitalists that the search engines don't always offer the level of detail that consumers want when they shop. "People are becoming more sophisticated as searchers," says Chris Sherman, editor of SearchDay, a daily newsletter from SearchEngineWatch.com, a Web site devoted to tracking the Web-search industry. "They realize Google and Yahoo aren't always the best places to go."

Shopping-comparison services, which aggregate prices from hundreds of different sites, have been around for almost a decade. Early versions focused on items such as computers and digital cameras. In the late 1990s, when many e-commerce ventures crashed, comparison-shopping sites survived, in some cases, by combining forces with their competitors. [Amazon.com Inc.](#) bought Junglee in 1998, while Internet portal Excite Inc. bought Jango, and [CNET Networks Inc.](#) bought MySimon, which now offers detailed information on consumer electronics.

As they evolved, the sites also managed to add new product categories such as mortgages and insurance, and new wrinkles like email alerts for lower prices and the ability to compare features on two different models of a certain product.

Use of these sites has boomed in the past few years as people have become more reliant on the Web both as a research tool and as a place to shop. Visits to comparison-shopping sites increased 28% to 70 million in June, compared with the same period a year ago, according to Nielsen/NetRatings, an Internet market-research firm.

About 60% of consumers have used a comparison-shopping Web site, according to Jupiter Research, a New York market-research firm.

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Much of the growth has come from the more-established sites such as Shopzilla, Bizrate and Nextag as well as the shopping sections of [Yahoo Inc.](#), [Microsoft Corp.](#)'s MSN, and Google.

The big attraction with shopping-comparison services, of course, is the hunt for a better bargain. Consumers save 18% to 20% on average by using comparison-shopping sites to buy products on the Web, according to research by Michael Baye, a University of Indiana professor; John Morgan, a University of California at Berkeley professor; and Patrick Scholten, a Bentley College professor. The study was based on data they compiled from various comparison-shopping sites.



**TaylorMade R7** ▶  
**golf club**  
PriceGrabber: \$349  
Nextag: \$349  
Froogle: \$125

▼ **Sharp Acquos 13"**  
**flat-screen TV**  
MySimon: \$270  
Froogle: \$429.99  
Shopping.com: \$229.95

▲ **Nirvana's CD/DVD set**  
**"With the Lights Out"**  
PriceGrabber: \$24.17  
Nextag.com: \$24.17  
Shopping.com: \$49.06  
(includes shipping)

**Sony Cybershot T7** ▶  
**digital camera**  
Pricegrabber: \$389  
Smarter.com: \$383  
Shopping.com: \$388.75

Merchants like the sites because they help drive consumer spending. Consumers who use comparison-shopping sites spend 25% to 30% more on the Web than those who don't, estimates market-research firm Forrester Research.

The comparison-shopping-site business has seen a burst of mergers and acquisitions this year. In May, GUS PLC's Experian, a credit-reporting agency, bought LowerMyBills.com, which helps consumers look for and compare prices on everything from insurance

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**COMPANIES**

	Dow Jones, Reuters
<a href="#">eBay Inc. (EBAY)</a>	
PRICE	36.81
CHANGE	-0.13
U.S. dollars	1:48 p.m.
<a href="#">E.W. Scripps Co. Cl A (SSP)</a>	
PRICE	49.89
CHANGE	-0.16
U.S. dollars	1:43 p.m.
<a href="#">Google Inc. Cl A (GOOG)</a>	
PRICE	308.85
CHANGE	5.06
U.S. dollars	1:48 p.m.
<a href="#">Amazon.com Inc. (AMZN)</a>	
PRICE	42.56
CHANGE	-0.19
U.S. dollars	1:48 p.m.
<a href="#">CNET Networks Inc. (CNET)</a>	
PRICE	13.75
CHANGE	0.07
U.S. dollars	1:45 p.m.

to telephone service and loans, for about \$330 million. In June, Internet auctioneer eBay bought Shopping.com for \$620 million, and media company E.W. Scripps bought Shopzilla, a comparison-shopping site formerly known as Bizrate, for \$525 million.

In the early days, these sites typically relied on merchants to send them data about their products, and charged the retailers based on how prominently they were listed in the search results or promoted on the Web page. Later, the sites developed technology to "crawl" the retailer sites electronically, which led to a huge expansion in the products covered. They now feature comparisons of clothing, fax machines, jewelry, appliances, home and garden tools, food baskets and vacation packages, as well as dozens of other categories.

Though there appear to be dozens of comparison-shopping sites, the larger, more-established sites like Bizrate, Shopping.com and PriceGrabber.com have a greater variety of products and services and often more tools and features than the newer sites.

One hassle for online shoppers is that researching and buying products often requires calling up multiple windows on their Web browsers, making it easy to get lost. Become.com, a Mountain View, Calif., start-up founded by the people who launched the MySimon shopping engine, Michael Yang and Yeogirl Yun, attempts to address this.

Users type a word like "camcorder" and hit one of two buttons, one labeled "shop" and the other labeled "research." They call up either links to Web pages offering information about camcorders or comparative listings to buy them. Users can save the items they're considering so they are displayed on the same page as they research those items. The research includes recent news; parents shopping for strollers, for instance, may learn of a product recall.

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### Corrections & Amplifications:

Sharp Electronics Corp. offers a flat-screen television called the Aquos. An illustration accompanying this article misspelled the television name as Acquos.

#### Yahoo! Inc. (YHOO)

PRICE	32.86
CHANGE	0.11
U.S. dollars	1:48 p.m.

#### Microsoft Corp. (MSFT)

PRICE	25.97
CHANGE	-0.03
U.S. dollars	1:48 p.m.

\* At Market Close

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