GADGETS

Yahoo raises stakes in e-mail war with Google

Internet giant Yahoo! Inc. is fortifying its free e-mail service with 25 times more storage and freeing up millions of previously claimed e-mail addresses in an effort to ward off a looming threat from its rival Google Inc.

June 15, 2004, 12:36 AM PDT / Source: The Associated Press

Internet giant Yahoo! Inc. is fortifying its free e-mail service with 25 times more storage and freeing up millions of previously claimed e-mail addresses in an effort to thwart a looming threat from its increasingly disruptive rival Google Inc.

Beginning Tuesday, all of Yahoo's free e-mail accounts will be upgraded to 100 megabytes, a move spurred by Google's plans to offer 1,000 megabytes of free storage through its Gmail service, which has remained in a test phase since early April.

ADVERTISING

Yahoo has been offering 4 megabytes of free e-mail storage, although some people with accounts opened several years ago have 6 megabytes of free storage.

MICROSOFT EXHIBIT 1095
Microsoft v. X1 Discovery
IPR2025-00255

Sunnyvale, Calif.-based Yahoo disclosed that it would be increasing its free storage to 100 megabytes during an analyst meeting held last month, but hadn't provided a specific time for the upgrade until now.

Inactive addresses to be freed up

The company hopes to appeal to e-mailers in other ways, too.

Angling for new users, Yahoo has decided to let people begin signing up for addresses that have been inactive for years. The offer is designed to lure Web surfers who may have been previously interested in signing up for a free Yahoo e-mail account only to learn one of their preferred handles had already been claimed.

"Some of these addresses could be very juicy and might attract a lot of interest," said David Ferris, an e-mail analyst in San Francisco.

Yahoo says "tens of millions" of dormant e-mail addresses will be made available again. The company also say it will improve the tools used to search its e-mails – a feature that Google has been touting – and spruce up the service with a cleaner look.

"This is a highly competitive marketplace and we have been listening to our customers so we can build the things that our users want," said Brad Garlinghouse, Yahoo's vice president of communications products.

Widespread publicity for Gmail

A Google spokesman declined to comment on Yahoo's changes or the company's Gmail service. Mountain View, Calif.-based Google can't say much about Gmail or its other products because the company is pursuing an initial public offering of stock, which requires management and other insiders to remain mum.

Although it's still not available to the general public, Gmail has received widespread publicity since Google unveiled its plans to get into the free e-mail business just a few weeks before the company's IPO filing.

Not all the feedback has been positive. Many privacy watchdogs and some lawmakers have railed against Google's plans to electronically scan e-mail and deliver text-based ads related to the topics correspondents are writing about – something Yahoo insists it will never do.

Gmail, nevertheless, appears to have the makings of a hot commodity. Some people already have been buying restricted invitations to sign up for early Gmail accounts on eBay, with some bids

surpassing $60. Google has been steadily expanding Gmail's reach by allowing existing accountholders to send invitations to friends and family to join the service.

Yahoo operates the most popular free e-mail service on the Web. The company's e-mail service attracted 39.8 million unique users in April, trailed by Microsoft Corp.'s Hotmail service at 34.6 million unique users, according to Nielsen Net/Ratings. The Hotmail service offers only 2 megabytes of free e-mail storage.

During the past three years, Yahoo has been trying to drum up more revenue by selling subscriptions to premium e-mail accounts that offered more storage and other features, such as stronger protection against junk mail. The company has never disclosed how many subscribers pay for its premium e-mail service.