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## EBay Moves To Boost Display Advertising Business

By **SCOTT MORRISON**

SAN FRANCISCO (DOW JONES) —EBay Inc. (EBAY) has struck an agreement with an online advertising services specialist in a bid to ramp up the ecommerce giant's underperforming display ad business, a move the company hopes will drive on-site sales and boost marketing revenue.

On Thursday, the San Jose, Calif.-based company is expected to announce an exclusive deal with Triad Retail Media, which will sell and manage all on-site display advertising for eBay.com and eBay Motors, according to a person familiar with the agreement.

Tampa, Fla.-based Triad will work with eBay to develop new types of display ads designed to showcase items for sale on—and sometimes off—eBay's marketplace pages. For example, a TV maker might want to showcase its products by placing a banner ad on eBay's home page.

Users clicking on the ad would be sent to an on-site destination page sponsored by the TV manufacturer, a page that would also include listings for relevant products on sale on eBay at that moment.

EBay's ad deal comes as the company starts to show some progress in its multi-year effort to turn around its online marketplace, the group's largest division, but one that has lagged overall ecommerce growth in recent years.

Christopher Payne, who runs eBay's North American operations, said the new ads, expected to start appearing on the company's U.S. site toward the end of the first quarter, would be part of that effort by improving the customer experience for buyers and sellers on the site.

EBay's agreement with Triad represents a significant shift in the company's display

advertising strategy. Until now, the ecommerce giant had a hands-off approach to advertising, as it relied on third-party ad networks to deliver banner ads to eBay's marketplace pages.

Payne said those display ads were largely irrelevant to users and did little to drive sales on eBay.com because most of them took shoppers off-site.

EBay does not break out the size of its display advertising business, but it accounted for less than 5% of the company's total revenue in 2010, according to a person familiar with the matter. Marketing services generated about \$920 million last year, or about 10% of eBay's total revenue, but that amount also included classified ads, search ads and revenue from comparison site Shopping.com.

Payne declined to provide any specific targets for the new agreement, but he said the company expects display ad revenue to "grow considerably."

Payne said eBay over the past 12 months has quietly removed about 90% of the display ads that used to populate the site. "We have walked away from a lot of revenue here of the last 12 months because we thought it was destructive to the buying experience," he said.

Payne added that eBay and Triad were aiming to develop marketing campaigns to top level fashion brands, auto makers and electronics manufacturers.

Triad creates and manages targeted advertising programs for marketers like Ford Motor Co. (F) and The Procter & Gamble Co. (PG), as well as retailers such as Wal-Mart Stores Inc. (WMT), CVS Caremark Corp. (CVS) and 1-800-Flowers.com Inc. (FLWS)

Shares in eBay closed up 0.5%, at \$31.06 on Wednesday.