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Google Goes Glam

Search company beats rivals for ad, search deal with fashionista site.

June 4, 2007

By **Ken Schachter**

In what may be the first deal of its kind, Google out-muscled two search-engine rivals to win the hand of Glam Media in an advertising and search alliance.

The multi-year deal, announced Monday, makes Google Glam's exclusive provider of Internet search and contextual ads, while letting Google sell a piece of Glam's inventory of display and video ads. In the past, Glam had relied exclusively on its in-house sales force, said Glam Chief Executive Samir Arora.

"It's one of the first deals—if not the first—where Google will place rich media graphical display advertising on a third-party site," said Todd Greenwald, senior analyst at Nollenberger Capital Partners in San Francisco. "It's definitely a big part of their future."

Google turned into an Internet juggernaut largely on the strength of its search technology and its system of delivering text advertising in context with users' searches. As rich media like display, audio and video advertising increasingly are woven into the web, Google is seeking to capture part of that market.

"In text, Google is as dominant as they can be, so they need to find new ways to grow," Mr. Greenwald said, and Glam Media, whose fashion and celebrity sites are flush with rich media provide a prime proving ground.

"They want a precedent to point to when they go beyond Glam.com," he added.

In April Google forked out \$3.1 billion to gain a foothold in display advertising by acquiring New York-based DoubleClick, whose tools let web publishers cash in on rich-media advertising.

A report by the Interactive Advertising Bureau and PricewaterhouseCoopers found that keyword search retained the largest share of online advertising revenue in 2006 at 40 percent. But that percentage declined from 41 percent in 2005, while display advertising climbed to 22 percent in 2006 from 20 percent in the prior year.

Rivals Yahoo and Microsoft have been scrambling to challenge Google's search engine supremacy and Mr. Arora said that two "major search companies" joined Google in wooing Glam Media.

"The best possible partner in this case was Google," he said.

Glam, whose backers include Accel Partners, Draper Fisher Jurvetson, Walden Venture Capital and Information Capital, spreads its advertising across the sites it owns, like Glam.com and more than 300 affiliated sites geared toward fashion and women.

In April, Glam's owned and affiliated sites had 12.2 million unique U.S. visitors versus 7 million in January, according to comScore Media Metrix.

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