



Yahoo ads to widen with Overture deal

By [Steve Gelsi](#), CBS.MarketWatch.com

Last Update: 2:56 PM ET July 14, 2003

NEW YORK (CBS.MW) -- Advertisers are bullish on Yahoo's ability to provide them with more one-stop shopping for their needs through the Web portal giant's plan to buy search rival Overture Services, two industry players said.

Favorable comments from media buyers involved in the online advertising sector came as Sunnyvale, Calif.-based Yahoo ([YHOO: news, chart, profile](#)) set a deal to acquire Overture ([OVER: news, chart, profile](#)) in a deal valued at about \$1.63 billion. [See full story.](#)

"Yahoo is smart -- they're broadening their portfolio of options for advertisers," said Sarah Fay, president of Carat Interactive, a Boston-based Internet media buying firm. "The deal offers advertiser flexibility to get the kinds of ads they want to do." She said the deal comes as search-engine marketing has heated up because of its ability to match ads with customer searches. "All of the portals offer search, but Overture is a dedicated search platform," said Fay, who added that the move gives Yahoo a better chance to compete directly with search powerhouse Google.

Google spokesman David Krane declined to comment Monday on the Yahoo-Overture merger.

Peter Gardiner, chief media officer for Deutsch Inc., said the deal will likely make Yahoo more appealing to prospective advertisers. Overture's "really good search capability matched with Yahoo's targeting will provide clients with a powerful combination -- more than what you can buy separately now," he said. He noted Yahoo's move is consistent with its strategy since the company's purchase of online help-wanted service Hot Jobs in early 2002. "Under their independent nature they're gathering up resources to be a stand-alone, best-in-class online portal," he said.

One unknown is the length of time remaining on Pasadena, Calif.-based Overture's contract with the Microsoft Network, a key distributor. Gardiner said the loss of MSN, owned by Microsoft ([MSFT: news, chart, profile](#)), as an Overture partner wouldn't cripple the deal because advertisers have other ways to get access to MSN users.

Moreover, Overture's greatest assets are its search capabilities anyway, he pointed out.

David Moore, CEO of Internet advertising tech firm 24/7 ([TFSM: news, chart, profile](#)), said such mergers sometimes result in media firms upping their advertising prices. "With fewer competitors in the marketplace, it's easier for them to raise their rates," he said. In recent months, it's been clear that Overture was looking for a partner, and Yahoo made sense since the two already had many alliances, he said.

Steve Gelsi is a reporter for CBS.MarketWatch.com in New York.