



search engine that pushed EBay results further down the page. With every EBay stumble, rival **Amazon.com** gained more customers, web visits, and market share. Separating the two would increase PayPal's value, Icahn argued. Otherwise, the payment platform risked losing out to Amazon Payments, Apple Pay, and startups developing similar systems. The company ultimately agreed with the strategy.

In the 14 months since the spinoff, EBay's shares are up 12 percent as the company has added customers and increased its 2016 revenue forecast. PayPal's shares haven't moved. EBay Chief Executive Officer Devin Wenig has unveiled a plan to refresh the brand and better compete with Amazon. "We still have 164 million customers," he says. "We're going to rebuild this company brick by brick."

Many may still view EBay as an online rummage sale, where buyers can snag a baseball card collection or video game console by bidding in an auction. But auction and rummage sales are a small part of EBay's business today. New merchandise—what the site calls "big savings on top brands" such as Apple, Under Armour, and DeWalt—increasingly fill the marketplace. The shift has been in the works for several years, but it hasn't resonated much with shoppers. The dated perception of EBay as exclusively an auction site is one of the "hard truths" confronting the company, **Wenig** says.

A bigger challenge remains distinguishing EBay from Amazon. "The world doesn't have to choose between

try to beat Amazon at its own game—selling virtually everything to anyone. Just as **Walmart** and **Target** provide different shopping experiences, EBay and Amazon can coexist, he says.

Wenig wants shoppers to come to EBay when they need supplies for a camping trip, for example, to refresh a wardrobe, or to splurge on a tech gadget. He hopes to wow consumers with a sense of discovery as they navigate an online bazaar that makes shopping fun and encourages impulse sales. Product searches will highlight all related inventory at various prices, not just the most popular result. Deals on new items will be prominently displayed.

For EBay to succeed, customers must easily find what they want. A search engine revamp is in the works, and the site is pushing sellers to enter more precise keywords and product descriptions. Search results will also link the products to images and consumer reviews.

According to research firm EMarketer, worldwide e-commerce sales will increase to \$4.1 trillion in 2020, or 14.6 percent of all retail sales, up from 8.7 percent of all sales this year.

In July, EBay acquired SalesPredict, an Israeli company that forecasts customer buying behavior and can help EBay better match its inventory to demand. The company also bought Expertmaker, a data analysis firm. The acquisition will help EBay organize its inventory by translating product description codes used by manufacturers into commonly used search terms.

Wenig says he's in the market for a company that makes algorithms to correct spelling, because misspelled words are a leading cause of failed searches.

There's even a virtual-reality component to Wenig's strategy. Ticket buyers who use EBay's StubHub division get a virtual view of their seats, a feature that's proving popular with shoppers. With upscale Australian department-store chain **Myer**, EBay created a Virtual Reality Department Store that displays merchandise on a custom app—computer graphics are combined with images of the merchandise.

Says Gil Luria, an analyst at Wedbush Securities: "What they are doing is working." Some longtime merchants

painter in Ocala, Fla., started selling her work on EBay 12 years ago. When sales stalled a few years back, she posted some works on **Etsy** and **Amazon**. In the past year, her EBay sales have increased 15 percent from the previous year. "The EBay ship is steady," she says. "I can find my buyers, and they can find me." —*Spencer Soper*

The bottom line EBay is doing better than expected since the PayPal split, but many shoppers still think of the 20th century version.



E-Commerce

EBay Tries to Push Past Its Tag-Sale Roots

▶ Taking on Amazon hasn't worked. Can analytics and VR?

▶ "The world doesn't have to choose between Amazon or EBay"

When activist investor Carl Icahn pushed for **EBay** to spin off its fast-growing PayPal business two years ago, he saw little promise in the slow-growing parent. The online marketplace was grappling with the aftermath of a security breach and changes to Google's