

Yahoo! Local and the Growth of Local Social Search

Analyst: Michael Boland **Document:** Advisory #07-17

Summary: Within the past year, we've seen a clear acceleration in the attention and investment happening around user ratings and reviews on local search and Internet Yellow Pages sites. Reviews have essentially become an offshoot of the larger online phenomenon of social networking. As this happens, more and more users are coming to expect user reviews as part of the local search experience, which has driven review program launches by a number of local search and IYP sites, including Yellowpages.com, Citysearch and Google Maps. It has likewise inspired many site enhancements and redesigns meant to better accentuate review content, most recently by Yahoo! Local. Meanwhile, many challenges remain in review integration and content generation.

Yahoo!'s Face-Lift

Yahoo! Local, one of the first local search destinations to integrate user reviews in 2005, last month launched a series of functional and design enhancements meant to accentuate and motivate more user-generated content and social search tools.

The centerpiece of this redesign is a city guide tab that will serve as a new jumping off point to the local search experience. The tab will feature and delineate a few content verticals, for which Yahoo! Local would like to accentuate rating and review content and better motivate its generation. These verticals include Health & Beauty and Home & Garden.

"This reflects that we are not just a dining guide or just focused specifically on arts and entertainment," says Brian Gil, senior product manager of Yahoo! Local. "Of course it's a popular category, and we strive to have the best content. But the types of demographics that we cater to and the types of experiences we're trying to provide go far beyond that. The focus will shift more toward home-owner demographics with a variety of different local purchasing needs."

These city guide pages will also have custom cityscape artwork, weather overlays and featured items (see example on next page). Yahoo! Local will roll out pages for 20 cities at the onset, with more in the works. For most of the 18,000 communities it serves, which are more rural, it would like to maintain a feeling of local relevance

and flavor (rather than being branded as the nearest big city) and will likewise feature non-city-specific banner art, according to Gil.

Better Local Through Social

The redesign also includes a number of other evolutionary improvements, such as a modification of its relevance engine to include review content in its index and accordingly serve better local search results. This will be a foundation for lots of new directions in which Yahoo! would like to take the product, according to Gil.

"We've always considered ourselves to be a social utility with a core focus on relevance and accuracy and depth of content," he says. "We're shifting the site design to spur more active engagement from the community, and we also modified our relevance engine to bring the best and closest results to users' [queries]."

Specifically, new features will give users more access to reviews to express whether they were useful and add their own opinions. Yahoo! hopes this will expand the feedback loop and level of interaction among users.

Review content will also surface on users' "My Local" profile pages. For these pages, users will be encouraged to add pictures and avatars to personalize profiles and reviews. This is reminiscent of Yelp, which has brought in more than 1 million reviews since its late 2004 launch, with such personalization tools that play off users' egos.

Yahoo! Local's New City Guide Tab

SOURCE: YAHOO! LOCAL (2007)

“Avatars are a good mid step, but getting photos of the actual people is really beneficial to the experience,” says Gil. “So we give the avatar as an option, as well as no image as a placeholder, but we’re also making it much easier in this release for people to provide a photo of themselves, which gives a lot more context and personal flavor.”

A “save for later” feature will also join the My Local profile feature and likely be the basis of new social features to share reviews and favorite listings with other users (see TKG Advisory “Save and Share” a Sound Investment for Local Search”). This is in line with some of Yahoo!’s other efforts with social networking and bookmarking.

“This is the first step toward publishing a collection of things to share with others such as ‘my favorite Thai restaurants,’ ” says Gil. “Save for later is for personal use, but from there, if I write reviews and collect them into a group, the next step is to share with friends or the community in general.”

Weekending With Yahoo!

The redesign will also include a new “weekender” page with lots of arts and entertainment type content to give users a place to find

activities and places to go during the weekend. This will be served with geographically relevant content but will not be personalized to registered users’ ongoing preferences and behavior, although that could be coming in a future version of the product, according to Gil.

A few other bells and whistles boost the appeal of the site, including a buzz cloud to exhibit the most popular local searches in a given community. Overall, these changes are not revolutionary but constitute a significant evolutionary step for Yahoo! Local, which has a longstanding position in local search and is currently the traffic leader among local online directory sites, according to comScore.

UGC: To Be or Not to Be

In addition to Yahoo!, user-generated content has gained a great deal of attention and investment from IYPs and local search sites including Google Maps, Superpages.com and Yellowpages.com. Yelp meanwhile continues to lead the way with reviews by playing to the egos of its core demographic of twenty- and thirty-something urban “foodies” who want to speak out in a social networking format.

Many users have come to expect reviews as a new value-added layer

Yahoo! Local City Guide 'Buzz' Tab

SOURCE: YAHOO! LOCAL (2007)



of content of any local search experience. Data from TKG's User View study (wave IV), conducted earlier this year, suggest as much. The data show that among features users value in a local search destination, user reviews are growing the fastest, going from 30 percent in Wave III last year to 40 percent in Wave IV (see chart on next page).

But it's not all upside. For a long time, many IYPs have been hesitant to integrate reviews for fear of the impact of negative reviews on advertiser retention. This is a particularly sensitive issue when it involves big advertisers that have larger spends planted in the print book.

There is evidence, however, that many IYPs and local search destinations are getting over this, or that we've reached a tipping point where the competitive need for reviews has outweighed this concern.

These thoughts were echoed by R.H. Donnelley's Jill Hammond and Yellow Book's Alfred Chow during a panel on user reviews at TKG's Directory Driven Commerce conference last week. RHD's DexKnows only recently integrated reviews, while Yellow Book believes the timing is not right just yet.

"I think most IYPs are over the fear of potentially losing an advertiser due to a bad review," Chow recently expressed on the Kelsey Group Blog. "Yellowbook.com just wants to make sure that if we were to implement [ratings and reviews], it will be of true value to users and not just as check mark on our to-do list."

The bigger concern, expressed by Chow during the panel discussion, is that the wanting numbers of reviews and inconsistency across categories (weighted toward bars and restaurants and lacking in service categories) will lead to an inferior product. In other words, he's not convinced reviews are mainstream enough to garner the volume of content that would meet the quality standard of a

product Yellow Book would launch.

"I'm OK with an advertiser getting bad reviews. However, the reviews must be credible. Credibility can only be achieved by many in-depth reviews," Chow said. "Unfortunately today, users often encounter one review that is often not even a sentence. This kind of review serves no value to both users and advertisers."

This is telling of the quality standards and diligence held by Yellow Book in its product launches. Although reviews bring many benefits, Yellowbook.com won't be among the many local search and IYP sites that integrate them in haste. Indeed, Chow correctly identifies a sizable challenge in review generation and user participation across categories and locales.

It's clear restaurants in New York, for example, will get their fare share of reviews. But what about plumbers in Peoria? This will continue to be a challenge for IYP and local search sites.

Automating Ratings and Reviews

One company trying to solve this problem is the recently launched Grayboxx. Its model essentially relies on algorithms instead of humans to get consistent volumes of ratings for businesses in categories where people aren't interested in writing reviews.

"Places like Yelp are social networks for foodies," says Bob Chandra, Grayboxx's founder and CEO. "I'd love to see a social network for people interested in plumbers."

It does this by measuring "implicit reviews" that can be gleaned from various online and offline activity. This involves tracking behavioral patterns to extrapolate the quality or popularity of certain businesses.

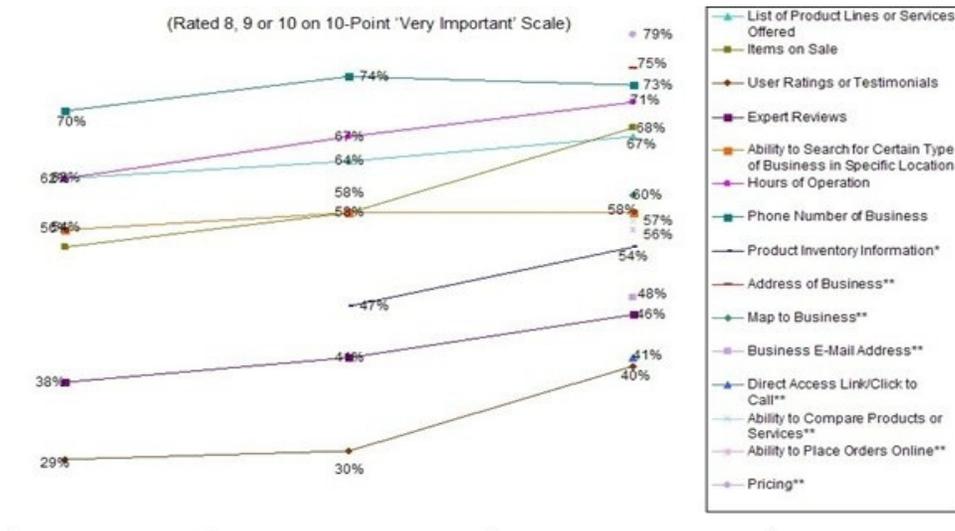
"If a user checks out a restaurant online and makes a reservation,

InteractiveLocalMedia

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Importance of Features for Online Sources

SOURCE: THE KELSEY GROUP (2007)



and then comes back and makes another reservation for two, this can be a positive sign that he was happy with the experience,” says Chandra. “Conversely, if I go to a hardware store and make a large purchase, that says something. If I go back the next day and make a large return, that says something else.”

Taking this a step further by examining more granular minutiae of online and offline activities on a much larger scale, Grayboxx is able to pick up patterns and devise what it calls preference scoring for businesses.

“It’s an algorithmic and scalable way to rank businesses, not just restaurants and nightlife but every category,” said Chandra. “The nice thing is that we have results just as well in Moscow, Idaho, and Bridgeport, Connecticut, as we do in Chicago.”

The site launched last month in Burlington, Vermont, a town emblematic of the small population (38,000) for which it hopes to establish an edge. There, it has 12,000 ratings on about 3,000 local businesses, according to Chandra.

But the company’s secrecy about exactly how it tracks these implicit reviews has garnered some distrust and backlash from a small number of users who want to know what’s under the hood. To

make this worse, a few dissenting opinions arose among Burlington locals over the accuracy of ratings.

This led to Chandra’s conclusion that he might have started too small and that larger cities in the range of 100,000 to 1 million would constitute the sweet spot of its algorithmic preference scoring. Given its covert formula, the company will now have to prove itself and hammer out any kinks as it rolls out in about 250 additional cities over the next three months.

Final Thoughts: Experimentation Is Key

If Chandra can achieve what he says he can, Grayboxx could stand out among the growing set of local user review sites, which will continue to have content generation challenges for the foreseeable future.

Regardless of these challenges, experimentation in the marketplace is an important step to arrive upon the right formula, given online users’ quickly evolving expectations, and the changing standards of product models in online local search. Expect continued development and product launches and fast moving evolution in the overall local social search space. **ILM**