

THE STATE OF LOCATION

BY GREG STERLING, ANDREW
SHOTLAND AND YEXT

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Greg Sterling

Greg Sterling is senior analyst for Opus Research tracking the evolution of the mobile Internet. Sterling is also a contributing editor for Search Engine Land and Marketing Land, leading online technology blogs. And he is the founder of Sterling Market Intelligence, focused on the Internet’s impact on offline consumer behavior.

Sterling previously ran BIA/Kelsey’s Interactive Local Media program from 2001 to 2006. Before ILM he was a producer at TechTV. Prior to TechTV, Sterling was a founding editor at AllBusiness.com. Before all that he was a practicing attorney in Los Angeles and San Francisco.

Sterling is frequently quoted in leading US publications regarding the search, local and mobile markets.



Andrew Shotland

Andrew Shotland is the proprietor of www.localseoguide.com a leading search consultancy with a specialty in SEO for local search and enterprise-level search marketing. He is a regular contributor to SearchEngineLand.com and author of the definitive Google News Ranking Factors survey. Andrew recently launched AppleMapsMarketing.com, a blog focused on helping businesses navigate Apple Maps and SIRI.

Andrew has over 15 years of experience in the Internet. He was a founding member of NBC’s Internet group and a former GM of NBC.com. He helped start Insider Pages, a pioneering local-social search engine, which was acquired by CitySearch in 2006. He is a co-founder of Backyard, a local deals service that was acquired by Pixelfish in 2011.

Study Methodology:

The Yext survey was conducted using the Google Consumer Survey tool between December 17 and December 22, 2012. There were 1,004 online adult respondents representing a sample allocated to mirror the demographic spread of US internet users. The survey has a margin of error of $\pm 4\%$.

Local Discovery is Broken

Howard Lerman

Welcome to the first issue of the Yext Quarterly!

We've created the Quarterly because local discovery is broken. It's not working for businesses. It's not working for customers. And we believe that together we can fix it.

Local Discovery Problems

Local discovery is important for business and customers alike. And I can talk about the problems with it all day long, but in this issue we're focusing on a few main issues:

1 Location information is fragmented inside and outside of businesses

- There are vast numbers of small businesses that have no way of capturing and utilizing this location data
- Businesses aren't in control of their location information online

2 Business listings (where customers are already searching) lack rich details

- Enterprises aren't equipped to capture that rich information at scale... And aren't yet ready to empower local store managers to do so

3 Local discovery doesn't yet convert into commerce

- Payments are outdated
- Maps aren't commercial

4 There's no innovation in formats or structure for location information

- Mobile tools are woefully behind
- Location information isn't global in scale

“ Businesses aren't in control of their location information online ”

5 Publishers can't get the valuable, correct information they need

- No systems exist to connect the structured data needed to power maps and match local consumer intent with the businesses that own it

6 Businesses must navigate the 100's of fragmented publishers

- Businesses need an easy way to make a digital change of address
- But publisher fragmentation benefits customers

Imagine the possibilities and applications for structured, useful local data. Everyone wins, and we want to help.

“ Businesses need an easy way to make a digital change of address ”

Housekeeping

I have known Greg and Andrew for years and feel lucky that they have agreed to join forces. For full clarity, we are compensating Andrew and Greg for their hard work. That said, we are giving them full reign – they are journalists after all – but the articles might give you insight into how we see the world.

We created the YQ to be a resource, that's why the first topic is "The State of Location. We are publishing it quarterly full of facts, data, interviews and infographics. And throughout the year we will address important implications of local discovery and location data including mobile and commerce.

We want your feedback to make it better. Seriously. Sometime people just say that, but we mean it. Email us at YQ@yext.com.

Hope you enjoy it and learn something.

- Howard
Yext CEO and Co-founder

The Most Common Problems With Your Business Listings Data

Andrew Shotland

In the December 2012 YQ Survey, we found that consumers regularly encounter incorrect location data for businesses.

Given that this is such a critical issue to getting your business found, we decided to see what kinds of issues were most common among Yext customers before they start using the service.

We looked at 40,000 U.S. business listings, the majority of which are for multi-location businesses. Not surprisingly, the data shows that location data for these businesses has a large amount of inaccuracies and omissions:

MOST COMMON PROBLEMS WITH TEXT CUSTOMERS' LOCAL BUSINESS LISTINGS



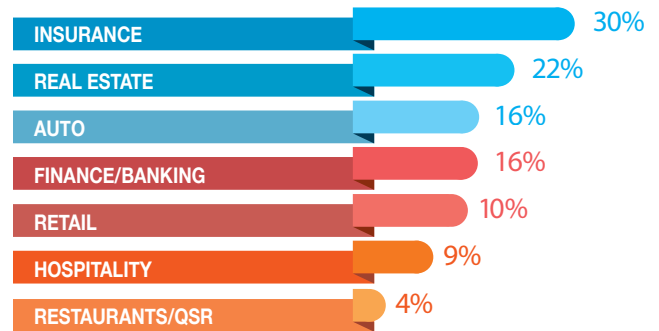
Source: Yext, Sterling-Shotland, December 2012 (n=40,000 listings)

Across these listings, 43% had at least one incorrect or missing address on the 50+ local directory sites in Yext's network. 37% had at least one incorrect or missing name on a listing.

Missing Listings prevent customers from finding your business, so they will be more likely to purchase from another merchant instead. It's the location information issue most damaging to sales.

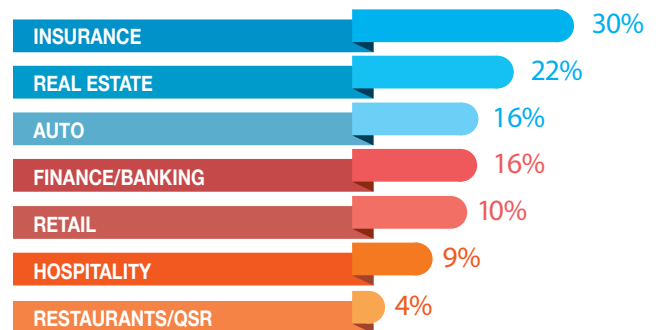
On average 14% of all listings checked were missing, which is costing businesses millions in sales:

LOCATIONS WITH MISSING LISTINGS
(AVERAGE FOR 40,000 LISTINGS)

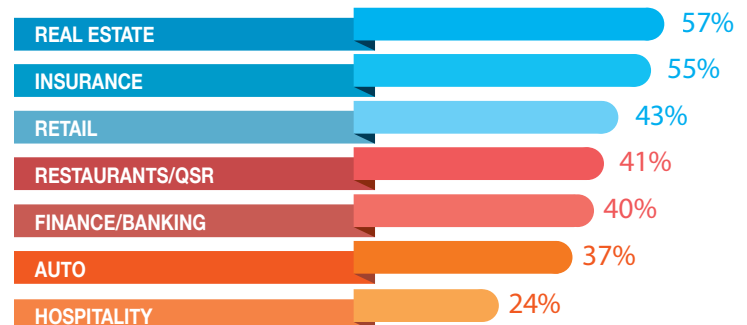


Other location information issues preventing customers from finding businesses include missing/incorrect phone numbers, and addresses:

MISSING/INCORRECT PHONE
(AVERAGE FOR 40,000 LISTINGS)



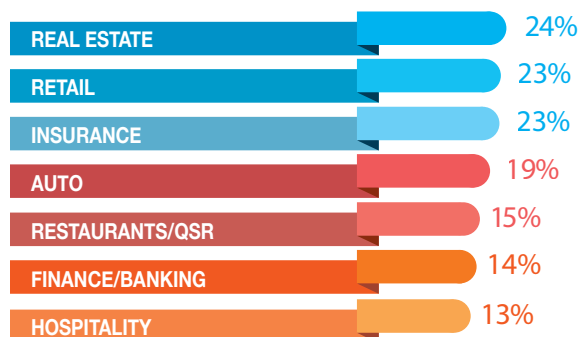
MISSING/INCORRECT ADDRESS
(AVERAGE FOR 40,000 LISTINGS)



The Most Common Problems With Your Business Listings Data (cont.)

Andrew Shotland

INCORRECT/MISSING WEBSITE
(AVERAGE FOR 40,000 LISTINGS)



While local directories can do a pretty good job of providing key information about your business, allowing consumers to do a deeper dive by visiting your website can be a strong driver of conversions – assuming your website is set up to convert.

Your website can also be helpful in creating more of a connection with potential customers by providing them with more info on your services and making it easy to find your social media profiles where you share additional information.

In some ways, this data is no surprise. Local business data on the Web has always been a mess, suffering from a combination of marrying conflicting information from multiple sources and lack of awareness by the businesses themselves. But with so many tools now available for businesses to control this information, it is surprising that the data consistency problem is still so common.

You Need To Know: Apple Maps Optimization Tips

Andrew Shotland

Apple Maps has received much bad press, but there are hundreds of millions of iOS devices and thousands of apps that use it as the default mapping application. So make sure your business listings are optimized.

Make Sure Your Business Is Listed

Search for your business on Apple Maps. If it does not appear, Apple does not have your business in its database. Currently, there is no “official” way to add/edit your business, but you can “Report a Problem” via Apple Maps, and make sure your business is listed in Yelp and the major business listing data suppliers for Apple Maps [Acxiom](#), [Factual](#), [Localeze](#), and [TomTom](#).

Make Sure Your Yelp Profile is Positive

The latest three Yelp reviews appear in the “Reviews” tab of an Apple Maps business profile. Make sure the most

recent photos and reviews are positive. I saw a hotel that had a cockroach shot added by a Yelp reviewer which showed up as the first photo displayed on its Apple Maps profile!

Check Your Listings Often

Apple Maps will make a lot of changes over the next year as it tries to improve. Inevitably, it will make a lot of errors with its data. Stay on top of your listings regularly to spot problems early on.

Some Further Reading

[How To Add Your Business Listing To Apple Maps](#)
[Apple Maps Business Listings Data Suppliers By Country](#)
[Reputation Management for Apple Maps](#)
[The Apple Maps Ecosystem](#)
[Why Isn't My Business Showing Up On Apple Maps?](#)

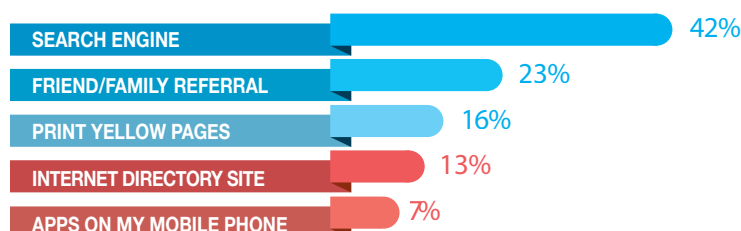
Hidden Cost of Hidden Listings

Greg Sterling

What's the cost of a bad phone number or a missing business address on the internet? The surprising answer is billions: **\$10.3 billion** in annual offline sales are potentially lost from missing listings online.

The internet is now the primary way that most US consumers find local business information. In a December 2012 Yext Quarterly survey of more than 1,000 US adults, the internet beat out even friend and family referrals. And among online sources, search engines were identified as the primary tool used by consumers to find local information.

WHAT'S THE MAIN WAY TO FIND LOCAL MERCHANTS OR SERVICE PROVIDERS IN YOUR AREA?



Source: Yext, Sterling-Shotland, December 2012 (n=1,004 US adults)

Despite their popularity most internet sources, including search engines, directories and mapping sites, are full of errors and outdated information. This is because businesses relocate, change names or get new phone numbers. Sometimes inaccurate information is uploaded by business owners themselves or competing listings exist for the same location.

Errors in one critical online database can be multiplied across networks of sites that rely upon it. Even if the problem is discovered it often can take months for corrections to appear in all the relevant places consumers look online for local information.

In assessing the current accuracy of local data, we looked at 40,000 business listings on 50+ local directory sites. These listings included national, multi-location businesses as well as independent, small merchants. The listings were drawn from a wide range of business categories.

We discovered that 43% of listings – almost half – had at least one incorrect or missing address and 37% had at least one incorrect or missing name on a listing. Why does this matter? Bad data have a hidden but very real cost.

We calculated that missing listings cost retailers and local merchants at least \$10.3 billion* annually in lost potential revenue. That determination is partly a function of how many people will switch to a competitor or give up looking if they encounter missing or inaccurate online business information.

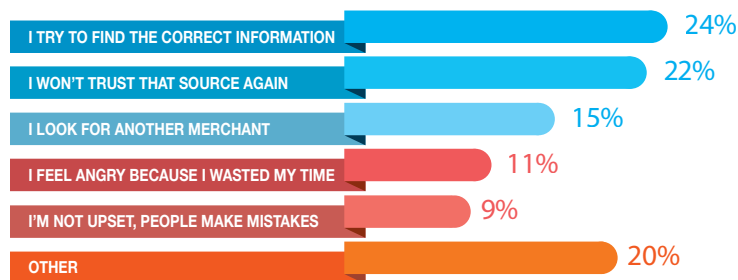
“The impact of bad business information is mostly invisible to everyone in the ecosystem but the consumer”

Hidden Cost of Hidden Listings (cont.)

Greg Sterling

The survey found that 47.6% of respondents had a negative reaction to the discovery of incorrect local information. Roughly 22% said that they “won’t trust the source again.” But more importantly, **15.1% of people said they would “look for another merchant.”** An additional 10.7% agreed with the statement “I feel angry because I’ve wasted my time.”

WHICH OF THE FOLLOWING BEST DESCRIBES YOUR REACTION
IF LOCAL BUSINESS INFORMATION ONLINE TURNS OUT
LATER TO BE WRONG



Source: Yext, Sterling-Shotland, December 2012 (n=1,004 US adults)

The lost revenue opportunity associated with missing and inaccurate business information affects both online publishers and merchants alike. The toll, however, is heaviest on local merchants and retailers, which lose the chance to make sales.

Though real, the impact of bad business information is mostly invisible to everyone in the ecosystem but the consumer – who simply gives up or finds another place to spend her money.

*Approximately \$369 billion in offline purchases, out of more than \$800 billion in annual discretionary consumer spending, are influenced by the internet according to estimates based on US government data. Of that \$369 billion at least \$10.3 billion in annual local consumer spending is lost or at risk from missing local business information online.

The Cost of Bad Location Data

Local Information for Many Businesses Is Wrong...

Incorrect local business information in search, maps, and apps

% OCCURRENCE IN EACH INDUSTRY

MISSING/
INCORRECT
PHONE #
18%
occurrence
overall



30% Insurance

22% Real estate

16% Banking

MISSING
WEB URL
19%
occurrence
overall



41% Banking

22% Auto

19% Hospitality

MISSING/
INCORRECT
ADDRESS
43%
occurrence
overall



64% Insurance

62% Hospitality

56% Real estate

MISSING
LISTING
14%
occurrence
overall



30% Insurance

21% Real estate

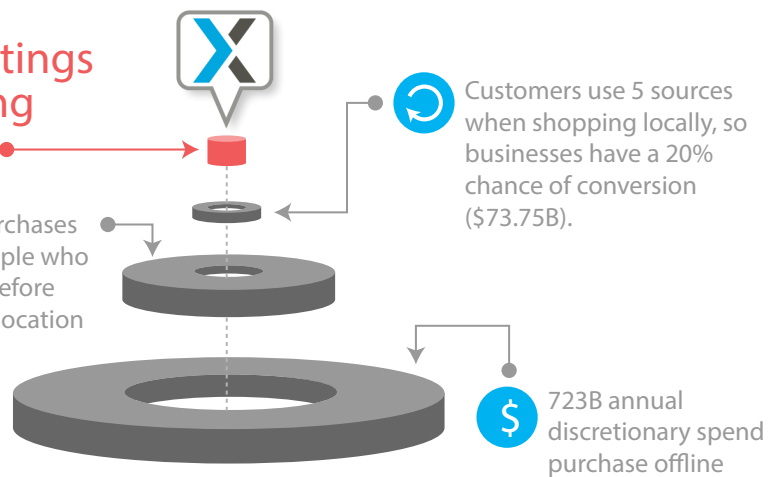
16% Auto

The Hidden Cost of Hidden Listings

14% of listings are missing (\$10.3B)

51% of purchases are by people who research before buying at location (\$369B)

\$10.3B in lost sales for merchants with missing listings



Sources: Yext, Dec 2012; Google Oct 2012; LSA, June 2011; Yext, Sterling-Shotland, Dec 2012

Internet-Influenced Local Spending Worth Roughly 10X E-Commerce

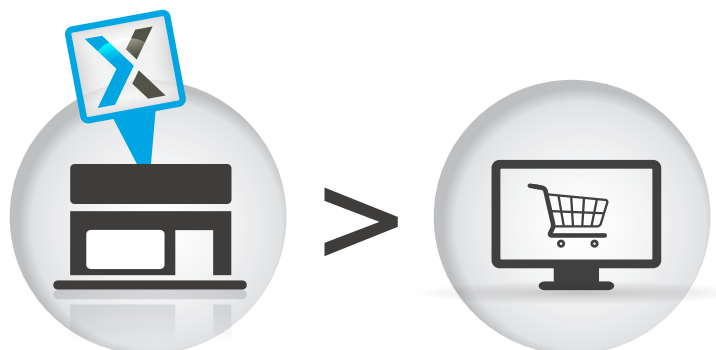
Greg Sterling

Netscape co-founder and venture capitalist Marc Andreessen said in a recent interview that traditional retail is doomed and that e-commerce will be the way that people buy nearly everything in the future. That sounds like Silicon Valley hype circa 1999 rather than an assessment of the market in 2013.

In truth the “local” (or offline) market could be compared to the Pacific Ocean and e-commerce to a man-made lake in a public park. Bridging the two realms is the internet’s impact on offline consumer spending. Indeed, the relationship between “online” and “offline” is becoming more complex and blurry in the wake of smartphones.

One thing is very clear, however, the overwhelming majority of “commerce” still happens locally within a relatively short distance of where people live or work. While there is no “hard” research on this question it’s widely recognized that approximately 75% to 80% of disposable consumer income is spent within 20 miles of home.

When CMOs and digital agencies hear the word “local” they often think of small businesses and tend to dismiss the market accordingly. They rarely think of Home Depot or Verizon or Bank of America as local businesses. However these national chains and franchises are as much local businesses as the independent florist or restaurant. That’s because the overwhelming majority of their revenue comes from people buying things in their local stores or outlets.



There are various estimates of the value of e-commerce today. Online measurement firm comScore reported that total US retail and travel-related e-commerce spending in 2012 was \$289 billion. Data aggregator eMarketer projected that e-commerce surpassed \$1 trillion in 2012 on a global basis, with the largest single market being the US.

“... it’s widely recognized that approximately 75% to 80% of disposable consumer income is spent within 20 miles of home.”

These are impressive figures until you put them in the context of total consumer spending and look at the broader market.

Total US retail in 2012 was roughly \$4.5 trillion according to US Commerce Department data. Spending on local services is conservatively worth at least another \$2.9 trillion according to the Bureau of Labor Statistics. And travel spending comes in at another \$1.3 trillion or so according to US government figures.

Although e-commerce has been growing steadily (about a point per year) it was still just 5.2% of total US retail in the third quarter of 2012, though that number may rise when final Q4 data are analyzed. And online travel bookings represent a little over 8% of total US travel spending.

Internet-Influenced Local Spending Worth Roughly 10X E-Commerce (cont.)

Greg Sterling

When you combine retail, local services and travel-related spending in the US you arrive at a "local" market that is worth more than \$8 trillion annually. In that "real-world" context, even the most aggressive estimates of US e-commerce are still less than 5% of total spending.

What's much more significant is the way the internet influences an increasing percentage of consumer spending in local markets. That phenomenon is typically invisible to CMOs and marketers who have trouble tracking online-to-offline consumer behavior.

Multiple surveys over the past few years have established that the internet is the number one source consumers use to find local information. People rely upon search engines, maps and directories, and review sites to help them make purchase decisions before buying in stores or spending on local services.

Consumer survey data also show that perhaps 50% of purchase decisions are now impacted by the internet in one way or another, Google cites 51%. The percentages may be higher if digital maps and directions are factored in. There are also data from several analyst firms arguing even larger numbers of consumers use the internet before buying offline.

It's thus safe to assert that at least \$2 trillion in offline economic activity and consumer spending annually is now impacted by the internet. That makes internet-influenced local spending considerably more valuable than traditional e-commerce – by roughly a factor of 10.

**Annual Spending on
+ Travel
+ Retail
+ Local Services**

= \$8T

**Internet-Influenced
Local Spend is 51% x
Total (\$8T) = \$4T**

**and E-commerce is
5% of Total (\$8T) =
\$400B**

You Need to Know: How to Make Multi-Location Search Work

Andrew Shotland

Ranking well in Google's local search results is critical for both local and national marketers. For a single location business, a site for Google+ Local (aka "G+L") can be tricky. Optimizing for G+L with multiple business locations can be even trickier.

Often brands with multiple locations (e.g. Nordstroms) will use their homepage in their G+L profile. This makes sense, sometimes. The majority of your PageRank typically sits on your homepage, which should help your organic rankings, but this misses the opportunity to send Google stronger local signals.

Create Pages for Each Location

I recommend creating landing pages for each location with the location keywords in the URL, keywords and NAPs (names, addresses & phone numbers) in text on the page, an embedded map, directions, etc. It couldn't hurt to add photos, videos and inventory and/or services where possible. Try to use unique content on each page v. cookie cutter text that merely switches out the location name by page. Over time, these unique pages should perform significantly better.

Use a HTML Sitemap

It's important that you don't hide these local pages behind search forms. They need to be visibly linked from other pages on the site. Adding a HTML sitemap to your footer to point to these pages is a good way to do this if you don't want to put location links all over each page.

Using Semantic Markup

I also recommend you add markup to your location pages that helps search engines understand

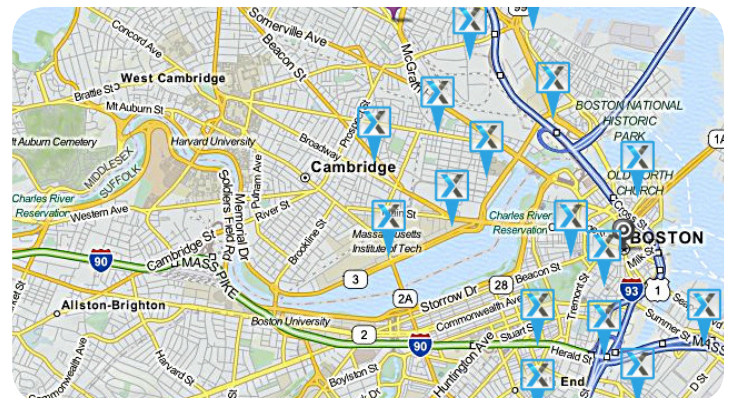
elements such as NAPs, reviews, hours of operation, payment types, etc. Information on how to do this can be found at Schema.org. I also recommend this excellent article: [13 Semantic MarkUp Tips for a 2013 Local SEO](#).

Duplicate Content Issues With Location Pages

If you have multiple locations in the same city and have a unique location page on your site for each, you may consider selecting one location page as the primary location and use a canonical tag to point at this URL from the others. This will help the search engines present your preferred URL when someone searches your brand in the city (e.g. "Nordstrom's in Los Angeles").

Don't Forget About Local Citations!

For those brands that have not already built out location pages, it can be a costly exercise to do so. Adding them to one's site is easy. The challenge is updating the links in all of the local directory profile pages for your locations. The average cost of citation updating in the U.S. these days is about \$5/listing/location. For a thousand-location business, doing this for the top 50 citation sources would be \$250,000. If you are launching location pages, you don't necessarily have to do citations at the start. But if your rankings are stuck, be prepared to invest in citation building/updating. Across a large number of locations the ROI on this activity could be significant.



Cracking the Local Code

An Interview with Groupon Co-founder Andrew Mason

The story of Groupon is well documented. Born out of an earlier social-action startup called The Point, Andrew Mason launched Groupon in Chicago in 2008. The company quickly attracted investment and became the fastest-growing startup in internet history, expanding in the US and internationally through organic growth and acquisitions. Mason led the company to a highly anticipated IPO in November 2011.

More impressively, Groupon accomplished all this in the very challenging local and small business market, effectively bringing e-commerce at scale to local businesses for the first time. Now, in its post-IPO period, Groupon is diversifying beyond deals and seeking to become “the Local Commerce Operating System” for small business. In addition to deals the company now provides a point of sale system, electronic and mobile payments, scheduling and inventory management to local businesses.

In the following interview with Yext, Mason offers his reflections on the digital challenges facing small businesses, what it takes to succeed as an entrepreneur in local and what the market will look like five years from now.

Yext: What is the greatest challenge local merchants face in today’s evolving digital landscape?

Andrew Mason: We’ve found that local businesses aren’t early tech adopters. They are people who want problems solved for them. Evaluating all these different tools that are available to them, especially as we transition to mobile and tablets, is a real challenge.

Yext: How do they evaluate these competing sales propositions, channels, devices coming at them?

AM: They’re busy and they’re happy to rely on tried and true methods for marketing and tools to run their business. In order to understand the virtues of Groupon, we’ve had to hold merchants’ hands through the process of getting signed up, and have built a massive sales force to do so.

Yext: How have SMBs taken to adopting new marketing and advertising tools?

AM: Groupon is a form of advertising for SMBs. They measure the success too often by the size of the last tip that came through the door using Groupon, rather than a holistic analytical approach. We’ve found we have to coach them through how to evaluate the profitability of a Groupon campaign.

They know they need tools that help them improve their marketing and grow their business, but they will gravitate to the ones that will help them do it in a predictable way.

Yext: What has changed in local since Groupon was founded?

AM: I think for sure, mobile, that’s no surprise. Our business just in the last year has gone from 22% mobile, which was already doubling from the year prior, to 39-40% mobile this year.

In the same way that broadband facilitated the move of video from offline to online, mobile is doing so for local commerce. And it’s also enabling local ecommerce similar to how Amazon did for the move of product from offline to online.

“ Our business, just in the last year, has gone from 22% mobile, which was already doubling from the year prior, to 39-40% mobile this year. ”

Cracking the Local Code

An Interview with Groupon Co-founder Andrew Mason (cont.)

Yext: What role will “Big Data” play in local?

AM: In our case, we can use just a few data points to help us find patterns and understand what consumers are looking for. We can also use it to help drive the right kinds of customers to a local business when they most need them. We’re just beginning to scratch the surface on how to use the data to build a local ecommerce ecosystem. The possibilities are endless.

Yext: What are the success factors for startups and digital media companies in the local market today?

AM: I was very deliberate when starting Groupon to make sure I had a model that did not have a chicken and egg problem – it had to work effectively at a small scale. Instead we actually had the opposite issue, it worked very well at small scale and, as we grew, we ran into issues bringing businesses too many customers. And we’ve had to innovate out of that problem.

They should also find a win-win-win model, where the business wins when consumers and merchants win. It’s unpleasant to have a business where you’re constantly forced to make tradeoffs between the best interest of the business and the best interest of the customers.

All of our success happens when we ruthlessly adhere to our values, which are to start with the customer and work backwards.

Yext: Five years from now, what problems in local will have been solved?

AM: The way people buy locally is going to be fundamentally different. There hasn’t been real tech innovation in local since the invention of the credit card, and mobile has catalyzed the disruption

wave. Once we get the infrastructure to plug local businesses into the web, the innovation will exponentially increase.

“There hasn’t been real tech innovation in local since the invention of the credit card, and mobile has catalyzed the disruption wave. ”

Yext: What’s one thing you wish you would have known before you started Groupon?

AM: We didn’t just create a business; we created a category. Four and a half years later we are doing \$5 billion in sales in 48 countries. The thing has grown massively and it continues to evolve at a similar rate. But you don’t have to be that smart to do well in business, you just have to have the courage to follow your intuition.

My intuition has always been starting with the customers and building something that optimizes not for 2-3 months, but 2-3 years or even 20-30 years.

And being convicted about those principles and being unwilling to stray from them is the difference between success and failure.



Andrew Mason
Co-founder
Groupon

Directions: 10 Local Digital Marketing Predictions for 2013

Greg Sterling and Andrew Shotland

1 Mobile an Imperative for Local Marketers

The “need it now” local orientation of mobile users makes local-mobile marketing the top priority for national-local marketers and small businesses alike. But because of complexity, fragmentation and confusion, most marketers will still be unable to fully take advantage of the opportunity.

2 Location Packaged as Audience for National Marketers

To address some of the confusion surrounding location-based mobile marketing, location and related data will be increasingly used as a way to target specific audiences in the real world. Agencies and national brands understand audience more than they understand the nuances of location and related targeting technology. So local-mobile marketing substantially evolves into audience targeting via location.

3 Mobile Data Increasingly Connect Online Ads to Offline Action

The capacity to “close the loop” and provide real-world analytics on digital ad performance gains steam. Marketers will gain increasing visibility and insight into which campaigns and ads are driving foot traffic into local outlets and stores, as well as driving actual sales.

4 The Year of Conquesting

Targeting mobile consumers while they are physically at or near your competition to lure them away will become one of the fastest-growing local marketing tactics. An entire industry will spring up around turning mobile user travel patterns into actionable marketing data.

5 Mobile Payments for Real-World Transactions Gains Momentum

The mobile payments landscape is noisy and fairly chaotic today. As we get farther into 2013, mobile payments (for offline transactions) will gain real steam, driven by Square, PayPal and others. Consumers will become increasingly comfortable with paying for things with a “digital wallet” on their smartphones. Mobile payments data will help feed several of the other trends.

6 Local Data Syndication Becomes Progressively Richer

Location data used to mean just business name, address and phone number. Increasingly “location data” will expand to include a broader array of information: images, product and service pricing, inventory, social content and other relevant information. Companies managing local data will become more content syndicators rather than just databases of basic business information.

“Increasingly “location data” will expand to include a broader array of information: images, product and service pricing, inventory, social content and other relevant information.”

7 Google Will Push More Local Information Into Its Search Results

And most of that information will be owned by Google. National brands will find it increasingly challenging to play at the SEO game without providing true local value.

8 Google Business Builder Will Finally Arrive

More than a year after it was leaked to the Wall Street Journal, Google will finally roll out a Google+ for Businesses marketing dashboard. And yes, it will be buggy, frustrating and essential for anyone doing local marketing.

9 The 800lb Facebook Graph Search Gorilla

As Graph Search goes nationwide, it will have a dramatic impact on social review sites (e.g. Look out Yelp). It will also quite likely become the infrastructure for a social Adwords-type service. Look out Google.

10 Apple Maps Will Sneak Up On Us

Apple will spend 2013 quietly rebuilding the maligned Apple Maps service. At Christmas time, the new iPhone will cause consumers, analysts and marketers to give the much-maligned Apple Maps another shot.