The Mad, Mad, Mad, Mad, Mad World of Local Search
Mad, Mad, Mad, Mad World

A screwball comedy about a group of crazy people trying to find a chest of money buried under a giant “W”

In this case perhaps a giant
• LSA, Search Engine Land

• Impact of digital on offline consumer behavior

• Following local + SMB since 1999

• Twitter: @gsterling
About LSA

- LSA is a non-profit assn. based in Michigan
- 300+ members in 27 countries
- Members: Google, Microsoft, Yahoo, Yelp, AOL, GoDaddy, Kenshoo, Acquisio, AdviceLocal, HomeAdvisor, Moz & more
- Focus on local marketing ecosystem – Enterprise and SMB
For the Next 60 Minutes . . .

“The Church of Local Search”
A Bit of Context
A Simpler Time

More concentrated audiences, more coherence
Digital Becoming #1

US Ad spending in 2017

$72 billion
36% of total media spending in US

$77.4 billion
38.4% of total media spending

Source: eMarketer ad spending forecast March 2016
For Local Media Too

Source: Borrell Associates (2016)
Original Local Search

Simple but (often) difficult to evaluate ROI
Local Search (2000 – 2009)

Dallas Mexican restaurants

Google Search  I'm Feeling Lucky
Or This . . .
Now It Often Looks Like This . . .
And Also This . . .

App store launched July 2008 with 552 apps

More than 1.5 million apps today
A New Moment of Change
Evolution of the Internet

Yesterday

Today

Tomorrow
Old Internet Was Flat

Documents . . . Links . . . Impressions . . . Clicks . . . Carts
Connected World 3D, Dynamic

Not about documents and static information; about context, task completion, transactions
What and How Big?
Historical Misconceptions

Local search is . . .

• A subset of online consumer behavior
• About maps, directories
• A “vertical”
• About SMBs (and not brands, enterprises)
Narrow Definition

Noun with geo-modifier
Focus on Ranking on SERP
Seeing Only Part of the Picture
Think Bigger, Broader

How consumers use digital media to help make purchase decisions ultimately fulfilled offline/locally
Ultimately about Buying Intent
Local = Offline. Seems Obvious?
Follow the Money

- US GDP nearly $18 Trillion
- 70% = consumer spending (most within 15 - 20 miles)
- 92% of retail spending offline
- $4.8T (stores) vs. ~$350B (online) in 2015

Source: US Commerce Department, US Bureau of Economic Analysis (2014); comScore 2016
Deloitte says that about $2.2 trillion in retail spending was impacted in one way or another by the internet in 2015.

Source: Deloitte “Navigating the New Digital Divide” 2015
82% of shoppers say they consult their phones re purchases they're about to make in a store.

Source: Google/Ipsos consumer survey data 2/16
Digital Research → Local Buying

“How often do you do online/mobile research before buying something in a store or from a service business?”

- Every single time — 20.3%
- 75% of the time — 25.5%
- About 50% of the time — 17.2%
- About 25% of the time — 12.7%
- Not at all — 24.2%

63% Half or more of the time
Research Online, Buy Offline

84%

search for reviews, ratings or price comparisons before making a purchase.

Source: Sitecore Mobile survey (2016)
Local Search = Online-to-Offline

Most Online Research Culminates Offline
Consumers Have Always O2O’d

Marketers couldn’t see/track it. So they mostly ignored it.
Mobile Enables ‘Location Analytics’

More transparency available about consumer activity
O2O Tracking: Google, Pinterest, Facebook

Same 10 day period: all three introduced or expanded offline tracking capability
PC Query Percentage: 20%

“20% of [desktop] searches on Google are related to location”

-- Google, 4/10
Mobile: Moving Target

One-third of mobile searches are local
-- Eric Schmidt 9/10

40% of mobile searches are local
-- Marissa Mayer 5/11

30% of mobile searches are “related to location”
-- Omid Kordestani 7/15

10/12: 50% of mobile search is local
All Mobile Queries ‘Potentially Local’

Google director of engineering Chandu Thota said that mobile search is inherently local and that Google regards all mobile queries as potentially local.

Source: statements made at LSA16 conference, SF, CA 3/16
Most Commercial Queries Local

<table>
<thead>
<tr>
<th>Rank</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Restaurants-Fast Food-Other and Non Specific</td>
</tr>
<tr>
<td>2</td>
<td>Auto Dealer - New and Used</td>
</tr>
<tr>
<td>3</td>
<td>Internet</td>
</tr>
<tr>
<td>4</td>
<td>Automobile Repairing and Service</td>
</tr>
<tr>
<td>5</td>
<td>Beauty Salons</td>
</tr>
<tr>
<td>6</td>
<td>Physician &amp; Surgeons-Specialist &amp; Non Specific</td>
</tr>
<tr>
<td>7</td>
<td>Plumbing Contractors</td>
</tr>
<tr>
<td>8</td>
<td>Clothing Bought and Sold</td>
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<tr>
<td>9</td>
<td>Grocers Retail (Supermarket)</td>
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<tr>
<td>10</td>
<td>Discount Stores</td>
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<tr>
<td>11</td>
<td>Pizza</td>
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<tr>
<td>11</td>
<td>Theaters</td>
</tr>
<tr>
<td>13</td>
<td>Shopping Centers</td>
</tr>
<tr>
<td>14</td>
<td>Food Products</td>
</tr>
<tr>
<td>15</td>
<td>Electronic Equipment and Supplies-Dealers</td>
</tr>
<tr>
<td>16</td>
<td>Employment Agencies</td>
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<tr>
<td>17</td>
<td>Dentists</td>
</tr>
<tr>
<td>18</td>
<td>Home Improvements</td>
</tr>
<tr>
<td>18</td>
<td>Pharmacies Or Drug Stores</td>
</tr>
<tr>
<td>20</td>
<td>Tire Dealers</td>
</tr>
<tr>
<td>21</td>
<td>Hotels and Resorts</td>
</tr>
</tbody>
</table>

Most search queries that carry buying intent are ultimately local because they will likely be fulfilled in a store, dealership or by an offline service provider.

Marketers should be helping consumers from search → store
Example: Car Buying

Google

Toyota Rav4

Google Search  I'm Feeling Lucky
Toyota Rav4: Not Local?
Funnel Assumptions Different

Google might be more inclined to treat the same query as local.

Assumptions: lower in funnel, immediate need, seeking nearby

People don’t buy cars online – generally
The Purchase Path
Multiple Sources on Purchase Path

How do you typically research products before buying them? (Select all that apply)

- Via an app: 19.6%
- On mobile web: 52.8%
- Via desktop/laptop: 48.3%
- In-store: 27.5%
- Other: 10.8%
- I don’t research products before buying them: 6.0%

Source: Sitecore Mobile survey (2016), n=5,359 consumers
Used in Past Month

“We would like to know when, if ever, you last used the following sources to look up information or learn about products/services in your local area”

Source: LSA-Burke Local Media Tracking Study, n=8,000 (2015)
Multi-Screen World

90% of consumers now move “sequentially” between different screens

Source: Google and IPSOS, n=1,600 US adults (2012)
Funnel to Pretzel: Messy not Direct

The funnel has always been a kind of fiction
Mobile Devices ‘More Important’

Consumers now see mobile devices as more important than PC for purchase decision-making.

Source: xAd 2015 Mobile Path to Purchase report based on consumer survey data
Search Migration to Mobile

More than 50% of Google’s query volume now mobile on a global basis
2015: Mobile Passed PCs for Local

Device most commonly used when looking for local information online

- Desktop PC or laptop: 40% (2015), 49% (2014)
- Tablet: 11% (2015), 9% (2014)
- Smartphone: 42% (2015), 49% (2014)

Source: LSA research (2015), n=2,147 US adults
Even More in Some Cases

70% of searches on Yelp come from mobile devices -- globally

Source: company filings 2016
Contacted Local Biz After

Consumers who made phone call, store visit, visited website, emailed

65% Ratings/review site
61% Social network
59% Search engine

Source: LSA-Burke 2015 Local Media Tracking Study, n=8,000
Mostly Offline
New ‘Search Experiences’
More Screens, Channels, Devices
Enabling Technologies

• Billions of mobile devices/new hardware
• New UI/UX experiences
• Improved voice recognition and NLP
• Machine learning/AI
• Metaphor of the (virtual) assistant replacing search
Rise of Voice Search and the Voice UI

Source: MindMeld, October 2015, n=1,800 US smartphone users
Voice/Virtual Assistants

US smartphone users who use mobile personal assistants

- 18-29: 71%
- 30-43: 59%
- 44-53: 39%
- 54+: 38%

Source: Bing 2016
Voice Search Has High Local Intent

Voice search: 40% local

Source: Google, Bing statements 2016
Amazon Echo/Alexa

Now outselling Kindles

Tens of thousands of 3rd party developers currently working on Alexa projects
Google Responds
“The assistant is conversational—an ongoing two-way dialogue between you and Google that understands your world and helps you get things done. It makes it easy to buy movie tickets while on the go, to find that perfect restaurant for your family to grab a quick bite before the movie starts, and then help you navigate to the theater. It’s a Google for you, by you.”

--Google, May 2016
Messenger As Platform

900 million monthly active users
‘Conversational Commerce’
Marketer Challenges
This Again
Complex Consumer Behavior
Buyers More Elusive

Where the $#@! are you?

I'm over here
Range of Challenges

“As a retailer, what do you find are your top three business challenges?”

- Identifying and engaging our most valuable customers: 52%
- Differentiating our brand and experiences against competitors: 51%
- Implementing strategies that help drive traffic to stores: 39%
- Exceeding direct competitors and online pure-plays from a sales perspective: 37%
- Keeping pace with customer demands for more seamless brand experiences: 36%

Source: Retailer survey, Yes Lifecycle Marketing (September 2015)
Struggling with Data/Execution

These challenges are pervasive. Ninety percent of respondents report struggling with two or more of these areas:

- Unified Cross-channel View: 18%
- Alliances with Channel Partners for Interdependent Measurement: 34%
- Automation of Measurement Processes: 39%
- Alignment with Business Needs: 44%
- Analytics that Deliver Actionable Insight: 46%
- Assessment of Current Processes and New Ways to Measure: 48%
- Reporting Accountability & Accuracy: 50%
- Data Collection & Centralization: 59%

Source: IDG survey of marketing executives at 250 enterprise and mid-market companies (2016)
Too Many Tools, Dashboards

Source: IDG survey of marketing executives at 250 enterprise and mid-market companies (2016)
Brands Not Meeting Expectations?

<table>
<thead>
<tr>
<th>Service</th>
<th>Brands: Expectations Met</th>
<th>Consumers: Expectations Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience (B: 263, C: 2161)</td>
<td>37%</td>
<td>56%</td>
</tr>
<tr>
<td>Social interaction (B: 185, C: 484)</td>
<td>33%</td>
<td>44%</td>
</tr>
<tr>
<td>Speed (B: 267, C: 1902)</td>
<td>32%</td>
<td>49%</td>
</tr>
<tr>
<td>Personalization (B: 198, C: 787)</td>
<td>30%</td>
<td>47%</td>
</tr>
<tr>
<td>Security (B: 269, C: 2082)</td>
<td>28%</td>
<td>57%</td>
</tr>
<tr>
<td>Comparison (B: 155, C: 1103)</td>
<td>24%</td>
<td>39%</td>
</tr>
<tr>
<td>User experience (B: 234, C: 1051)</td>
<td>24%</td>
<td>37%</td>
</tr>
<tr>
<td>Continuity (B: 186, C: 792)</td>
<td>23%</td>
<td>45%</td>
</tr>
<tr>
<td>Customer service (B: 175, C: 1129)</td>
<td>21%</td>
<td>42%</td>
</tr>
</tbody>
</table>

Brands think they’re doing a good job, consumers don’t

Source: Sitecore Mobile survey (2016), n=450 marketing decision-makers; 4,500 consumers globally
Bad Customer Experiences Hurt

86% of US survey respondents would turn to competitors upon having a bad mobile site experience.

Source: Netbiscuits user survey 2014, n=6,000 mobile users from China, India, Brazil, the US, UK, Germany.
Rising Consumer Expectations

From the apps of the future

1. More functionality, simplify task completion
2. Connect online and offline experiences
3. Personalization
4. Anticipate needs

Source: Localytics smartphone user study 2015
Great ‘Techxpectations’

How does this influence your perception of local businesses?

- Special offers for returning customers: 31% (Expected), 57% (Sets business apart)
- Online reviews about the business: 40% (Expected), 24% (Sets business apart)
- Ability to book / request an appointment online: 28% (Expected), 33% (Sets business apart)
- Ability to pay online: 34% (Expected), 28% (Sets business apart)
- Ability to leave a review about the business: 38% (Expected), 41% (Sets business apart)

Source: Yodle consumer survey, 2014; n=6,000
Mobile Searchers: ‘Ready to Buy’

Average time to “complete” local research is compressed

Source: IDC survey of 750 US adults (18 to 44), 80% were smartphone owners (2016)
High Intent, Increasingly Transactional

Mobile consumers want to complete tasks. Search to conversion time condensed on mobile
Frustrated by ‘Disruptive Ads’

Video Interruptions

- 92%
  I get annoyed when video content gets interrupted due to poor Internet connections

Advertising Interruptions

- 84%
  I think advertising interruptions while watching digital content are too frequent.

Whatever happened to “ads are content?”

Source: 2016 Accenture Digital Consumer Survey
Consumer Aversion to Notifications

How often would you like your favorite brands to send mobile push notifications?

63.2%

Said never or less than once a month

Source: Session M (2016), n=5,359 consumers
<table>
<thead>
<tr>
<th>Advertising Issue</th>
<th>% Users that “strongly agree” AND “agree” when related to advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad interruptions are too frequent</td>
<td>84%</td>
</tr>
<tr>
<td>Ad interruptions do not meet my personal interest</td>
<td>73%</td>
</tr>
<tr>
<td>I am aware of ad-blocking systems</td>
<td>61%</td>
</tr>
<tr>
<td>In the future, I am interested in ads if they meet my personal interest</td>
<td>50%</td>
</tr>
<tr>
<td>I am planning to pay for new solutions to remove ad interruptions</td>
<td>42%</td>
</tr>
</tbody>
</table>

Source: 2016 Accenture Digital Consumer Survey
Studies argue majority of 18 to 34 year olds now blocking ads either or PC or mobile or both

Source: Sourcepoint and comScore, “The State of Ad blocking” (Q4 2015)
Location the Solution?

Users want:
• Personalization
• “Relevance”

Location is a way forward but beware “the creepy line”
Small Business Issues
Increasing Complexity

Average number of media types/channels used by SMBs to market themselves

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>6</td>
</tr>
<tr>
<td>2016</td>
<td>7.8</td>
</tr>
</tbody>
</table>

Source: Thrive Analytics, “Local Pulse Survey” 2016, n=1,116 small businesses
Why SMBs Spending on Digital

1. It’s “strategic”
2. Competitors are doing it

Only 6% cited ROI/measurability

Source: Thrive Analytics, “Local Pulse Survey” 2016, n=1,116 small businesses
Most SMBs DIY

Who does your marketing?

71% DIY

Source: InfusionSoft 2016, n=1,000 small businesses
SMB Digital Challenges

- Not Enough Time: 40%
- Not Enough Knowledge or Expertise: 33%
- Ad Budget Not Large Enough: 37%
- Not Enough Resources to Hire Dedicated Personnel: 21%

Source: Thrive Analytics, “Local Pulse Survey” 2015
Most Unsure re Effectiveness

Are our marketing efforts effective?
62% say “no” or “don’t know”
Measuring ROI -- How?

1. We ask customers how they found out about us (59%)
2. We try to determine where each lead came from (35%)
3. We monitor website analytics (28%)
4. We use coupons/promo codes (18%)
5. We don’t track (16%)

74% not using any tools/tech to measure ROI

Calls, visits, appointments also “monitored”

Source: Thrive Analytics, “Local Pulse Survey” 2016, n=1,116 small businesses
Sources of SMB Churn

1. Poor Program Results: 60%
2. Poor Service Levels from Providers: 55%
3. Price is too high for the product/service: 45%
4. Too Many Errors Made: 30%
5. Other: 25%

Source: Thrive Analytics, “Local Pulse Survey” 2015
(Dis)Trust Issues

“Only one in five SMEs (18%) ... trust [their] SEO and PPC agencies.”

Less than 20% of business owners trusted their marketing services providers -- 82% didn’t.

Source: Latitude White/Bing local business survey 2015
WTF: What the Future?
What Was All This About?

- Local search is about “ready to buy” intent and online-to-offline purchase behavior
- Internet has escaped its desktop prison and more
- More complex path to purchase
- Increasing visibility re offline consumer actions (location analytics)
- Increasing sophistication of technology (search → assistant)
- Blurring of online and offline worlds (for marketers, consumers)
In about a Generation

From This

More to come

To This
From ‘Ranking’ to Data Optimization
New Kinds of ‘SEO’ (LBO/PVO)

Location Based Optimization (LBO) – against place visits, even sales
Audience targeting/validation
Offline to online retargeting
Challenges/Opportunities

• Meeting consumer expectations (existential issue)
• Embracing “predictive” and “conversational” search
• Making search more “transactional”
• Optimizing and distributing content across the ecosystem to multiple consumer touch points
• Not alienating consumers with bad ads/marketing