Local Search Unleashing Opportunities for National Advertisers

An IDC Thought Leadership Report for YP.com

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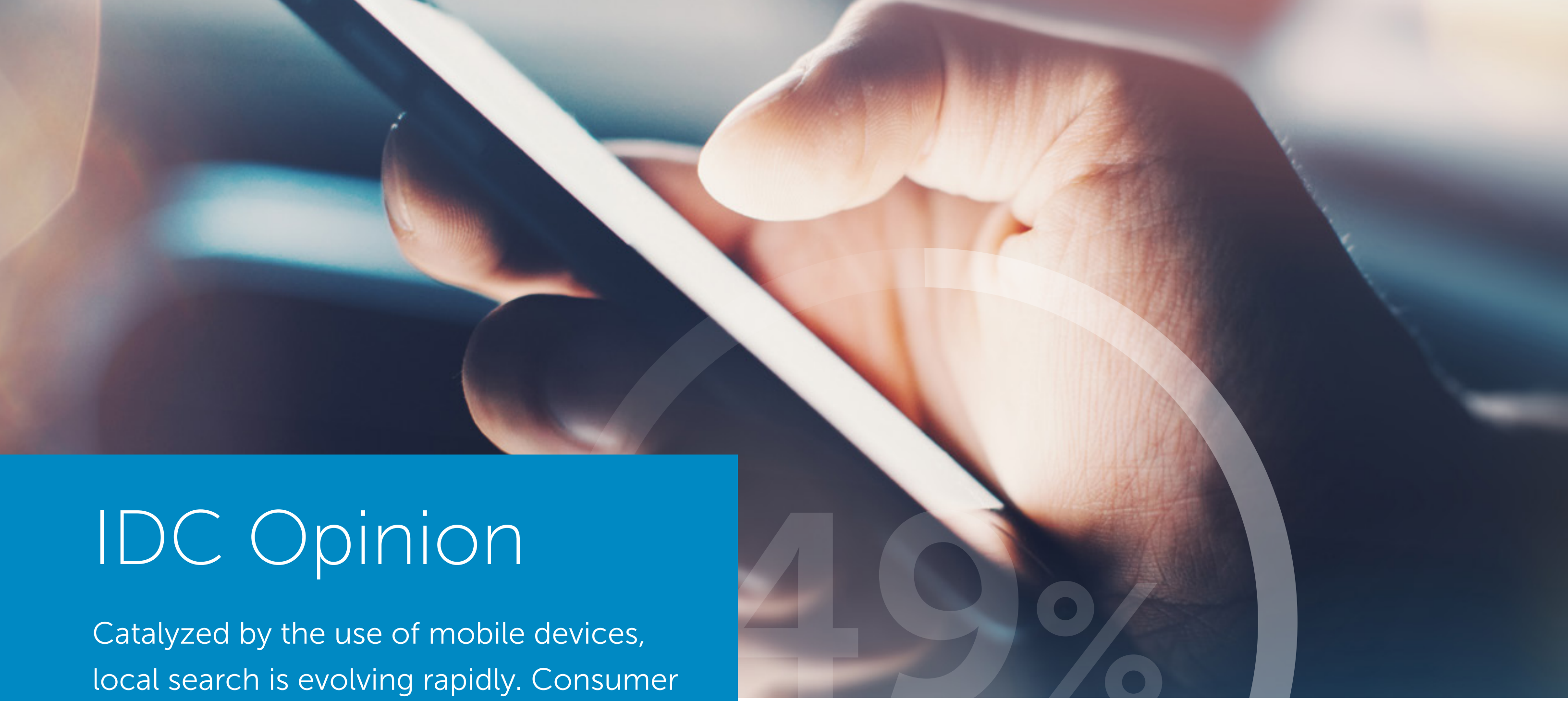


IDC Opinion

Catalyzed by the use of mobile devices, local search is evolving rapidly. Consumer expectations and behavior are changing dramatically compared with patterns established in the desktop-bound Web search domain.

Consumers are using more sources and looking for different types and flavors of information from multiple devices and locations. Marketers must offer consumers information that not only is relevant to their task but also takes into account consumers' location, the device used, and consumers' need to complete research for local products and services quickly.

That means national advertisers must adapt their local marketing and advertising initiatives to match these new conditions. According to IDC's survey analysis, the typical local search exhibits a "zigzag" pattern. First and foremost, this means the typical local searcher uses more than just one search approach from one device in one location all the time.

For each searcher, we examined up to four recent local searches he/she did and found the following:

- Nearly half (49%) of consumers looking locally for national products and services conducted four or more search activities, and nearly one in four (24%) did six or more.
- Thirty-six percent of searchers used two or more devices.
- Thirty-five percent of searchers searched from two or more locations.
- Nearly two-thirds (63%) of local searches were completed in under an hour.

IDC observed this zigzag search behavior across consumer demographics and search scenarios ranging from retail to travel to financial services. The local search zigzag is a universal phenomenon.

The smartphone is the go-to device for local searching, and the role of the general-purpose search engine has changed. Over half (64%) of the vertical-specific local searches analyzed started at some other site or app that was not a general-purpose search engine, and half (50%) of them didn't even use a general search engine.

Methodology

In September 2015, IDC surveyed 750 U.S. adults on their local search activities (e.g., using search engines, directories, mapping, content sites) and attitudes, with a focus on national brands. IDC surveyed and weighted the results to be representative of the online U.S. adult population in terms of age, gender, and region. Our analysis focused on the traditional media-planning age groups in the 18 to 44 demographic. Approximately 80% of the respondents regularly used smartphones for personal activities, slightly above the U.S. average.

The survey asked about recent search behavior and also zeroed in on eight specific local search scenarios across vertical industries:

- Insurance (car, home, life)
- Financial services (tax planning, loans, personal banking, wealth management)
- Auto parts and services (Jiffy Lube, Midas, etc.)
- Retailers (apparel, electronics, household and personal goods, etc.)
- Travel and lodging services (airlines, hotels, car rental, etc.)
- Automotive dealers and services (Ford, Chrysler, etc.)
- Casual dining chains (Subway, Burger King, Olive Garden, etc.)
- Business services (shipping, printing, IT)

To avoid respondent fatigue but to get a thorough range of samples, the survey randomly presented scenarios to each respondent until he or she described his/her search behavior for four of those scenarios.

In This Report

As local search evolves, national advertisers must respond to changing consumer behavior and expectations. This report illustrates how today's consumers search across multiple resources, using different devices from multiple locations. National advertisers can use this survey-based analysis to develop marketing programs that better serve local searchers.

Redefining Local Search

Over time, the process a consumer goes through when looking for information on a product or service he or she wants to buy locally has evolved from a print- and phone-based experience to an experience driven by digital technologies. In the digital age, Internet listings and directories initially gave way to general-purpose search engines such as Google and Bing. But with increasing smartphone adoption, local search is changing once again.

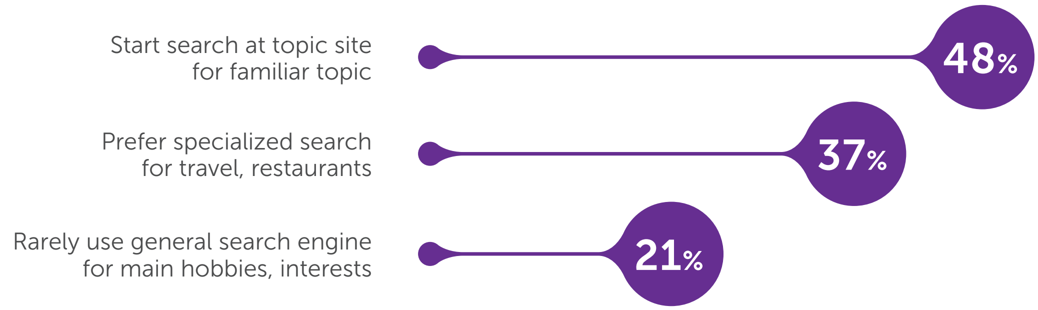
In today's environment, all of those resources remain relevant, but general search engines may no longer dominate. IDC's survey analysis shows that across a number of different scenarios involving different local products and services, consumers started their search with one of a broad variety of actions on different types of sites or apps. True, a general search engine was the starting point for a plurality of searches, as 36% of the scenarios about which IDC surveyed began there. But that means over half (64%) started elsewhere. In fact, with regard to nine search activities across eight vertical-specific scenarios tested, 50% of local searches did not even use a general search engine.

IDC asked about local searchers' attitudes toward general search engines and found that consumers definitely value them but frequently use other resources. As shown in Figure 1, nearly half (48%) said they agreed that when they were looking for more info on a familiar topic, they would start their search at a topic-specific site. Likewise, significant numbers of users seek out specialized sites or apps for specific tasks, and one in five said they rarely used a general engine when searching about their favorite hobbies or interests.

Figure 1

Local Searchers' Attitudes on General Search Engines

% of respondents



Q: We'd like to understand your attitudes about searching for products and services. For each statement about this, please indicate whether you agree with the statement on a scale of 1 to 5, where 1 = strongly disagree and 5 = strongly agree; sum 4,5.

Local searchers seek a broad scope of information on nationally branded products and services. As shown in Figure 2, about three-quarters of consumers had researched local pricing, product specifications, store locations, and coupons or offers within the past three months using a digital device. Most also sought out expert or customer reviews, and nearly half asked for a friend's opinion.

Figure 2

Recent Local Search Activities

% of respondents

Which of the following activities have you done in the past three months on a smartphone, tablet, desktop, or laptop? In this question, we are focusing on nationally branded stores, products, and services.

Local Searcher Profiles

Although local search behavior and attitudes did not vary all that much by classic demographics (e.g., gender, age, income), IDC did see a few patterns, and there is definitely a class of "heavy searcher" that really does its homework.

There were a few demographic differences worth noting. Women were somewhat more active searchers across the board – the portion of women who said they had done those activities in Figure 2 was 5–10 percentage points higher than the portion of men who said they had done those local search activities. While millennials (aged 18 to 34) behaved pretty much like everyone else, women and millennials were somewhat more likely to use social media to search or discuss products.

In addition to these regular local search activities, IDC surveyed consumers on specific local search scenarios. IDC asked consumers to list in order up to nine different activities similar to those shown previously (refer back to Figure 2) that they did the last time they searched for specific products or services. We asked about eight scenarios including a variety of retail, financial, travel, dining, and business services. As shown in Figure 3, across those scenarios, consumers did multiple search activities. Very few searches involved a single action. Nearly half (49%) of searchers did four or more activities, and nearly a quarter (24%) did six or more (see Figure 4). On average, even accounting for "lazy" searchers (those who engaged in only one search activity when researching), most (78%) local searches for national brands involve a multi-step process. And nearly two-thirds (66%) of local searchers added an additional offline search activity such as making a phone contact or reviewing print material like directories, phone books, or flyers.

Figure 3

Number of Local Search Activities Across Scenarios

% of respondents

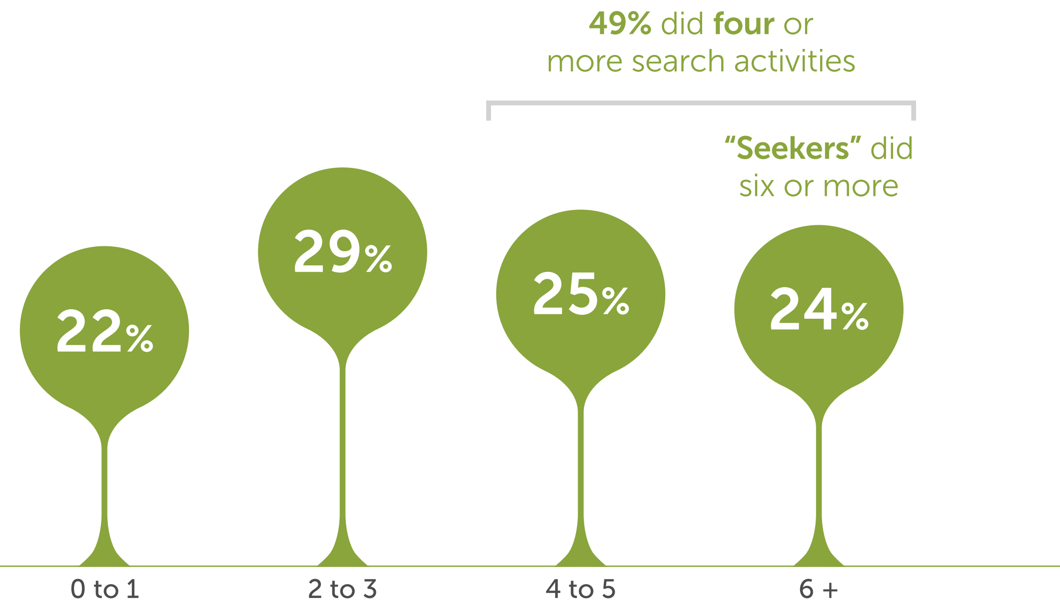
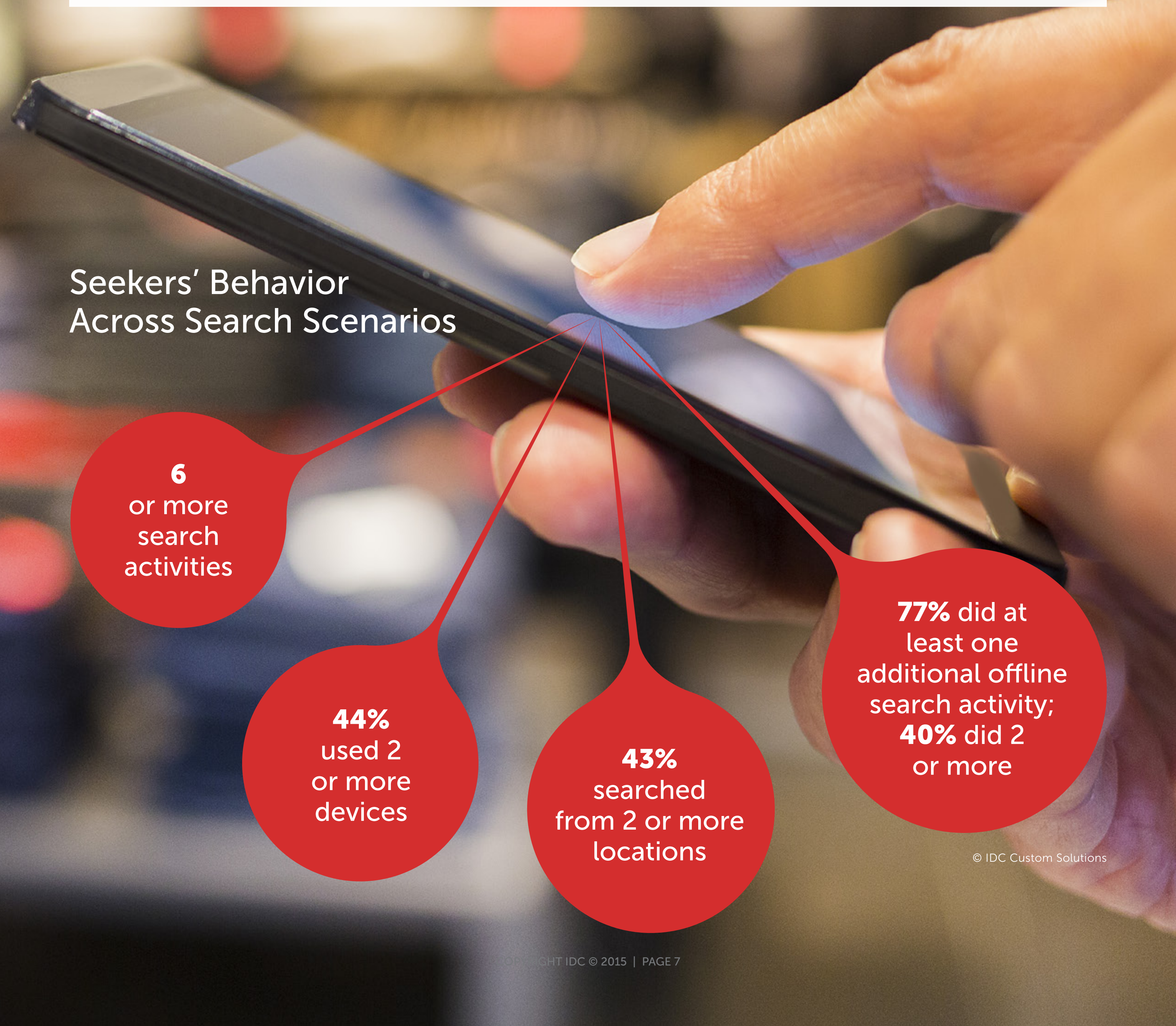


Figure 4

Seeker Profile

Marketers must be prepared to service a group of extreme searchers – call them "Seekers" – the 24% of consumers who said they did six or more search activities across the different scenarios.

- Even gender mix; slightly above-average education
- A little younger than average, with accompanying lower household income
- More likely to use smartphones for search, use smartphones while mobile, and use apps rather than Web sites
- More interested in product detail, reviews, and friends' opinions when searching
- 2/3 like to physically evaluate products; 56% use smartphone while in a store
- 42% say people ask their advice on how to search
- Did six or more search activities

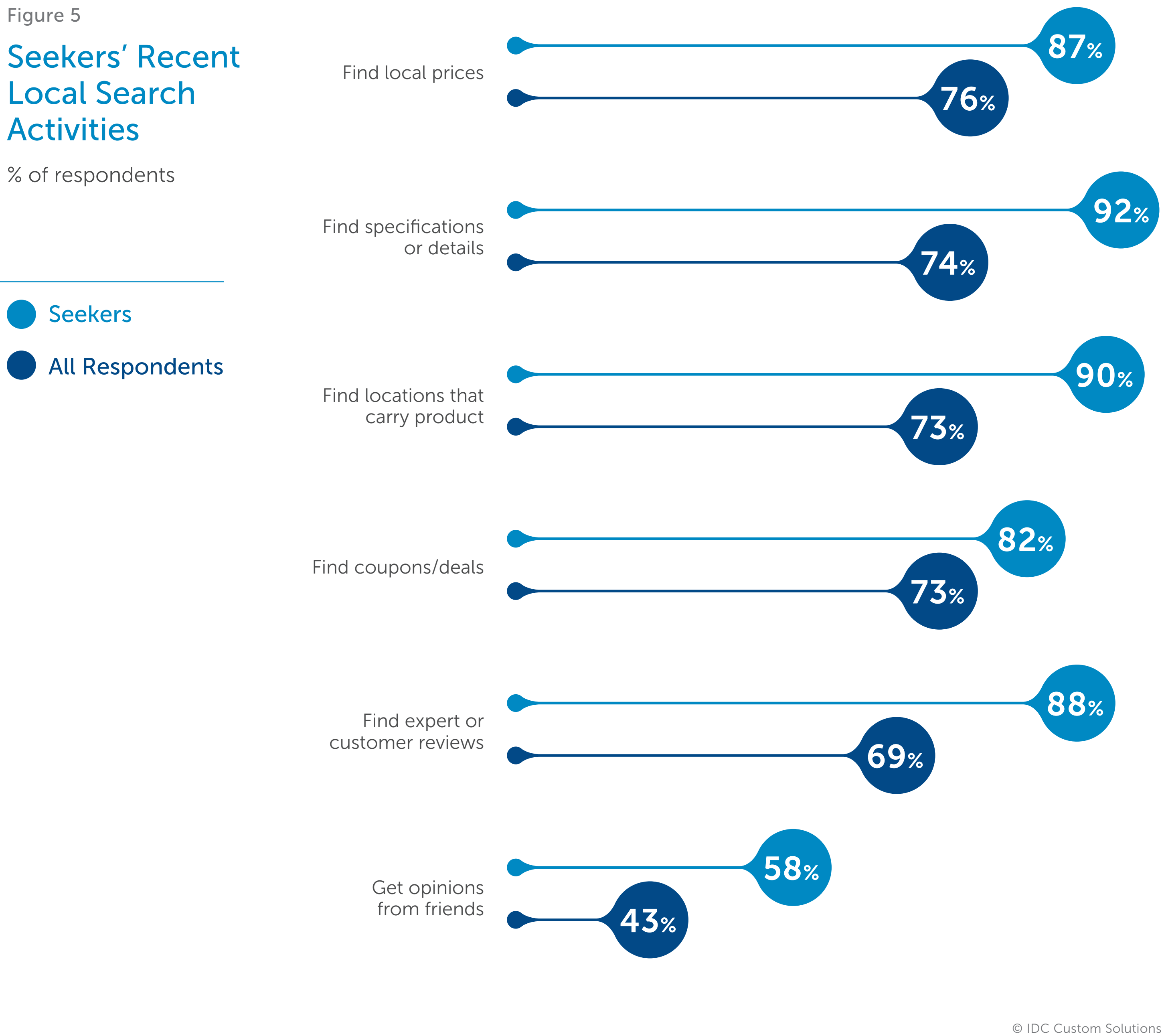


Seekers are defined by their search behavior rather than demographics. While Seekers are a little younger than the rest of the survey respondents — 39% are over 45 — they're a little better educated but, because they are younger, their average household income is a little lower: 16% said they made over $100,000. Unsurprisingly, more of them did each of the main search activities than other respondents, but the difference was particularly pronounced for seeking out friends' opinions, reading reviews, and researching product specifics (see Figure 5).

Figure 5

Seekers' Recent Local Search Activities

% of respondents



Which of the following activities have you done in the past three months on a smartphone, tablet, desktop, or laptop? In this question, we are focusing on nationally branded stores, products, and services.

Since we defined Seekers by how many search actions they did in our scenarios, it's not surprising that more of them said they had done recent activities across the board. However, Seekers are relatively more avid users of friends' opinions, reviews, specs and details, and location info (refer back to Figure 5).

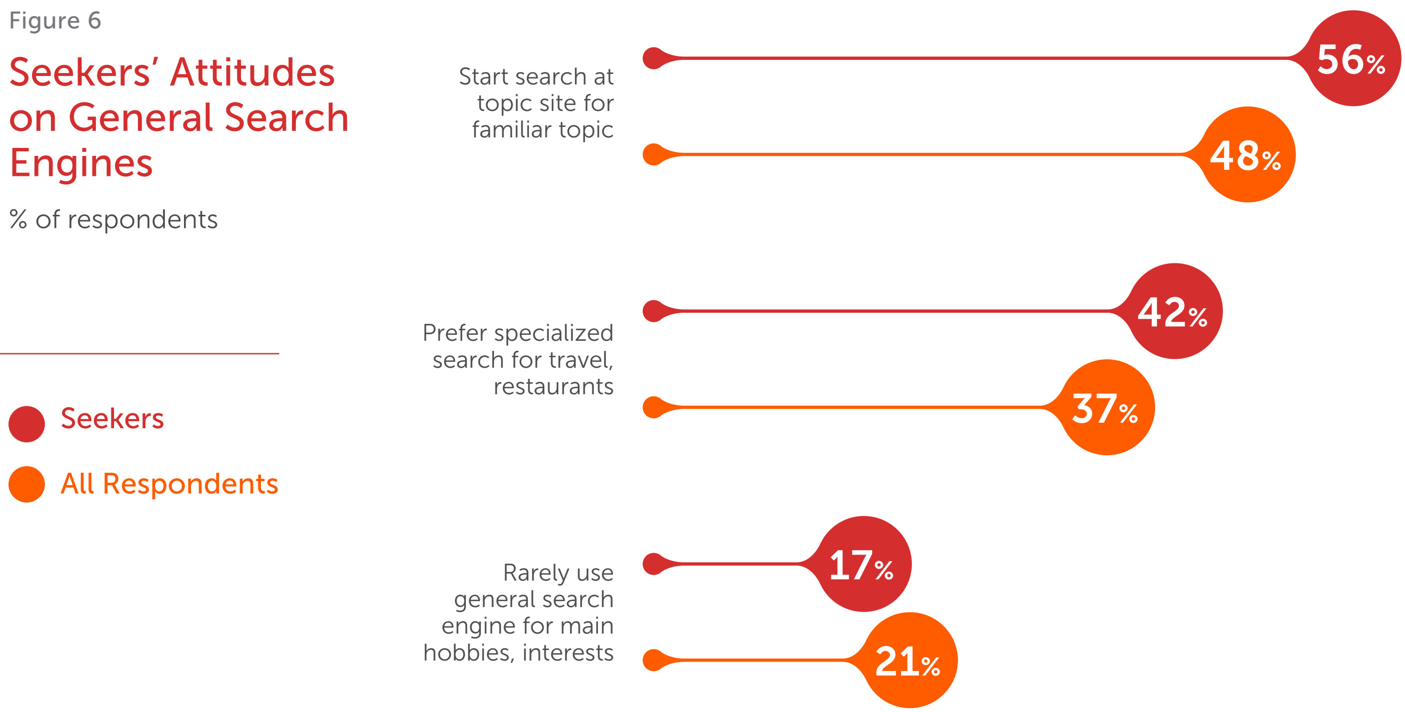
Likewise, Seekers were heavy smartphone users in the course of their searches. They used a broader variety of sites and apps than others, and they tended to use the app version more often than a mobile or standard site, and nearly half (42%) said that others ask their advice on how to search.

As Figure 6 shows, Seekers are open to sources other than general search engines. But don't underestimate the role of general search engines for Seekers. When Seekers mapped out their local search patterns in the IDC scenario analysis, most of them started their search process at a general search engine. In contrast to the overall respondents, 54% of Seekers started at a general search engine, compared to 36% of all respondents.

Figure 6

Seekers' Attitudes on General Search Engines

% of respondents



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We'd like to understand your attitudes about searching for products and services. For each statement about this, please indicate whether you agree with the statement on a scale of 1 to 5, where 1 = strongly disagree and 5 = strongly agree; sum 4,5.

Delivering Consumer Relevance

It's easy to say that in this brave new world of local search, marketers must deliver relevant messages for consumers based on context. The challenge is that a user's context is in constant flux, even in the course of a single search. Relevant context requires messages available for and tuned to a user's device(s), search location(s), timeliness, and content needs.

The smartphone is the go-to device for local search. Figure 7 illustrates which of the six classic search activities a consumer would do on a given device (if the consumer was a user of that device). Although a smartphone was not necessarily the most popular device for any given activity – it was for finding local locations that carry a wanted product or service and for seeking friends' opinions – it showed broad adoption across all activities.

Figure 7

Local Search Activities by Device User

% of respondents

Search Activity	Smartphone Users	Tablet Users	Laptop Users	Desktop Users
Location	63%	56%	59%	59%
Price	58%	61%	62%	60%
Coupon	58%	53%	61%	66%
Details	51%	56%	62%	61%
Reviews	50%	53%	57%	56%
Friends' Opinions	29%	23%	29%	24%

Smartphone searching was prominent across all demographics. More women than men used their smartphones for each of the search activities, but that's not too surprising, considering women are the heavier searchers in general. Users aged 35 to 44 were the most likely to use smartphones for locations, pricing, and product specifics. They were on par with users in the other age groups otherwise, except for seeking friends' opinions. That's where millennials used smartphones more than the others. As noted, Seekers were the heaviest smartphone users of all.

Even more to the point, consumers told IDC that they used their smartphones wherever they were doing their searches (see Figure 8). It's no surprise that half of local searchers used a smartphone to search while shopping or on the go, but it's even more impressive that the smartphone was almost as popular as the tablet and the PC when at home and more often the choice at work.

Figure 8

Local Search Location by Device User

% of respondents

Search Location	Smartphone Users	Tablet Users	Laptop Users	Desktop Users
At Home	86%	90%	92%	89%
At Work/School	47%	23%	26%	29%
Shopping	57%	11%	6%	4%
On the Go	47%	20%	4%	1%

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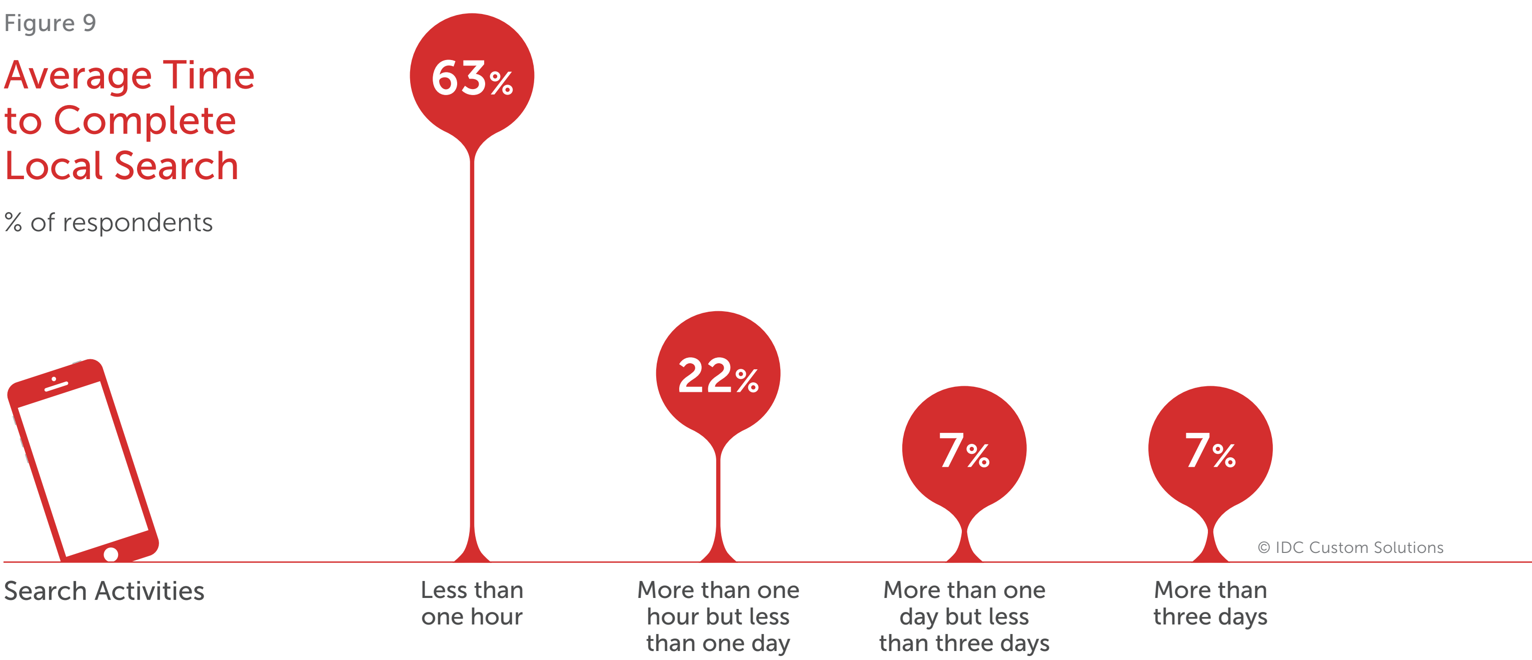
The ubiquity of the smartphone no doubt contributes to the speed of search tasks. Typically, the smartphone is the device nearest at hand and the tool of choice for instant gratification. As Figure 9 shows, most searches are completed quickly. Even including relatively complex or high-consideration products like insurance or financial services, 63% of the survey respondents told us they completed their searches in under an hour.

Figure 9

Average Time to Complete Local Search

% of respondents



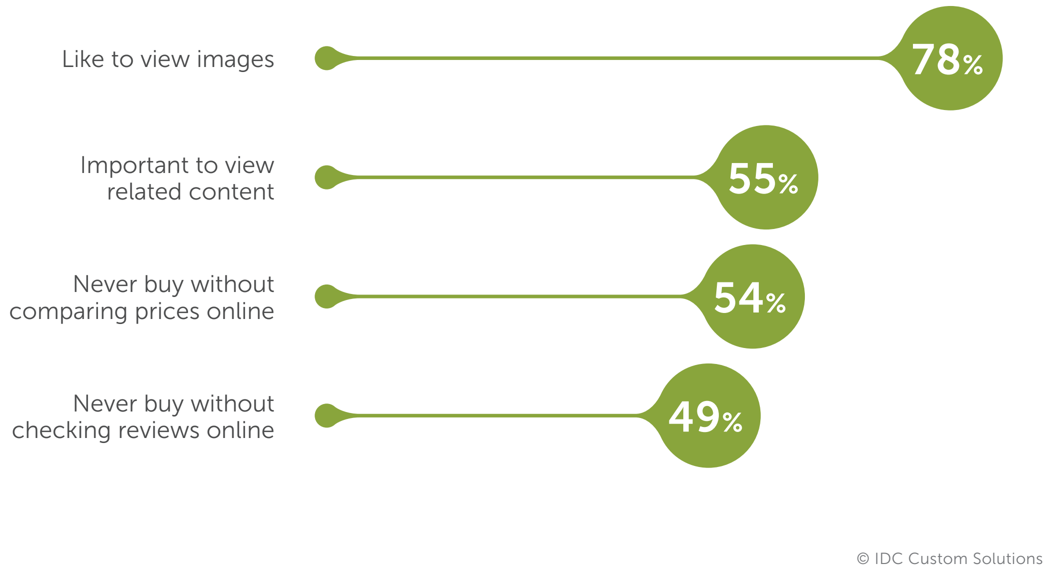
Thinking about the last time you were searching, how long did the search take from beginning to end? (Average across scenarios)

IDC asked searchers how important it was to view related content about products and services they were searching for, and over half (55%) agreed or agreed strongly that it was important. In this area, men were a little more vocal than women, though slightly more women "strongly" agreed. Nearly 60% of searchers, aged 18 to 24, agreed. Defining content as "price comparison" and "online reviews" produced similar overall results. And users – especially young users – really, really like images of products (see Figure 10).

Figure 10

Local Searchers' Attitudes Toward Content

% of respondents



We'd like to understand your attitudes about searching for products and services. For each statement about this, please indicate whether you agree with the statement on a scale of 1 to 5, where 1 = strongly disagree and 5 = strongly agree; sum 4,5.

Mapping the Local Search Zigzag

IDC's survey analysis shows that local search is a zigzag back and forth between activities, devices, locations, and providers. Previously, we described how nearly 8 out of 10 local searchers, across a variety of local search scenarios, did 2 or more of the 9 search activities we specified. In the course of those activities, they used multiple devices from multiple locations. And most added an offline search action to the activities they were doing digitally.

IDC asked consumers to map out their search behavior for eight different local search scenarios. This section of the report goes into detail on those search patterns, but there is a key takeaway: The local search zigzag is a universal phenomenon. IDC examined the individual scenarios as well as the collective averages to determine "typical" behavior. While any one scenario showed a variety of patterns, there were only marginal distinctions and few differences across demographic distinctions such as gender, age, education, and household income.

Taken as a whole, local searchers across the board:

...Conducted search activities, online and offline;

...Used more than one device, and;

...Conducted searches from more than one location!

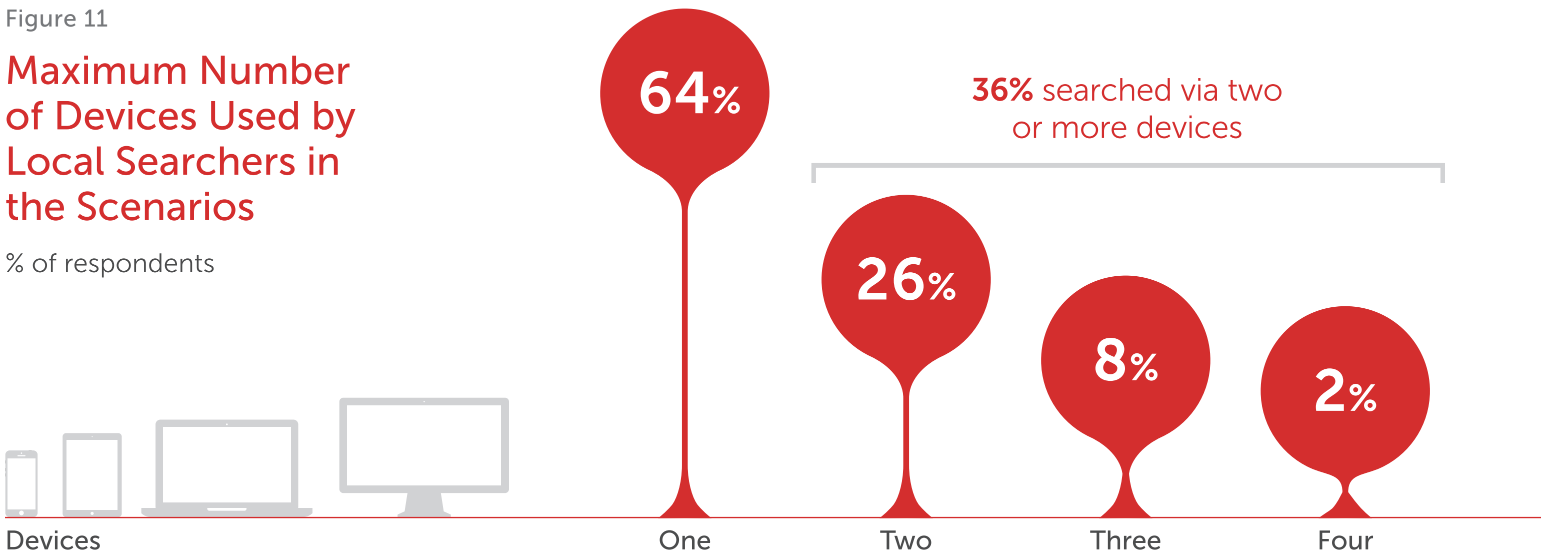
Although search paths varied widely, zigzagging is a given.

Figure 11 shows the average number of devices used by searchers across the different local scenarios. More than a third of all searchers (36%) used two or more devices — smartphone, tablet, desktop, laptop, and basic or feature phone. And the net average was more than one.

Figure 11

Maximum Number of Devices Used by Local Searchers in the Scenarios

% of respondents



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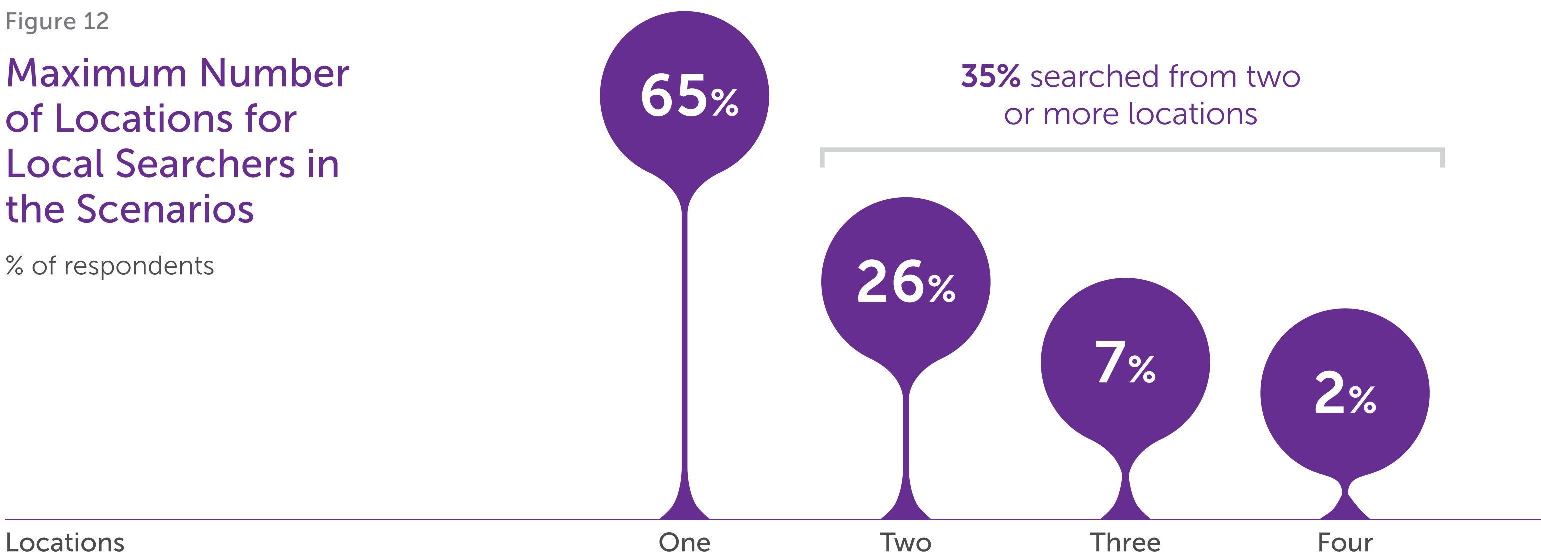
Similarly, Figure 12 illustrates the collective number of locations where searchers searched: home, work or school, shopping, or on the go. We deem the latter two "mobile." More than a third of searchers (35%) searched from two or more locations, and the net average was more than one.

Figure 12

Maximum Number of Locations for Local Searchers in the Scenarios

% of respondents



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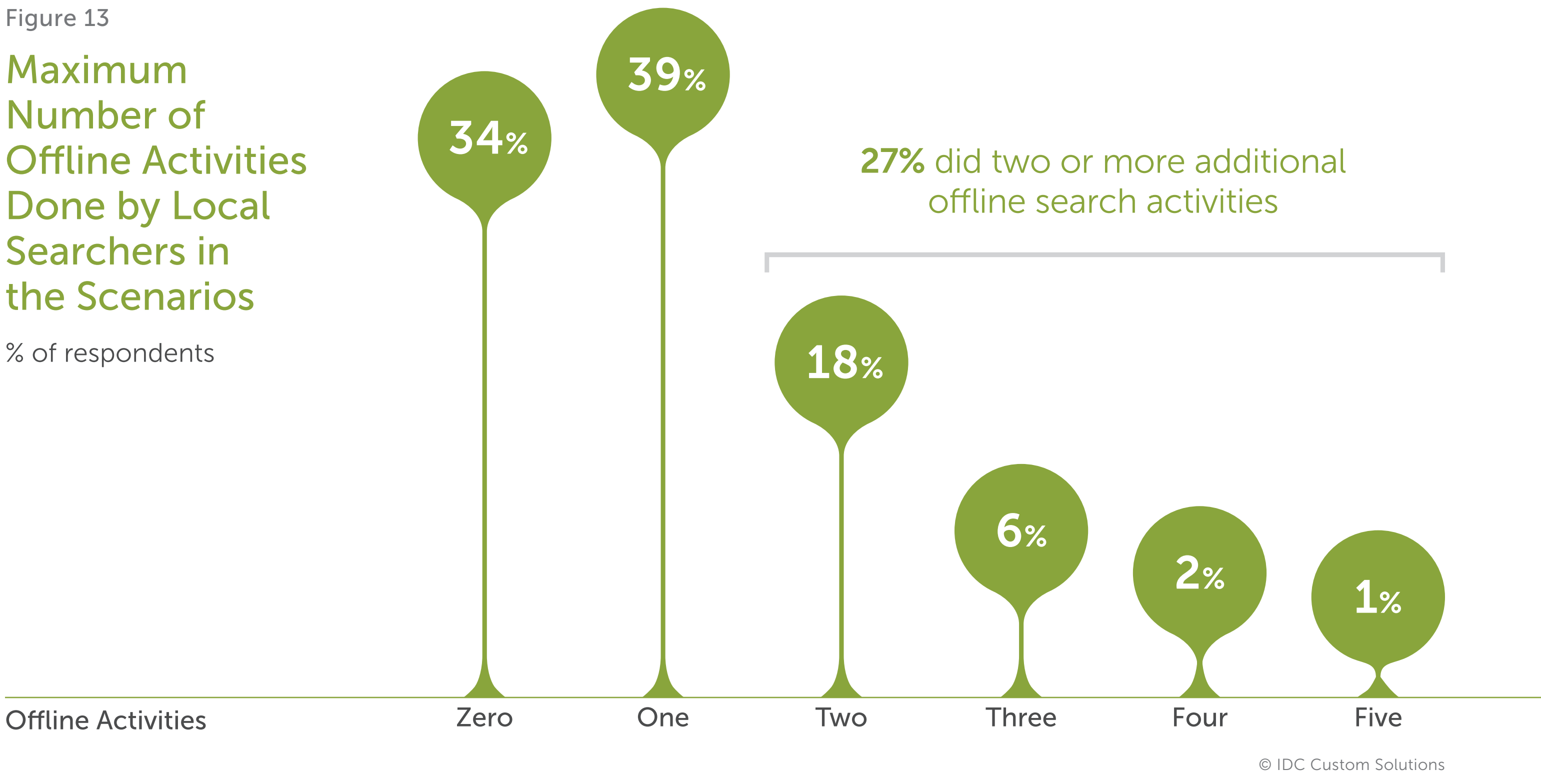
Finally, we collected the "offline" search activities across the different scenarios. Those included contacting a business directly (phone, text, email) — the most popular activity — contacting a friend, looking at flyers or other printed material, using a phone book, and using another type of printed directory. Most searchers (66%) did at least one of these activities, and over a quarter (27%) did two or more (see Figure 13).

Figure 13

Maximum Number of Offline Activities Done by Local Searchers in the Scenarios

% of respondents



Local Search Scenarios

As noted, there was no standard path for local searches. IDC asked survey respondents which of the nine search activities they did and in which order for each of the search scenarios. Figure 14 shows just how many different starting points consumers used when kicking off a local search. Across the scenarios, 36% of the searches started at a general search engine, while 15% visited a specific site on the subject as their first activity.

Figure 14

Local Search Starting Points Across Scenarios

% of respondents

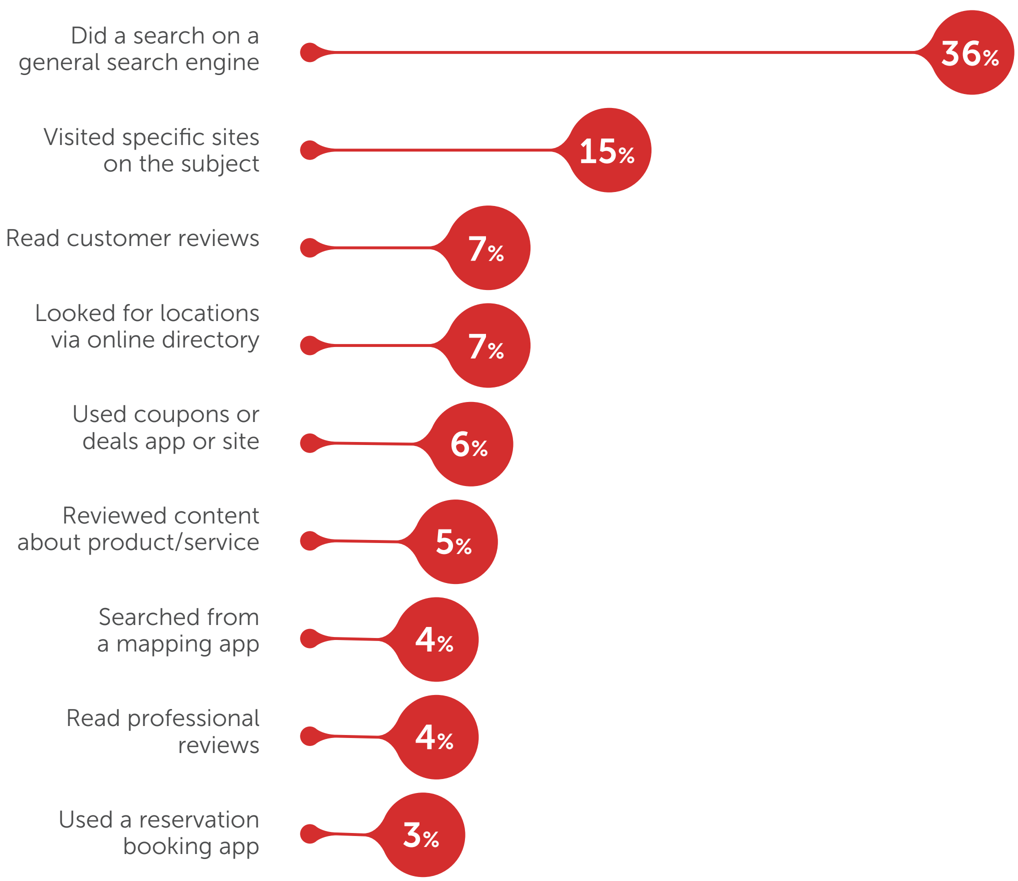
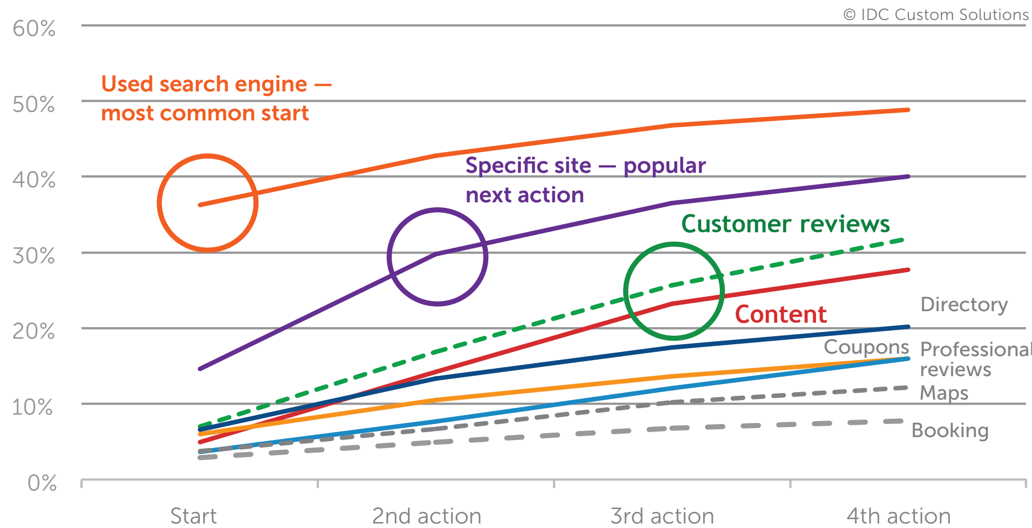


Figure 15 illustrates when searchers took each action — if they did it — and sums up the cumulative use of each. So you can see that many searches that started elsewhere continued with a topic site or search engine and so on.

Figure 15

Cumulative Use of Search Activities

Variety of start points, zigzags between further search activities, sites, and apps



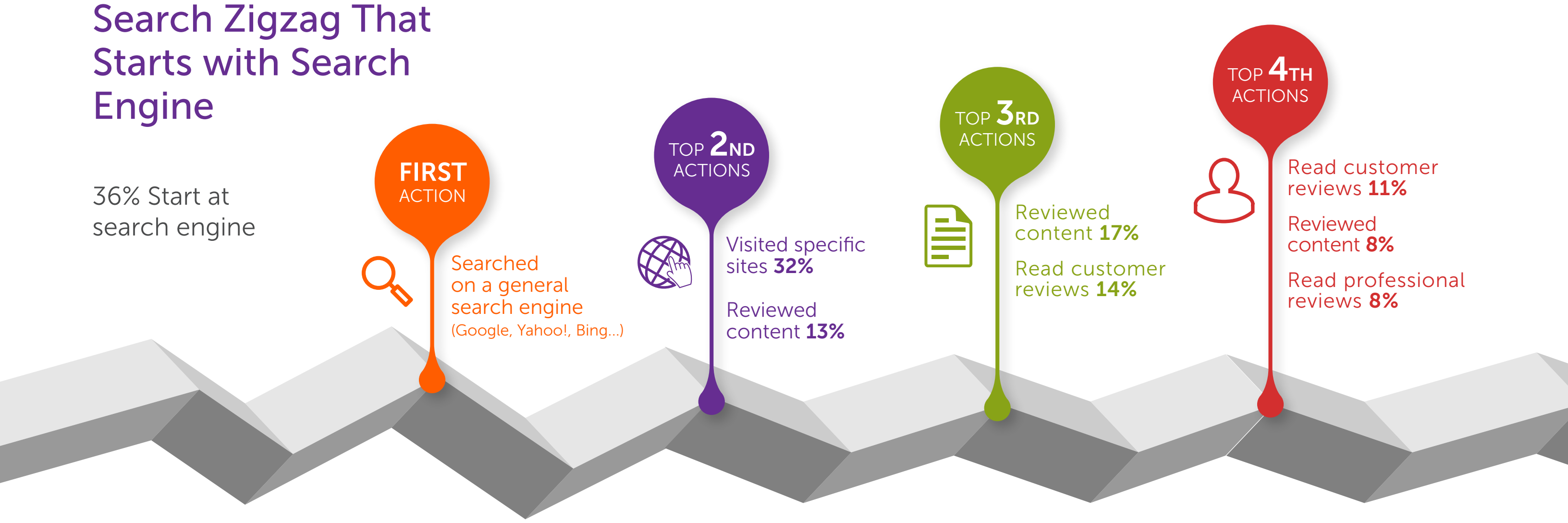
Ultimately, approximately one in three searches involved reading customer reviews and reviewing content about the product or service. After that, directories were the most used activity, followed by professional reviews and mapping.

IDC looked at the two most popular starting points and then mapped the next few following activities by calling out the most popular actions at each step. Figure 16 shows the path that started with the use of a general search engine. From there, a third (32%) of those searches continued to a specific topic site for more information, and 13% reviewed content. The most common third action, when taken, was to review content or read customer reviews. Those who went to step four usually read reviews, either from customers or professionals, or reviewed content.

Figure 16

Typical Local Search Zigzag That Starts with Search Engine

36% Start at search engine



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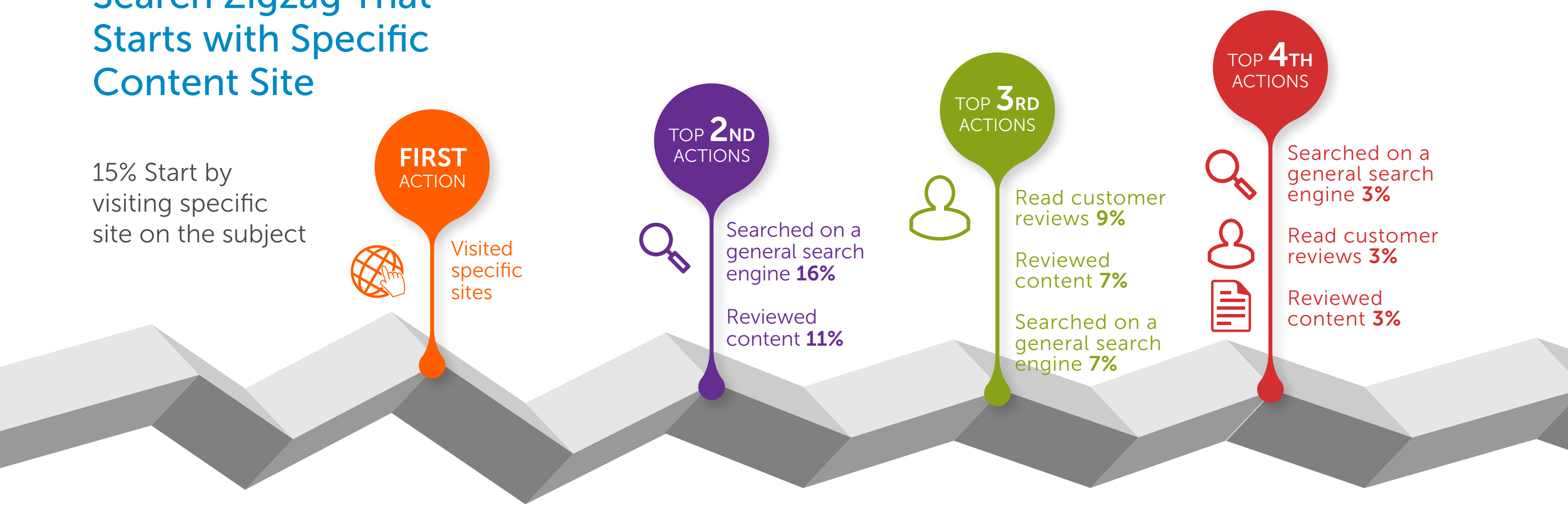
The schematic in Figure 17 illustrates the search paths that started at a specific topic site, something 15% of the overall searches did. Step two most often involved using a search engine or reviewing content. From there, consumers looked at reviews and content or did a search, and so on.

Figure 17

Typical Local Search Zigzag That Starts with Specific Content Site



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Actions, paths, and behaviors varied within each local search scenario, but little in the way of "typical" patterns emerged. So IDC examined the details, and we've presented highlighted characteristics in Figure 18. The diagram illustrates the notable variations among the scenarios by pointing out characteristics that were more or less prevalent, or about on par with the other scenarios. Marketers can use this directionally to understand the nuances of different types of local search when planning marketing campaigns or programs.

Figure 18

Local Search Scenario Characteristics

% of respondents

	Insurance	Financial	Auto Parts	Retailers	Travel	Auto Dealers	Casual Dining	Business Services
3+ search activities	Average	Average	Average	Average	More than average	More than average	Less than average	Less than average
Used topic site or app	Average	Less than average	Less than average	More than average	Most	Average	Less than average	Less than average
Contacted business	Most	Average	Average	Less than average	Average	More than average	Less than average	Average
Search <1 hour	Less than average	Average	More than average	Average	Less than average	Average	Most	More than average
Mobile searches	Less than average	Average	Average	More than average	Less than average	Less than average	Most	Average
Used smartphone	Less than average	Average	Average	Average	Average	Average	Most	Average

Less than average
Average
More than average
Most

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We examine three prominent local searches for national brands and services – for retailers, travel and lodging, and casual dining – in a bit more detail in this section. Highlights from the eight scenarios include:

Insurance (car, home, life)
Used the fewest number of sites or apps, lowest smartphone use, least mobile searching, longest time to complete, most likely to contact business directly as part of the search

Financial services (tax planning, loans, personal banking, wealth management)
Least likely to start with general search yet low use of topic sites, slightly above-average use of social media

Auto parts and services (Jiffy Lube, Midas, etc.)
Fairly quick time to completion, relatively low use of topic sites or apps

Retailers (apparel, electronics, household and personal goods, etc.)
More likely to use topic sites or apps as well as a broad variety of sources; quite often mobile

Travel and lodging services (airlines, hotels, car rental, etc.)
Most likely to use a topic-specific site or app; not very quick or mobile

Automotive dealers and services (Ford, Chrysler, etc.)
Used quite a few search activities, a little less likely to start with a general search engine, often contacted the dealer directly

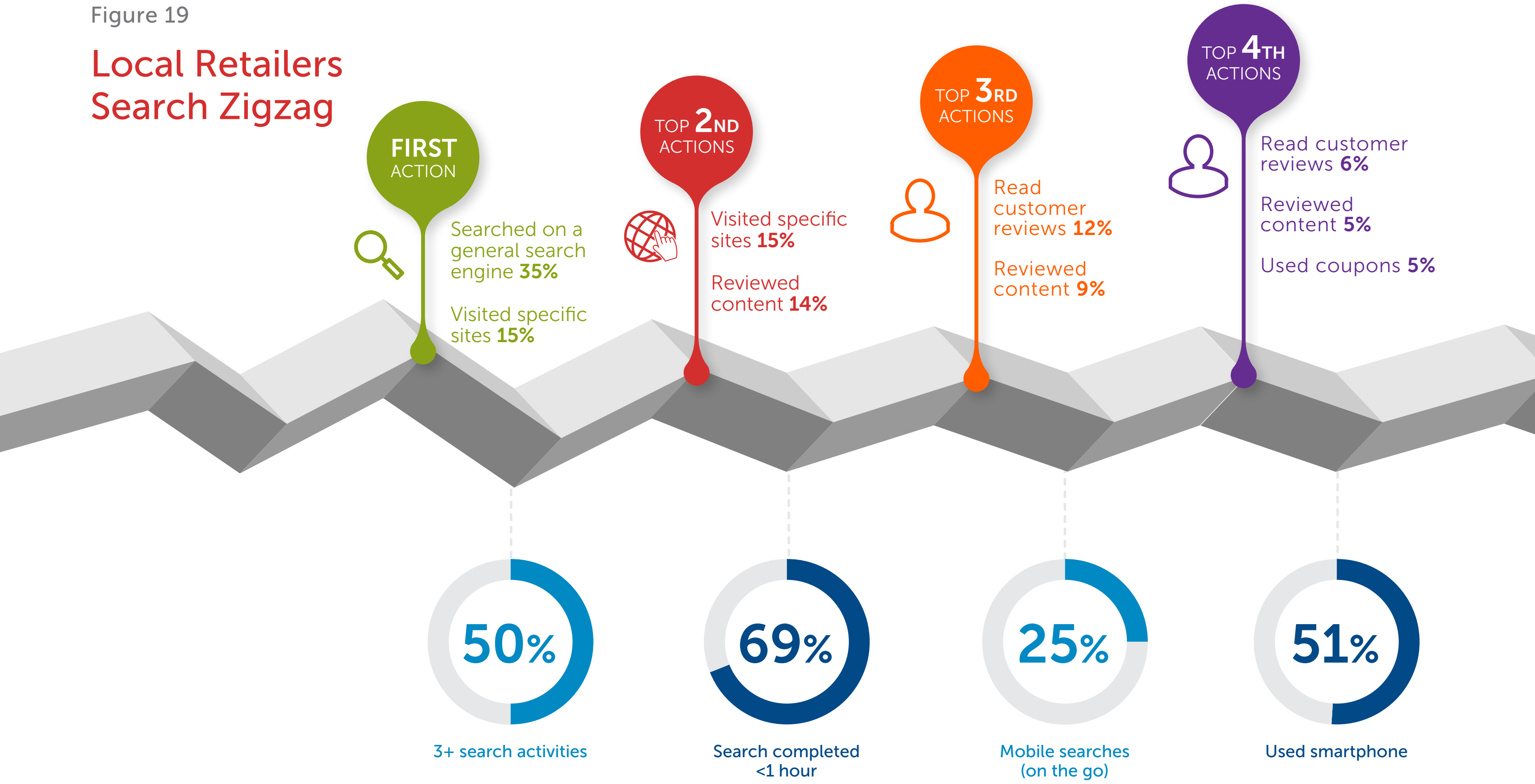
Casual dining chains (Subway, Burger King, Olive Garden, etc.)
The quickest to complete, most mobile, and most likely to use a smartphone

Business services (shipping, printing, IT)
Did the fewest search activities, lowest use of topic sites or apps, fairly mobile and quicker to complete

The searches for national retailers (apparel, electronics, household and personal goods, etc.) often used a topic site or app – often comparing with Amazon, although citing a fairly broad variety of brands – and were fairly mobile. Over half (51%) involved a smartphone. Coupons, reviews, and social media, unsurprisingly, played regular roles in retail search (see Figure 19).

Figure 19

Local Retailers Search Zigzag



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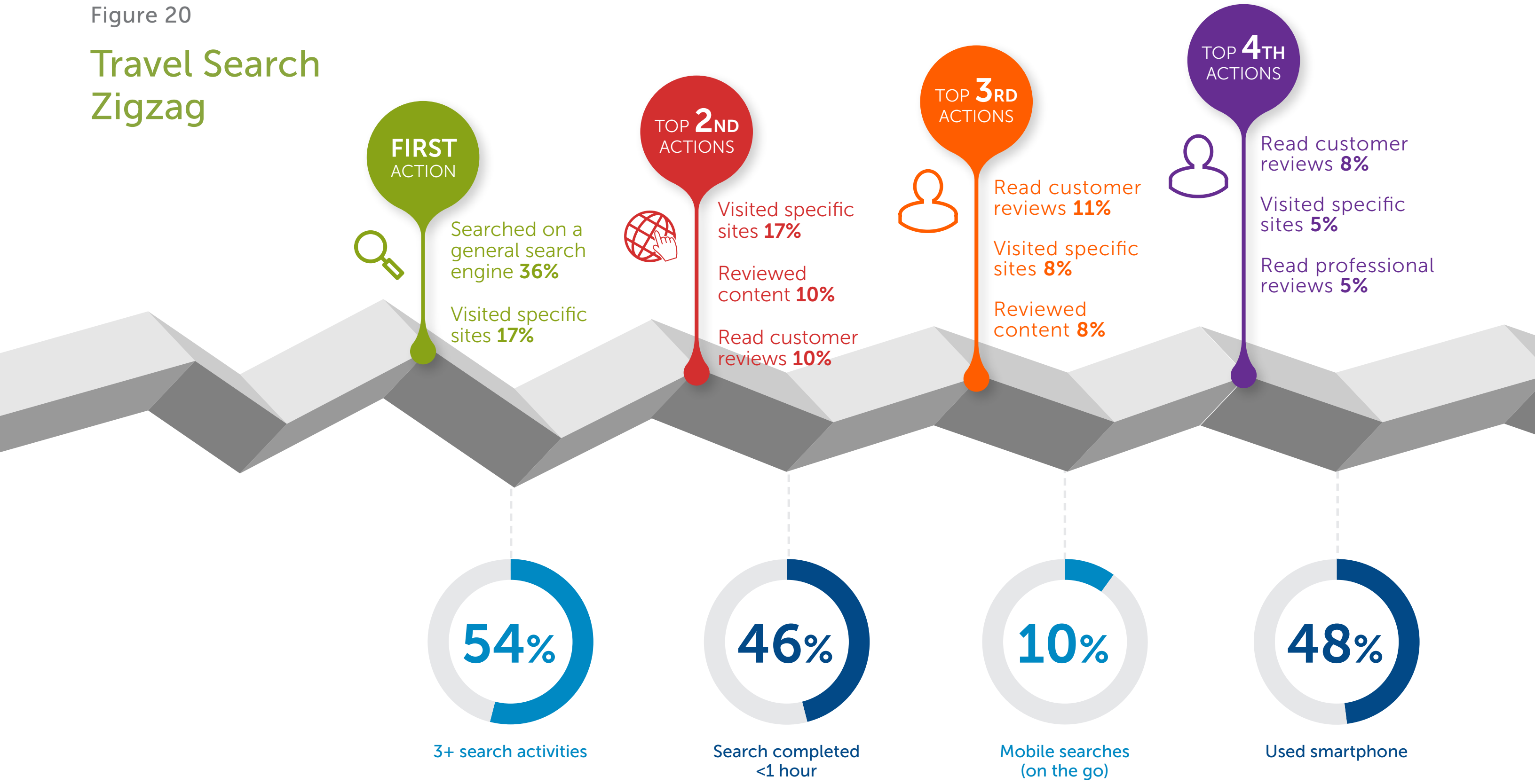
Searches for travel and lodging more often involved a specific site or app than any other scenario. Travel searches used the highest number of activities. They were the least likely to finish within an hour. Though searchers used smartphones, travel searches occurred less often from mobile locations (on the go, while shopping) compared with other scenarios (see Figure 20).

Figure 20

Travel Search Zigzag



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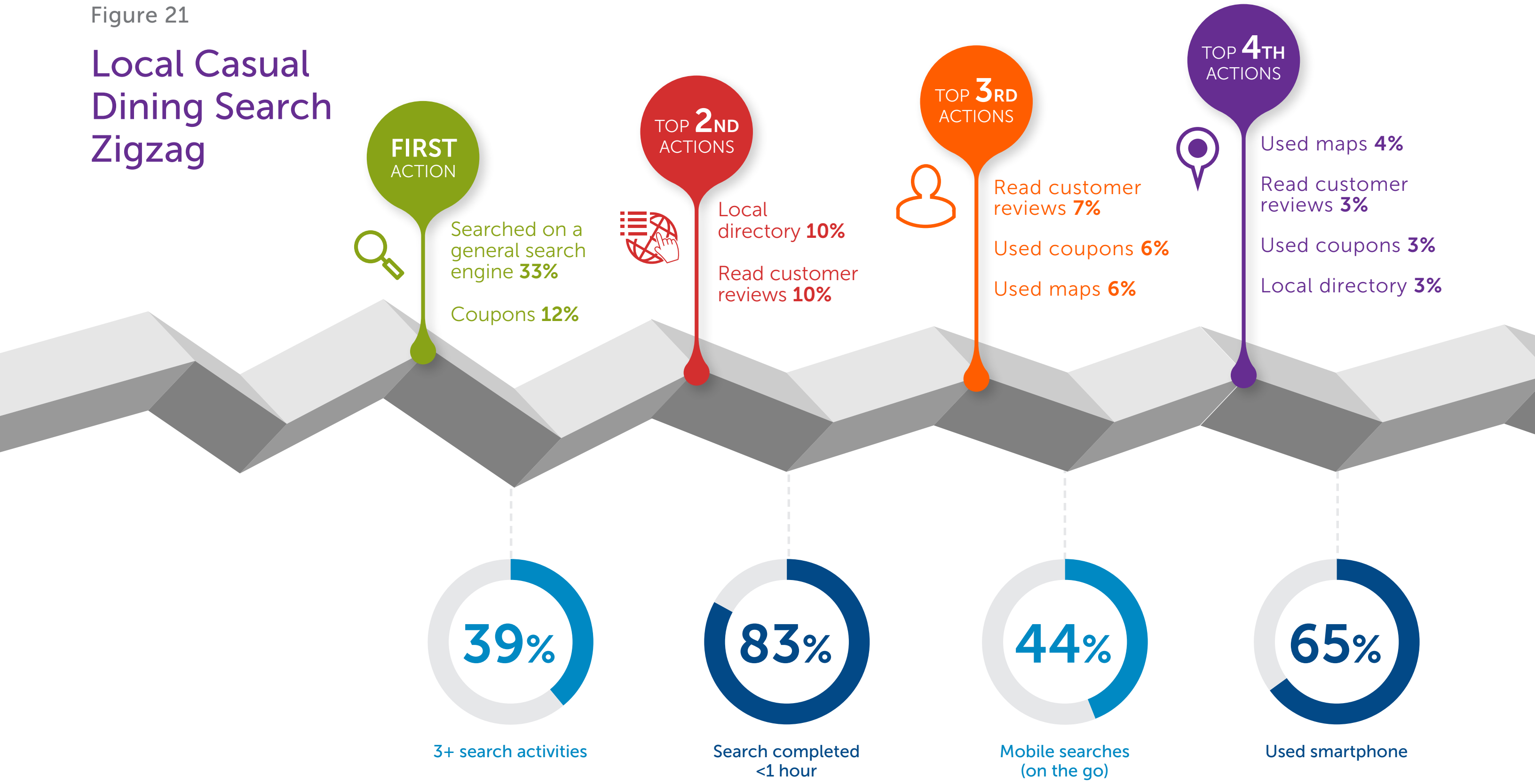
Searches for casual dining chains were speedy, mobile, and all about location. Dining searches involved the fewest actions, but maps and directories featured prominently, although neither was the main starting point. It appears that many patrons make decisions based on available coupons – perhaps they're starting their search at a search engine to track down coupons (see Figure 21).

Figure 21

Local Casual Dining Search Zigzag



Future Outlook

Mobile tech and its surrounding business ecosystems will likely continue to drive the market for the next 24 to 36 months

Whether restricted to general search engines or a broader concept of search, search providers have typically differentiated their offerings based on three components: 1) what gets searched and indexed, 2) how relevance is determined, and 3) how the user interacts with and experiences a search.

Indexing and deep linking apps. Many third-party studies from traffic analysis companies make the case that users spend more of their mobile time in apps than on mobile Web sites. This somewhat overstates the case for apps in a mobile search context, as most of those time sinks are social media, communications, or entertainment and gaming, none of which are ideal environments from which to launch a search for products or services. Nonetheless, indexing the content of apps and making that searchable will be a critical technology for local search. The dominant mobile platforms from Apple and Google use different and so far incompatible means to expose and index app content. App developers and marketers will have to support both, and this opens a potential opportunity for third-party providers and networks.

Determining relevance. Google already re-sorts results for a mobile environment versus its traditional Web-based PageRank scheme. Both Google and Apple make use of some personal data within their Android and iOS environments, respectively, but neither shares and exposes that data to anyone else. For the immediate future, local search relevance will likely be biased toward nearby location data, and that will be from GPS rather than beacons, which won't be widespread for years. Determining preferences based on behavioral data across mobile and desktop environments is extremely challenging. With its closed loop – some might call it a "walled-garden" – Facebook is better positioned to do this than the OS companies. Entering an explicit search query – whatever the app or site – is still the best indicator of intent, with interest graphs from social media (Twitter, Facebook, Pinterest) increasingly playing a relevant role.

User experience. The two mobile platform providers — Apple and Google — are providing advanced, personalized search experiences (Siri, Google Now) in fundamentally different ways. Other search environments including retailers, directories, and vertical apps will likely have to accommodate – and emulate – both. Standards for in-app experiences are not established, so deep linking within apps for things like search, app discovery, and buy buttons will come from big players (Twitter, Facebook) and from third-party providers like Shopify and Button.

The net result for advertisers and marketers is a fragmented environment exacerbated by competing walled-garden ecosystems.

Opportunities and Challenges for National Advertisers

Local search is a complex environment for marketers and likely to become more specialized and fragmented in the near term. Some lessons learned from a desktop world dominated by Google and serviced by major directories, publisher sites, and ad networks will carry forward; many will not.

Brands need to understand and accommodate consumer zigzagging. Local searchers are not going to use only one device from a single location. They will continue to use a variety of information sources, including general search engines, but will rely just as much on specialist apps and sites, local directories, and retailers. Most brands will not be able to depend on getting an app on a user's mobile home screen, so campaigns and marketing programs that are multichannel and contextually relevant will be the most effective.

Marketers must present the brand in multiple contexts that account for device type, location, timeliness, and useful content. IDC's local search survey shows that the smartphone is likely a local searcher's favorite device, but he or she often uses it in conjunction with another device. Consumers value content highly within the search experience. Brands need to support consumers' needs for content in their messaging, apps, and sites, including price comparison, inventory availability, and alternate sources. Marketers with flexible, rich content, available from or within multiple search sources, will stand out.

Even in a mobile environment, tons of useful information – especially shopping information – will be present on traditional and mobile-optimized Web sites rather than within apps. Smart conventional search engine optimization and listings management will still be critical for marketers.

Marketers need to better understand attribution across this fragmented and zigzagged environment. In a Web environment, attributing value to the last click before conversion was already outmoded; it's twice as difficult in a multichannel zigzag. At the same time, due to privacy concerns and mobile cookie restrictions, re-targeting across channels will depend on look-alike customer profiling. Current measurement, tracking, and targeting tools are only just beginning to address the challenge, and walled-gardens of data within Apple, Google, and Facebook exacerbate the problem. Each also plays a role as an ad network that sells its own inventory, with all the inherent conflicts of interest that may imply. Advertisers and marketers will have to experiment with multiple third-party providers.

Local Search Unleashing Opportunities for National Advertisers

An IDC Thought Leadership Report for YP.com

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About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

About YP

YP is a leading local marketing solutions provider in the U.S. dedicated to helping local businesses and communities grow. YP's flagship consumer brands include the popular YP℠ app and YP.com, which are used by more than 70 million visitors each month in the U.S. (Internal Data, May 2015). YP solutions include online presence, local search, display advertising, direct marketing, and print directory advertising. YP solutions and services are backed by thousands of media consultants and customer service professionals in local markets across the U.S. with relationships spanning nearly half a million advertisers.

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