

# Loco for Local?

By Richard Hagerty

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All politics, they say, is local. Will the same ultimately be true for search?

Such was the question posed at “Drilling Down on Local Search,” a conference hosted in Santa Clara by the Kelsey Group. Since 80% of purchases are made within 20 miles of home, the reasoning goes, local search is the killer app that will bring small businesses online and thus continue the astonishing explosion in search marketing expenditures.

This, for many, is the hope. The reality, of course, is far more complex.

For example, local businesses already have advertising vehicles they understand well: yellow pages directories, newspapers and radio stations. And these small and medium enterprises (SME's) are not, generally speaking, clamoring for new ways to reach their market (in contrast,

say, to national advertisers who see the television audience dwindling and are desperate for new ways to get their message out).

In addition, selling search marketing programs to SME's might prove to be impractical. Local marketing budgets tend to be much smaller, but designing and implementing a search marketing program – bidding, reporting, analysis, etc. – still requires just as much effort. As one veteran yellow pages sales exec at the Kelsey conference put it, “If it takes more than 30 minutes to sell an ad, I'm losing money.”

So much for the seamless translation of the current search marketing model to local markets. Bob's Corner Pizza Shop is not going to be the vanguard of the local search marketing revolution.

How, then, will local search take shape? And which businesses will jump in first?

One obvious category likely to embrace local search will be national businesses with a local presence – imagine a chain like Best Buy, or a national law firm.

These businesses can use economies of scale to implement a local search program, and their geographic diversity makes it worthwhile. Many retail chains are already using localization strategies on their websites – for example, offering store-by-store inventory information and “buy online, pick up in-store” distribution. As they say: Think global, act local.

Another category that seems ready to embrace local search is the travel industry. Travel is a category in which 2/3 of Internet users who travel say they used the Internet for planning travel – to plan itineraries, compare airfares and packages, and choose activities, restaurants, etc. (42 million actually booked travel arrangements online.)<sup>1</sup>

And unlike the typical scenario in which the yellow pages would be a “competitor” to local search, in the travel category the consumer is by definition searching for information about a remote

location. He can't just flip open his local phone directory and get the answer; he has to find some other means to locate the information.

In fact, local search gives travel marketers opportunities for visibility that previously did not exist. Imagine, for example, a child-friendly restaurant in Ft. Lauderdale, Florida that caters to vacationing tourists from the Northeast. How does this restaurant get its name in front of prospective customers? Chances are it doesn't take out ads in the New York Times – for most establishments, that would be cost prohibitive and largely ineffective; only a tiny sliver of the target audience will see the ad the one time the restaurant can afford to run it. Under the current advertising model, this restaurant probably reaches prospective customers only once they've arrived in town.

Now imagine the same restaurant employing a local search marketing strategy that calls for owning keyword strings such as “family restaurant fort lauderdale” “child friendly fort lauderdale” and so on. This strategy is far more targeted, can be implemented for a fraction of the price and reaches the

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<sup>1</sup> Source: Travel Industry Association of America

audience at a key moment in the decision process – indeed, the restaurant will now likely book a larger percentage of reservations ahead of time.

Already we know that the vast majority of travel-related searches have a local component – no surprise, given the highly task-oriented, tactical nature of Internet usage. As users and marketers continue to get more sophisticated about the Internet, we can expect the amount of local search marketing to increase.

Imagine all kinds of local travel-related businesses offering discounted Internet rates just as hotels, airlines and rental cars have done already. Or “plan-ahead” savings for travelers who book a given activity before they leave home, thus benefiting the business by allowing it to forecast demand and thus operate more efficiently. All kinds of new marketing strategies and even new business models are possible once local travel marketers and consumers become savvier about the potential.

So if you're still wondering how local search is going to evolve – maybe it's time you took a vacation!

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