

Uncovering The Benefits Of Local Search Marketing

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Executive Summary

Over time, marketers will embrace context as a way to create more effective brand relationships with customers and differentiate from competitors. To further this end, local search marketing can be a key way for many firms to initiate contextual marketing efforts.

In July 2014, SIM Partners commissioned Forrester Consulting to evaluate how marketers approach local search marketing today and how they perceive the local search marketing opportunity as an entry into contextual marketing.

In conducting in-depth phone interviews with 13 marketing leaders working for large multilocation brands, Forrester found that although a local approach to search marketing is inherent to the nature of these leaders' businesses, the approaches taken are, more often than not, incomplete or nonexistent.

KEY FINDINGS

Forrester's study yielded three key findings:

- › **Local search efforts are limited today.** Marketers in our study were not experts at local search marketing. They have limited local expertise, consensus around what local search is, and resources to help execute local programs.
- › **Nevertheless, interviewees understand the importance of a local search strategy.** Nearly every one of the 13 marketers we spoke with realizes that local search is critical to their ability to stay connected with their customers.
- › **Those with a local search strategy realize benefits.** The marketers we interviewed who have a local search strategy implemented reported various benefits, including improved brand awareness and lead quality.

The Future Of Business Is Digital

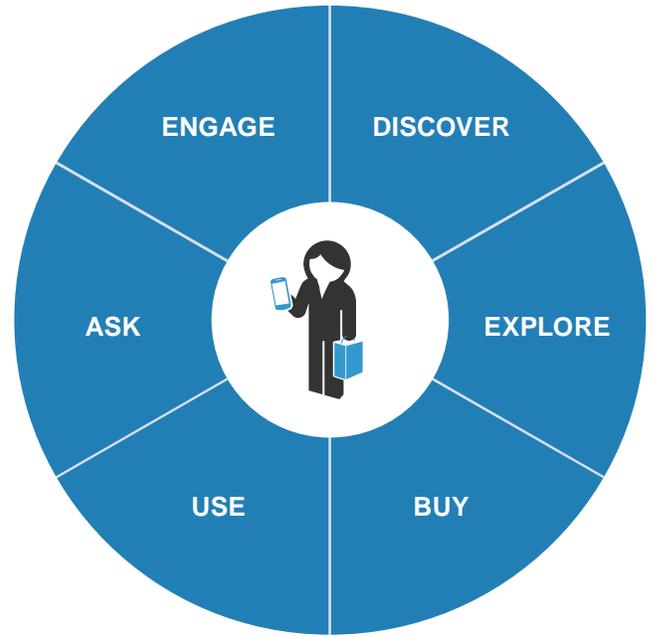
The digital economy is no longer about doing something old in a new way — digital enables new things to do. In fact, digital disruption is already upending customer behaviors, creating new markets, and upsetting traditional business models.¹

Forrester believes that because of its proximity to customers, marketing will play a critical role in preparing the rest of the business for digital disruption. Specifically, we think marketers will retrench to focus less on campaign creation and more on building contextually relevant brand interactions throughout a customer’s life cycle, a process Forrester identifies as “contextual marketing” (see Figure 1).²

As Forrester indicates in one of its reports, “making the shift to contextual marketing will mean an adjustment to established marketing practices” (see Figure 2). In fact, our most recent interactive marketing forecast shows firms are shifting budget formerly earmarked for media toward investments to enable contextual marketing, like data, in-store technologies, and local marketing.³

For this research study, we dove into one particular area of marketer transformation — local marketing — in order to understand how firms are leveraging local marketing strategies to enable more contextual brand experiences for their customers.

FIGURE 1
The Customer Life Cycle Supports Delivery Of A Complete Experience



Source: “Adopt The Customer Life Cycle To Win In The Age Of The Customer,” Forrester Research, Inc., April 14, 2014

FIGURE 2
How Customer Context Changes Marketing

Marketing before context focuses on:	Marketing after context focuses on:
Campaigns	Interactions
Targeting	Engaging
Customer segmentation	Customer recognition
Media schedules	Customer moments
Relevant messages	Contextual utility
Transactions	Value exchanges
GRPs and CPMs	Minutes of engagement

Source: “The Power of Customer Context,” Forrester Research, Inc., April 14, 2014

Local Search Efforts Are Limited Today

Overall, marketers currently exhibit only slight effort with local search marketing. The marketing managers and directors that we interviewed have limited:

- › **Experience.** Nine out of the 13 marketers we spoke to in this study have some kind of local search strategy in place. However, most existing efforts are informal at best. Local strategies are managed ad hoc, support only the bare bones, or have been in place for just a short time. In some cases, marketers are playing catch up. As a head of SEO strategy for a Canadian financial institution admitted, “Despite having a lot of local presence, local search marketing is a new effort for us.”
- › **Consensus.** We found no accord across our interviewees about what “local search” means or which goals a local search strategy helps marketers achieve. Furthermore, some interviewees confused paid search and SEO, or worse, assumed that “local search” meant advertising in area newspapers. For example, while we discussed the SEO aspects of local search, one brand strategy director had a different definition: “When we say ‘local search,’ we’re not talking about coming up in search results. We’re talking about making sure we’re listed correctly in local directories.”
- › **Resources.** Marketers also face a host of limitations around implementing or optimizing local search strategies. The most common concerns were lack of budget and data (see Figure 3). Problems with getting executive buy-in is also pervasive; the head of online banking at a US financial organization stated that the biggest reason his organization has not implemented a local search strategy is that he has difficulty justifying the shift in marketing budget from traditional advertising.

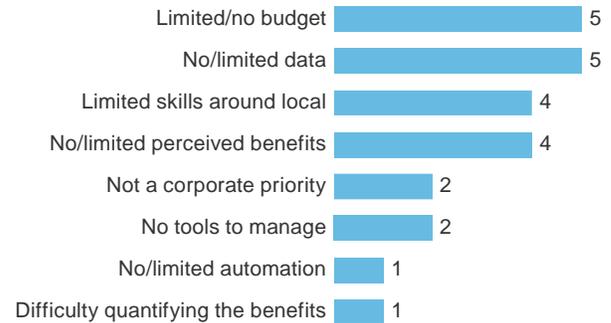
“The biggest reason we haven’t implemented a local search strategy is trouble justifying the shift in marketing budget from more traditional advertising.”

— Head of online banking at a US financial organization

FIGURE 3

Marketers Face Many Hurdles In Implementing A Local Search Marketing Strategy

“What interferes with making local search efforts optimal/what prevents implementation of local search?”



Base: 13 marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of SIM Partners, August 2014

- › **Exposure to tools.** Lack of automation also hampers local search sophistication. Most interviewees don’t know what tools specific to local search are available. As the online marketing director at a US clothing retailer explained, “If there are tools out there, I just don’t know about them.” Many interviewees rely on general marketing applications, such as SEO automation tools, bid management platforms, web analytics packages, or even basic spreadsheets, instead of specialized applications to support their local search execution and measurement.

“If there are tools out there, I just don’t know about them.”

— Online marketing director at a US clothing retailer

Marketers Think Local Matters

Even with the limitations they face, interviewees believe that local can deliver critical value. They also understand that a local search strategy goes hand-in-hand with their business model. As the vice president of a US financial institution said, “Given the nature of our business and regional focus, local search will always be something we integrate into our overall marketing strategy.”

“Given the nature of our business and regional focus, local search will always be something we integrate into our overall marketing strategy.”

— Vice president at a US financial organization

LOCAL SEARCH STRATEGIES DELIVER BENEFITS

Organizations that we interviewed that have implemented a local search strategy see many real benefits (see Figure 4), including:

- › **Quality of leads.** Some marketers with a local search strategy see it as a valuable customer pipeline. One director of eMarketing at a US financial institution finds that local search engine optimization brings her firm “high net worth individuals,” which are her best, most qualified targets.
- › **Brand awareness.** Local search also generates brand awareness through increased online presence. A vice president of search marketing and operations at a US marketing organization finds that “local search helps [him] ‘own the market’ by claiming more online share.”

“Local search helps ‘own the market’ by claiming more online share.”

— Vice president of search marketing and operations, US marketing organization

- › **Lift over traditional search programs.** Many veteran paid search marketers are finding they can’t eke out further return from keyword ads even when they spend

FIGURE 4
Local Search Marketing Produces Various Benefits

“What benefits have you seen after implementing your local search strategy?”



Base: nine marketing decision-makers with local search strategies

Source: A commissioned study conducted by Forrester Consulting on behalf of SIM Partners, August 2014

more on them. We spoke with one retailer for our syndicated research who said, “We are going to have to spend the money that we are spending now on pay per click and product listing ads somewhere else.” This “somewhere” else includes display retargeting, local search, and content marketing, among others.⁴

FIRMS HESITATE TO WHOLLY EMBRACE LOCAL

The marketers we spoke with for this study have a “wait-and-see” approach when it comes to implementing a local search strategy. A vice president of a US financial services firm understands the inherent value of local search but can’t see definitively how to integrate it into her long-term marketing strategy.

“I’m not sure how local search fits into my long-term marketing strategy. But I know it is a growth opportunity for us.”

— Vice president, US financial organization

For marketers to wholly embrace local search, they will need to overcome issues with:

- › **Scale.** Many marketers in our study cited concerns about managing the scale of local search programs. For example, the paid search manager for a financial services firm has a hard time establishing a presence across multiple small search engines with his limited available resources. Most marketers in our study who have implemented a local search strategy do not have staff dedicated to supporting it.
- › **Measurement.** In order to prove the value of local search to executives, marketers want to tie data to key metrics such as conversion rates. Five out of the 13 interviewees in our study admitted that they had little data by which to do this. One measured success with simply a “gut check” that local was working. A vice president of search marketing and operations speaks for most in our sample when he says, “The more data, the better — always.”
- › **Support.** One further concern affecting broader adoption of local search is that many staff at the local level — such as the bank managers, salon owners, and insurance agents — have no or very limited understanding of marketing. In the words of one vice president that we spoke with, “Although our advisors are good at financial planning, they are not marketers.” Most interviewees would more actively adopt local search if they could get their local reps on board through education or relevant user-friendly tools.

How To Approach Local

The local search opportunity is greenfield enough that no business should take a “wait and see” approach. But the right pursuit of local for you will vary based on your firm’s business model and customers. Use the Local Opportunity Matrix created by Forrester Consulting to determine how to prioritize local search at your company.

Plot yourself on the opportunity matrix using two dimensions (see Figure 5):

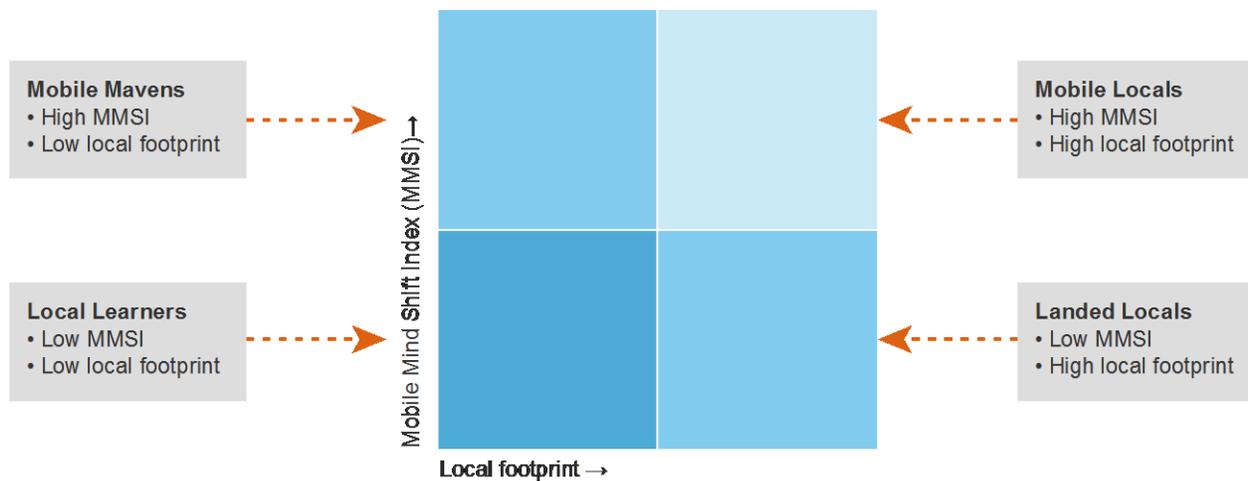
- › **Your local footprint.** This is your best determination for how big a local presence your firm maintains. Do you have lots of local storefronts? Franchise owners? Field reps or agents? Plot yourself against the local footprint axis in the Opportunity Matrix; the larger the local footprint, the farther to the right on the axis you are.
- › **Your customers’ mobile savvy.** The more mobile and

connected your customers are, the greater their demand for location-based experiences. As one vice president we interviewed indicated, “Local search is becoming important to us because of the rise of mobile.” Forrester has a published segmentation for sorting consumers based on their mobile sophistication — our Mobile Mind Shift Index.

Forrester recommends that firms assess their customers’ mobile intensity, expectations, and behaviors in order to determine how urgently they should support mobile. The Mobile Mind Shift Index is a device Forrester has developed based on our Consumer Technographics data to help firms assess users’ mobile appetites.

Apply it like this: If most of your customers embrace mobile in all parts of their lives to demand immediate solutions, then plot yourself at the top of the y-axis in the Local Opportunity Matrix.⁵

FIGURE 5
Local Opportunity Matrix Framework



Source: Forrester Research, Inc.

PURSUE LOCAL AT A PACE THAT IS RIGHT FOR YOU

Your position in The Local Opportunity Matrix will help you determine the priority with which you should approach local search. We see three available courses of action — pursue:

- › **Urgently.** If your firm has a large local footprint and an aggressively mobile audience, you are a firm we label as a “Mobile Local.” Local is critical to your effort, and you should make local search a budget priority. Jumpstart your efforts by: 1) distributing as much clean local data to the major search engines, web directories, social media networks, and major data aggregators as possible; 2) optimizing location-specific content for desktop and mobile, including creating new content to represent your complete local footprint; and 3) linking location pages to relevant social media and review sites.
- › **Progressively.** Firms landing in the opposing corners of the Local Opportunity Matrix based on their local footprints and mobile audience have a strong local search opportunity but don’t face the same immediate demand from customers as do Mobile Locals. If you land in either the top left or the bottom right quadrant of the Opportunity Matrix, your focus should be to experiment with local search. Start by cleaning your location data and directory listings. Then optimize any location-specific pages you’ve already built to improve brand visibility. Graduate to more established local efforts after six months.
- › **Moderately.** Local search still matters to firms in the lower left quadrant of the opportunity. But firms that classify as Local Learners should spend their time and budget now building a foundation for local search, rather than blindly executing local programs. Start with instituting a data hygiene routine and establishing relationships with online directories and aggregators of local data.

Key Recommendations

Your position on the Local Opportunity Matrix will change over time as you and your competitors gain experience with local, your customers demand more mobile and local solutions, or your business model adjusts due to digital disruption. This means that you will want to continually reconsider the priority that local search plays within your marketing mix. To continue to take the best advantage of local search, we recommend that you:

- › **Use the framework in an ongoing capacity.** The Local Opportunity Matrix is not meant to be a one-time assessment. Rather, it should be something that reminds you that in the digital economy, business factors shift rapidly, forcing change to your competitive strategy. We recommend that you re-evaluate your own approach to local at least every six months. Evaluate traditional and nontraditional competitors using the Matrix as well, in order to anticipate and adjust for their moves into local.
- › **Use local to initiate contextual marketing.** The shift toward contextual marketing will be a jarring one for many businesses seeped in traditional marketing approaches. Local can provide a straightforward inauguration into thinking more about brand interactions than campaigns and more about customer moments than about media schedules. For example, providing accurate directions based on a location-specific query delivers a utility based on specific user context.
- › **Adopt a local marketing automation tool set.** The challenge of scale at the local level is a real one, and one that will become more complex as media proliferates and competition in the local space heats up. Tools that specialize in feed accuracy, content optimization at scale, and web and social media templates can offload otherwise manual effort while also maximizing your visibility. For example, using a full-scale local program to master location web presence and meet the most "ready to engage" consumer market can increase the number of visitors coming from a mobile device, leading to more of these visitors taking action to engage with the location by getting map directions or directly calling the location.

Appendix A: Methodology

In this study, Forrester conducted in-depth interviews with 13 marketers among 500-employee or larger multilocation organizations in the United States and Canada who oversee their organization's local search marketing efforts. Questions provided to the participants asked about their local search marketing efforts, including whether they had a strategy in place, what pain points they experienced, and what benefits they were seeing. The study began in July 2014 and was completed in August 2014.

Appendix B: Endnotes

¹ Source: James McQuivey and Josh Bernoff, *Digital Disruption: Unleashing the Next Wave of Innovation*, Amazon Publishing, 2013.

² Source: "The Power Of Customer Context," Forrester Research, Inc., April 14, 2014.

³ Source: "US Digital Marketing Forecast, 2014 To 2019," Forrester Research, Inc., November 5, 2014.

⁴ Source: "US Digital Marketing Forecast, 2014 To 2019," Forrester Research, Inc., November 5, 2014.

⁵ Source: "The New Mobile Mind Shift Index," Forrester Research, Inc., June 3, 2014.