

Local Opportunity Is Calling

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BY Phil Stelter | January 19, 2006

Sometimes I must remind myself that despite the hype, broadband still can't hold a candle to the telephone when it comes to connecting customers with local businesses.

Crossing the great rift between the on- and offline worlds has been challenging for businesses and marketers alike since the early '90s. Sure, companies such as eBay and PayPal pulled some offline businesses onto the Web with innovative marketplaces and payment systems. But the vast majority of consumers who prefer to buy locally or seek services online have been mostly ignored online. Yellow Page directories provide online listings for local businesses but offer limited traffic and few choices for tracking and optimization. The lucrative paid search marketplace has barely begun to tap into local advertising, despite numerous initiatives by the major search engines. To date, most executions of local search have been clunky at best, and it's local that determines pay per call's fate.

What's the big deal with pay per call? The Kelsey Group estimates 350,000 companies participate in PPC (define) advertising while nearly 7 million companies advertise in the Yellow Pages. Most are small to medium-sized businesses that haven't tapped into the Internet's potential efficiencies beyond simple, informational Web sites that likely aren't equipped for e-commerce. Local advertiser budgets were getting so large, in fact, that Verizon SuperPages now offers services to buy PPC advertising on Yahoo! and Google.

Who shops for local services online? According to The Kelsey Group, it was 70 percent of U.S. households -- back in 2004.

There are several essential elements to pay-per-call success:

- A model local advertisers and agencies are prepared to adopt
- A user interface or method that online shoppers are prepared to use
- Tracking that works and is easily implemented
- Access to qualified online traffic

To date, no one's put all these pieces together. From a marketer's perspective, pay-per-call success requires an adequate source of qualified online traffic (potential customers), a means of connecting them to offline businesses (phone numbers), and a way to track performance to improve or optimize the campaign.

There are only a few significant players in the space at this point, but the search giants are close behind (if not already testing or partnering):

- Ingenio Pay Per Call currently provides distribution on AOL (Search and Yellow Pages), Local.com, MIVA, Marchex, and Info-space. Ingenio's offering includes an API (define) for placing bids and pulling reports.
- YellowPages.com just announced distribution into Yahoo! Local.
- Verizon SuperPages Pay-For-Calls provides distribution in MSN Local Live, SuperPages.com, About.com, and WhitePages.com. There are rumors of future distribution in Google and even Yahoo! (according to one SuperPages sales representative).

Though Verizon is just expanding beyond its own network, Ingenio (like Overture in PPC's early days) is relying entirely on large distribution partners. Both providers charge by the call at the category level and provide similar fraud protection by limiting charges by call length and unique numbers in a 24-hour period. Most pay-per-call pricing operates as an auction in which the highest bid by category lands you more prominent placements across the site network. For \$20 apiece, Verizon offers additional telephone numbers to break out tracking.

It's hard to discuss pay-per-call opportunities without distinguishing them from similar services available:

- Call-tracking services, such as those provided by Who's Calling and VoiceStar are used by publishers and can be partnered to enable a form of pay-per-call based on tracking.
- Click-to-call, recently tested on Google, is also offered by eStara through SuperPages.com and Amazon's A9. This service allows users to enter their phone numbers so businesses can call them back.
- Another option from eStara uses VOIP (define) technology to connect users directly to advertisers through their computers.

If that isn't confusing enough, consider the direction local search is ultimately moving in. Google, for example, recently filed a patent application on dialing from mobile devices, a sure way to increase desirability of local search ads on mobile devices.

I sat down with Ross Weinstein, director of business development at Ingenio, to get his take on where pay per call is headed. So far, the new channel has primarily been embraced by the larger agencies and advertisers that tend to be the early adopters; the ones with the biggest budgets and whose stock in trade is pushing the envelope with new opportunities.

"Our biggest complaint is the volume of calls," explained Weinstein. In this case, low volumes of highly qualified traffic signal great potential for marketers. Any business attempting to drive qualified phone leads can be an ideal pay-per-call candidate. Ingenio currently charges Lexus dealers \$12 per call, yet Volvo and Infiniti dealers pay only \$2 per call, a relative bargain if the traffic proves to be highly qualified. For local businesses providing services, Weinstein says, local search can be "one more arrow in the quiver."

Fellow ClickZ columnist Hollis Thomases created an excellent laundry list of pay-per-call best practices. It's worth reading. When testing any new program, ask your account representative to show you real examples of where your ads will appear, then watch to see that they do.

For more information in this area, check out The Kelsey Group's report, "Calls, Clicks & SMEs: Driving Leads from Web to Phone" from June 2005. It's frequently cited.

Pay per call can be tricky to leverage. Volumes can be underwhelming, and you can expect a baffling range of opportunities to continue to emerge. Nonetheless, for agencies and local businesses that can stay on top of the dizzying array and launch before their competition, some golden opportunities will come calling.

Specializing in search and online marketing, Phil Stelter is the director of business development for Range Online Media, one of the fastest-growing search marketing agencies. Phil has over eight years of experience in search marketing and Web site production for major sites across industries including travel, government, non-profit health care, and retail e-commerce. He's guided SEO and PPC campaigns in-house and from the agency side. Today, he evaluates new technologies, directs online marketing campaigns, and develops innovative search solutions for industry-leading online retailers and travel services such as Travelocity and other Fortune 1000 companies. Phil is a regular speaker and presenter on online advertising and search marketing topics at leading industry trade shows and conferences. He's a graduate of Claremont McKenna College, where he received a BA in International Relations and French. Between frequent, intimate encounters with the TSA, Phil resides in San Francisco.