

Yelp Marketing Plan

Yelp for Help!



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Executive Summary

The Yelp app is preparing to launch a new feature: Yelp for Help! In order to have a successful launch of this new feature the following must be achieved and are stated in more detail throughout the report.

Key Points:

- Yelp for Help! creates customer value by solving the problem of not being able to decide on a restaurant to go to or to get delivered.
- The feature allows users to swipe left or right on local restaurants in a given radius and to match on a place to eat with friends or family.
- The general target market is those who have a hard time finding and deciding where to get food and want an easy and fun solution. More specifically the feature will target Americans from ages 20-35.
- This feature will differentiate Yelp from its local search and review platform competitors by not only providing information about different restaurants but playing a role in deciding where users eat, making group dining decisions more enjoyable and less stressful.
- Yelp's top competitors are Google Search, TripAdvisor, and Facebook Recommendations.
- This new service is being distributed through an updated version of the app and will be available to current or future Yelp: Food, Delivery, & Review users simply by updating the app or downloading it in the app store, making it easy and accessible.

Main Goals:

- Provide a creative way to help users make decisions.
- Diversify Yelp's advertising by focusing primarily on social media and digital marketing.
- Increase user engagement and average page visit duration (on both desktop and mobile) by 15%.
- Succeed in being the best platform for restaurant reviews and gain market share in the internet content & information industry.

Recommendations:

- Monitor technological advances in the macroenvironment and how users are interacting with the feature to gauge if more innovation is needed.
- Track sales and revenue generated as a result of social media, online, buzz/influencer and partnership marketing strategies to evaluate the marketing effectiveness.
- Obtain feedback from users in order to evaluate and critique what operations are working and what needs to be improved, updated, or dropped.

Current Marketing Situation

Market Description

- Yelp is a part of the internet content & information industry which has a combined market cap of \$2,347 billion, which Yelp takes up less than 1% of the market share at \$2.22 billion in market capitalization.
- The new target segment that Yelp for Help! aims to assist are people who cannot decide where to eat and need help making that decision in group settings. This target segment directly relates to Gen Z and Millennials as *BioMed Central* stated “eating meals out once per week or more was most common in the age group 19–29 years”.
 - 25% of Yelp’s audience falls between the ages of 25 and 35. The ages of 20-25 are included in Yelp for Help!’s target audience as 41% of 500 USD students said they find it somewhat difficult to find a place to eat with their friends (Fizz poll).
- According to the *New York Post*, “the average American couple spends 132 hours a year deciding what to eat”. This feature addresses the customer's need for a way to decide where to eat that saves time and alleviates the anxiety of being the one in the group to choose where to eat.

Product Review

The Yelp for Help! feature allows users to swipe left (don’t like) or right (like) on local restaurants in a given distance and to match on a place to eat. Users are encouraged to create groups (e.g. family, roommates, coworkers) through links generated on the app, in which group members can swipe right on restaurants that they would be interested in eating at until all members say yes to a restaurant. The matching process is similar to the app Tinder. Below is how this new feature will fit into Yelp’s existing product.

- Majority of Yelp’s revenue comes from sponsored advertisements.
 - Yelp for Help! will feature a sponsored restaurant every 5-7 swipes.
 - When a restaurant is selected for a total of 5 times by a single user it would be considered 1 paid ad (impression) which will give more incentive for restaurants to engage in the cost per impression paid ads, which cost \$600 on average.
- Yelp’s app is a continuation of their website in which they operate on a “cost-per-click” basis which ranges from \$0.30-\$1.00.
 - The restaurant the party has agreed/matched on will be charged a “cost-per-click”.
- Yelp’s gross margin percentage as of March 2023 was recorded at 91.66% and has a median of 92.66%.
 - This is expected to increase by 1%, due to the significant increase of user traffic.
- First quarter of 2023 Yelp recorded a “net revenue increase by 13% year over year to a record \$312 million... (and a) net loss remained relatively consistent year over year at (\$1) million” according to *Yelp Investor Relationships*.
 - The increased personalization from this update would reflect a growth in Yelp’s net revenue by at least 15%.

Competition

The internet content & information industry contains a variety of markets with both large and niche sectors. Yelp primarily focuses on business and restaurant ratings and reviews and competes with the following companies:

- *Google Search*
 - 4th largest companies by market cap with almost 4 billion unique visitors per day, 46% of that traffic seeking local business information.
 - They maintain quality by having set guidelines, manual content checks done by employees, and encouraging user feedback in efforts to improve the algorithm.
 - Google generates revenue by a sponsored ad pay-per-click model by posting a sponsored pop up ad for a product that is geared towards a specific audience.
 - They promote using commercials to advertise new products and partnerships to post sponsored ads.
- *Facebook (Recommendations)*
 - 8th largest company by market capital.
 - Quality is ensured by user reviews, aligning with the mission of encouraging a sense of community by allowing users to voice their opinions.
 - Their main source of revenue comes from posting advertisements for businesses, and monetizing data collected on their users to share with businesses.
 - Facebook continues to post different advertisements on TV that tie back to the idea of when you go on facebook you find a sense of belonging.
- *Trip Advisor*
 - An online travel platform that provides reviews and information on hotels, restaurants, and other forms of entertainment. They are part of the top 5 travel websites, aiming to help ease their users' travel worries by assisting them with planning and decision-making when it comes to traveling.
 - In order to maintain quality they have implemented the use of systems and algorithms that filter out suspicious or fraudulent information, along with certain tools and features they provide to encourage user engagement.
 - Primary source of revenue comes from advertising, subscriptions, and in-site bookings. They base their pricing on the scale and type of services offered by a company.
 - Distribution occurs through their online platform by retrieving the necessary information that a user needs efficiently and clearly.
 - They focus on promoting through online advertising, influencers, and optimizing search engines so they continue to encourage and engage with the travel community.

Distribution

- This new feature is being distributed through an updated version of the app and will be available to current or future *Yelp: Food, Delivery, & Review* users simply by updating the app or downloading it in the app store, making it easy and accessible.

Threats and Opportunities Analysis

Threats

- *Recession*: This would result in people becoming more of the budgeting mindset, resulting in less people eating out and in search for cheaper food options. In this case more promotions and discounts would be offered by restaurants in order to become more cost friendly, however Yelp may have to increase their cost for advertisements since the food and entertainment industry will be extremely competitive in terms of restaurants fighting for customers.
- *Technological advancements*: Yelp is considered a part of the internet content & information

industry with highly technologically advanced companies who are continuously developing and looking for ways to incorporate AI technology into their algorithms putting Yelp a few steps behind in the industry.

- *Falsification of information:* Yelp relies heavily on the user trust which they have built over the years through their continued service to provide reliable reviews written by real customers about their personal experience with a specific business. The falsification of ratings or any information on the Yelp page would severely impact their partnerships and user engagement.

Opportunities

- *Increased user engagement:* Yelp for Help! Offers a fun new way for users to find a place to eat, by incorporating group engagement this will allow current users to expose their friends and family to this new feature offered exclusively on the *Yelp: Food, Delivery, & Reviews* app.
- *Multiple purposes:* This feature could be used for other companies that are already on Yelp, such as hotels, malls, and even gyms. People looking for activities to do in a group make up a large portion of Yelp for Help's target audience and with the goal of helping make group decisions easier for our users, any company that can accommodate groups of 2 or more would benefit from the exposure they would receive from this feature. By making Yelp for Help! available for not just restaurants would increase company inclusivity and widen our users searching capabilities.
- *AI involvement:* Yelp for Help! would be a good opportunity for Yelp to incorporate AI features, such as a chatbot that would allow for individuals who are not a part of a group that are in search for restaurant ideas. Taking the steps that would make Yelp for Help! as inclusive and user friendly as possible

Objectives and Issues

Yelp has set optimistic marketing objectives for the first two years that the Yelp for Help! feature is added onto the platform and app.

- *Year One*
 - Yelp's primary objective for the entry year of the Yelp for Help! feature is to increase user engagement (on both desktop and mobile) by 15% to be 160 million by targeting more mobile users.
 - Yelp strives to increase the average visit duration from 2:46 to 3:30 minutes in order to beat TripAdvisor's average visit duration of 3:00 minutes, and to maintain the bounce rate at around 50%.
 - Yelp aims to increase the revenue growth by 2% to 15% and to achieve 1% market share in the competitive internet content & information industry.
 - Estimates that total revenue will increase to \$1,500,000 which is consistent with their 80% year-to-year revenue growth.
 - Yelp's main source (~90%) of revenue is charging businesses on a cost-per-click (CPC) basis for advertisements
 - With the attraction of more users due to the new feature and the addition of revenue from food delivery platforms (Uber Eats, Grubhub, DoorDash) revenue will increase
- *Year Two*
 - During the second year, Yelp will continue to have the feature on the app, updating for

bug fixes, and hopefully will have consistent revenue.

- The primary objective is to increase sales to achieve a total revenue of \$1,750,000.
- Yelp aims to achieve 2% market share for the internet content and information industry.
- Yelp intends to strengthen its lead against TripAdvisor in the U.S. rank for traffic, in which Yelp intends to break into the top 50 sites for traffic ranking.
- After customers have demonstrated interest in the Yelp for Help! feature, Yelp will start researching and developing a section on the Yelp for Help! feature for hotels and other services in the future.

Issues

- *User adoption and retention:* A potential issue in achieving these objectives is the plausible flatline of growth of users if the feature is perceived as a trend, this can be avoided if Yelp ensures to users the added value of the feature.
- *Competitive, fast-paced industry:* With competitors as large as Google and new waves of technology such as Generative AI, Yelp's market growth and revenue is vulnerable to the growth of its competitors if they create a similar features of finding and matching on restaurants using AI
- *Bug fixes and indecision:* Yelp's projected revenue will depend on how easy the app and feature is to use and if bugs arise consumer engagement will decrease thus dictating the revenues. Ensuring that the swiping interface is intuitive and easy to use in addition to the speed at which Yelp can fix bugs and respond to customer feedback might affect Yelp's ability to achieve these objectives. If a group does not match on a place to eat after 20 swipes a results page will pop up stating which restaurant had the most likes as the winner. Including this in the feature will ensure users do not feel fatigued or discouraged if they do not match within the first few swipes.
- *Data privacy:* The feature must align with Yelp's privacy agreement and users must feel protected from their data being used in unethical ways in order to fully enjoy the feature.

Marketing Strategy

The broad marketing strategy for Yelp's Yelp for Help! feature is to provide a fun and easy way for groups to decide where to eat using Yelp's trusted name for reviews. The feature is aimed at solving people's problem of not being able to decide on a restaurant to go to or to get delivered. This feature will differentiate Yelp from other restaurant review websites and apps by not simply providing recommendations but being the platform that does something with those recommendations by being a deciding factor.

Target Market

The general target market is all Yelp users who have a hard time finding and deciding where to get food and want an easy and fun solution. More specifically the feature will target those from ages 20-35. This target audience are typically going out to restaurants, wanting to try new places, going on dates or group outings, and not cooking every night. Targeting the food recommendation market of Yelp rather than the hotels, places, and services sectors is to align with Yelp's original mission of being a food recommendation service and will allow the company to test out the feature before incorporating it into all aspects.

Positioning Strategy

Yelp's Yelp for Help! feature is positioned as creating customer value by providing a fun and easy way for users to decide where to eat. This feature will differentiate Yelp from its restaurant search and review platform competitors by not only providing information about different restaurants but playing a role in deciding where users eat, making group dining decisions more enjoyable and less stressful.

Product Strategy

The Yelp for Help! feature will be integrated into all U.S. Yelp users' mobile apps with the details described in the Product Review section above. Combining Yelp's technology with the flourishing concept behind Tinder is an innovative way for Yelp users to remove some of the stress in their lives that stems from indecisiveness by providing users with a seamless and convenient way to explore different restaurant options. With the establishment of consumer value and the increase in usage, the product can expand into Yelp's global market and can be incorporated into all aspects of Yelp's platform, including home and auto services.

Pricing Strategy

As this feature is an addition to the existing free mobile app, there is no price that users must pay. However, it is important to consider the costs associated with developing the feature, and updating the mobile app to include this feature which will be considered in the Budgets section.

Distribution Strategy

Yelp for Help! will first be available to all users in the U.S. but will soon be available globally. The feature will be distributed to users through a mobile app update. The feature will reach users by being updated into their previously downloaded Yelp app and will reach new users by a combination of communication strategies. While attracting new users is always attractive the company will focus on increasing consumer engagement as well whether it is an existing or new user.

- *Social Media*
 - Yelp currently has less than 1% of its traffic coming from social media channels. As Yelp primarily targets older Gen Z and younger Millennials not getting website and app traffic from social media is concerning. Placing advertisements on Instagram, TikTok, and YouTube about Yelp for Help! will showcase the swiping feature and encourage users to try it out, allowing the feature to reach the right audience and help increase engagement.
 - Social media advertising will also include buzz marketing through partnering with popular Instagram and TikTok food bloggers and influencers to create content about the feature to more easily and quickly reach the target audience.
- *Online Advertising and Referrals*
 - Yelp currently has just under 1000 referral websites that are directing traffic to Yelp's website. Placing advertisements on the webpages of restaurant and delivery sites (which makes up 19% of Yelp's referral websites) will help increase Yelp's engagement and will encourage users to download the app to use this new feature.
 - Instituting a system in which food delivery sites that Yelp will be partnering up with (Uber Eats, Grubhub, and DoorDash) in which after a user spends more than 10 minutes deciding where to eat/not adding anything to their cart on the delivery app itself, a Yelp for Help! ad pops up would be a direct and efficient way to reach the targeted audience of

people who can't decide where to eat.

Marketing Research

As a technology feature, it is important to constantly be monitoring technological advances and how users are interacting with the feature. For continued use of the feature and future development expansion of the feature, crowdsourcing and survey methods will be utilized in addition to monitoring the effectiveness of advertisements and the increase or decrease of users and visit duration time.

Action Programs

Year 0 (Six months before update)

- The market research team will conduct research on food indecisiveness and conduct user testing to pinpoint users' needs and ensure the feature will meet those needs and expectations, within the initial market research budget of \$50,000.
- The company will spend \$1,000,000 on marketing expenses in year 0 including:
 - The brand management will develop marketing messages, and finalize partnerships with restaurants, influencers, food bloggers, and food delivery companies.
 - The public relations and outreach team will create a content calendar and develop campaigns such as social media posts, with and without influencers, and other online advertising methods to ensure for launch that users are aware of and excited about the new feature.
- The app development team will develop and test the feature on the app, costing about \$50,000
- The customer support manager will train the customer service team to ensure they can answer any and all user questions about the new feature, costing about \$50,000.

Months 1-3

- The app development team will update the Yelp app including the new feature, costing ?
- The company will spend \$50,000 on marketing expenses including:
 - Launching new campaigns announcing that the feature is now available to all U.S. users.
 - Hosting focus groups to gather insights from early adopters and other users.
 - The sales manager will offer promotional discounts to attract early adopters and new users.

Months 4-6

- The app development team will optimize app performance according to responses from the marketing research team conducted in the first three months, costing about \$10,000.
- Marketing management will expand marketing efforts to reach new audiences beyond the initial target audience, costing about \$10,000.
- The business development team will search for new and maintain old partnerships and sponsorships with restaurants who want to be highlighted on the Yelp of Help! feature as an ad after every 5-7 swipes. The estimated cost for this is \$7,500.
- Customer support management will conduct user satisfaction surveys to identify opportunities for improvement, estimated at \$10,000.

Months 7-12

- The business development team will extend partnerships with small businesses to offer discounts,

costing about \$7,500.

- The sales manager will launch a rewards program to the top 15% of users in which they get a special discount off of their order after using the Yelp for Help! feature for 15 decisions. This is estimated to cost \$10,000.
- The market research team will identify extension opportunities in new markets, in hopes that the product can be implemented globally, costing \$15,000.

Year 2

- The company will spend about \$75,000 expanding into new global markets that were determined most profitable by the market research team. This would also require more customer service training for those in those global markets, estimating a \$25,000 expense.
- The public relations and marketing managers will create events and campaigns to build brand awareness in an effort to retain existing users and attract new users while encouraging user engagement and fostering consumer value. The estimated cost for this is \$50,000.

It is important to keep in mind that this is a rough action plan and the actual action plan might change due to changes in the environment (micro and macro), consumer feedback, marketing effectiveness, financial perforation and app insights. Regular consumer feedback and adaptation of the feature are necessary steps throughout the entire product life to ensure the product is performing at its highest capacity.

Budgets

The table does not include all of Yelp's financial information, these numbers reflect the revenue and expenses that are expected to be generated in Years 0-2 by Yelp for Help!

Yelp, Inc.				
Profit and Loss Statement				
Introduction of Yelp for Help!				
		Year Ending December 31		
		Year 0	Year 1	Year 2
Revenues				
Net Sales		\$0	\$500,000	\$1,000,000
Total Net Sales		\$0	\$500,000	\$1,000,000
Expenses				
Market Research Expense		\$50,000	\$15,000	\$75,000
Development Expense		\$50,000	\$10,000	
Marketing Expense		\$1,000,000	\$70,000	\$50,000
Administrative Expense		\$50,000	\$25,000	\$100,000
Total Expenses		\$1,150,000	\$120,000	\$225,000
Gross Profit		\$ (1,150,000)	\$380,000	\$775,000

Sales (Revenue): average of 33 users the fee ranges Yelp for Help! is a revenue of first year. The predicted to with the projected increase with user engagement.

With a monthly million mobile app “Cost-per-click” between \$0.30-\$1 expected to create \$500,000 for the revenue is double in Year 2

Expenses:

- *Market Research Expense:* Year 0 reflects the initial given Marketing Research budget, which was used towards research related to food indecisiveness and conducting user testing to pinpoint users' needs and expectations. Year 1 is spent on analyzing the responses to Customer Satisfaction Surveys, while Year 2 reflects the research done to potentially engage in the global market.
- *Development expense:* Included in Year 0 and 1 is cost for the Development team which on average cost \$50 per hour. Year 0 the team developed the software for this new feature, ran all the necessary security/bug tests, and made the update to the existing app. Year 1 accounts for the team making modifications to Yelp for Help! as a result of the data collected by the research team in Year 0.
- *Marketing Expenses:* Expenses are highest Year 0 due to the finalization of partnerships done by the Brand Management Team and the content created with influences to spread the word about the new Yelp for Help! feature on Tik Tok and Instagram. Year 1 aligns with the releasing of promotional discounts for Yelp for Help! users and the launching of new campaigns to announce that the feature is now available to all U.S.. Followed by Year 2 which focused on smaller events and campaigns to build brand awareness and trust, in an effort to retain existing users and spark interest potential users.
- *Administrative Expenses:* The training required over time to make sure that our Customer Service Department stays informed on the large and small scale modifications made to the app. So, that our employees fully understand how the update version functions and are able to answer any and all questions asked about the *Yelp: Food, Delivery, & Review* app.

Controls

Yelp will be implementing a variety of metrics to monitor changes in customer satisfaction, product quality, user engagement, and brand identity. By continuously analyzing user feedback and behavior, and marketing insights, Yelp will be able to adapt the Yelp for Help! feature in a smooth and quick manner if any issues arise within the company, users, or the external market. For Yelp and Yelp for Help! to be successful, the company must regularly track sales and revenue generated as a result of social media, online, buzz/influencer and partnership marketing strategies to evaluate the effectiveness of marketing. Yelp's customer service team will regularly be getting feedback from users in order to evaluate their performance and critique what operations are working and what needs to be improved or dropped. These evaluations the controls will follow will help produce better results and help Yelp achieve its objectives for the Yelp for Help! feature and the overall company.

User Feedback

In addition to the customer service team conducting and collecting customer feedback, app developers will include in the feature a pop up rating the first time a user uses Yelp for Help! which will be an easy way of collecting feedback from users.

Market Research

Continuous market research is key for Yelp for Help!'s success and sustainability. The market research team is tasked with perpetually researching consumers needs and wants while also researching expansion opportunities whether it be geographically or technologically.

Return on Investment

Yelp's financial team will conduct ROI analysis to determine the effectiveness of marketing investments. This analysis will evaluate the revenue generated from marketing efforts compared to the cost of those efforts and is crucial for the success of the feature and the company as the company aims to gain market share and beat the competition.