



The Vertical Play in Local

By Brian Wool, vice president of content distribution, Localeze

At Kelsey's "Drilling Down on Local" conference, a few weeks ago, over 25% of all of the sessions on the agenda were vertically focused. Kelsey's attention to verticals underscores the needs that consumers bring to the online experience and the value advertisers offer to satisfy the consumers' search for relevant and meaningful local content.

On a high level, vertical sites that tend to thrive focus on content specific to what their users are searching for. If I am doing research online before purchasing a new car, I am likely to visit a site such as Edmunds.com or Yahoo! Autos. A Google search for "autos" returns results with these vertical sites on the first few pages of organic listings because they offer focused content for that particular search query and at the end of the day - it's all about the content!

So why are certain verticals more successful than others? Rich Barton, day-one keynoter at Kelsey, who founded and launched Zillow.com and before that founded Expedia, provided insight into his experiences having started several vertical sites over the years.

There are two primal desires that vertical sites satisfy, which explain their success in the online marketplace: control and choice. We innately want control over our own lives and in turn the decisions that impact us directly. Vertical sites give consumers access to the information that influences their decision making process and what's key is the aggregation of that information to single search platforms.

Barton provided the example of a consumer making an airline reservation in the early 1990's. Back then he or she would need to call or visit a local travel agent who would then look up flight information, via a locked and proprietary system, providing the consumer with a few choices. The process of booking an airline ticket before the emergence of Internet travel verticals like Expedia, almost always involved an endless and tedious back and forth dialogue:

"9:00 is not available but there is 10:30 on American."

"10:30 is too late and I only fly United."

Thus the ingredients to a potentially successful online vertical were spawned; content and access. In what other categories could the primal desires of control and choice be satisfied in meaningful and financially lucrative ways? The clear winners so far are Autos, Travel, Real Estate, Recruitment, and Finance in which there is or was traditionally an intermediary between the content and consumer.

There are two market segments that can be disrupted by an online vertical site: traditional advertising mediums like the newspaper classifieds or traditionally local businesses like travel agents. However, it's important to understand that the birth of vertical sites don't always disrupt traditional offline categories, in certain scenarios they may compliment each other. Sites like LendingTree.com, for example, can provide local mortgage originators with leads they might not otherwise have received. However if executed correctly, could a well-developed vertical around mortgages, like Rich Barton's latest venture Zillow.com, significantly upset the traditional offline local mortgage banking and broker model?

What are the next categories in which someone will crack the code? Healthcare may be a likely one because an online selection model would benefit both providers and consumers. As I look around the Internet, there is definitely a lot of great information regarding healthcare. However what is missing is a vertical site taking advantage of the local advertising opportunity. Healthcare overall can be a difficult space to make a play in due to the regulatory, compliance and privacy issues that need to be taken into consideration as well as the role insurance carriers play in the process of selecting a healthcare professional. Having said that, there are several segments within healthcare where many of these challenges are not an issue.

Given that over \$2Billion dollars is spent annually in Yellow Pages advertising within the healthcare segment which is traditionally broken down by verticals, it would seem that shifting a small percentage of those dollars to dedicated online sites could prove fruitful. Not to mention the opportunity to provide consumers a wealth of information by aggregating disparate and hard-to-come-by content into one place.