



WAV GROUP

Localism Whitepaper

Geo-Domain Targeting trending
to assist Real Estate Marketing

April 2009

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Executive Summary

Localism - a fundamental building block of a successful web strategy that includes deploying a network of local websites based on natural type-in keywords – location, location, location.

This whitepaper seeks to provide an in depth review of localization related to search within website URLs as the foundation of a successful forward-looking website naming strategy that will generate increased online business to real estate websites.

A major shift has occurred recently in the way that consumers interact with the Internet and with each other – a popular term for this is “**Localism**”. Consumers are interested in knowing everything going on around them; news, events, friends, resources. **As a result, consumers naturally type in city modifiers as anchor text to their search.** There are a number of elemental economic strategies that are dovetailing to support how information is organized around location and delivered to consumer audiences. These strategies focus on URL naming structures and tagging of information to allow for and produce location based results.

Localism is a departure from the traditional brand-driven online strategy of “brandname.com”. Over time, some brand names die, but the consumer type-in of city and category on the Internet will not. Specifically, as it relates to real estate www.BostonRealEstate.com will long outlive www.BrandName.com. Another example would be the difference between owning Investing.com vs. LehmanBrothers.com. LehmanBrothers.com has deeply declined in value today now that the brand has gone away.

Localism allows site owners to create an asset that is far stronger than their brand asset alone. *This is a key understanding for real estate websites where half of every search containing the keyword real estate also contains a geographic modifier like a city name.* Owning a destination on the Internet like SanFranciscoRealEstate.com is much stronger than owning PacificUnion.com. Domain names centered on consumer type-in behavior drive direct navigation to the most valued destination sites.

To compete for local audience, companies are using local terms as anchor text rather than brand names to build a stronger online asset. With the evolution of the Internet, consumers are now searching for information and filtering that information by location. Understanding how to tune your site to appear on the first page of geographically anchored search results is critical because localism defines the local service promise of the company. If you rank well for localism, your conversion rates will be twice as high. According to an Opinion Research study, fewer than 25% of consumers look beyond the first page of search results.

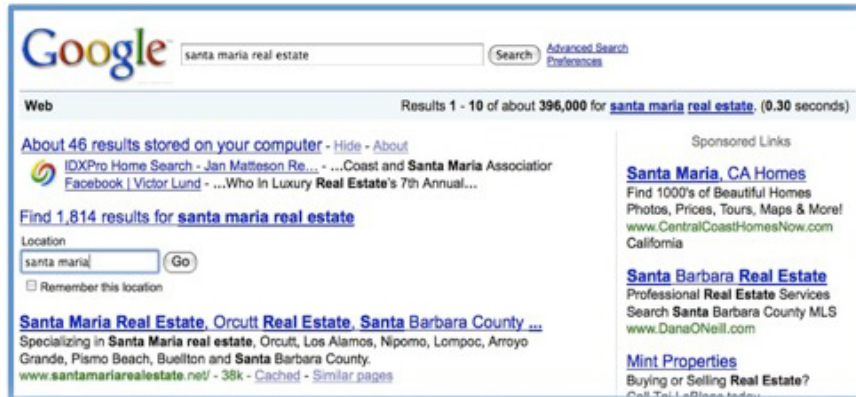
According to Kenneth Jenny, Managing Partner, Mediatis, LLC and former CEO of RealEstate.com: *“as real estate becomes more of a global business, search is localizing the industry. Unlike the old days of brand and domain recognition (built by advertising), today real estate search is all about the listing. Consumers are seeking localized search for very specific listing information – as for brand, company and listing broker or agent, they just simply come along with the listing. Lets face it, the number one search site for real estate is Google.”*

Search Engines Key on Localism

Early efforts in localism were seen in search engines like Google, Yahoo Local, Ask City and others. Google Maps, formerly Google Local, looks for physical addresses mentioned in regular web pages. It provides these results to searchers, along with business listings and maps. Product-specific search engines, such as Google Product Search use techniques such as targeted web crawling to direct feeds to collect information about products for sale in a specific geographic area. Forward thinking online companies have taken advantage of Localism by embedding city names into their webpage keyword and metatag strategy by combining a city name + product category, e.g. Tampa real estate.

Emerging Strategy Focuses on Localism incorporated into URL

The emerging strategy is to extend localization by seeding the location tag directly into the site URL, e.g. santamariarealestate.net. This localization strategy is producing outstanding natural search engine rankings for companies targeting the real estate consumer. Localism represents a significant departure from brand name URL strategies.



As this image illustrates, a search for “Santa Maria real estate” yields a first page top search result displaying santamariarealestate.net – a valued position for a local Santa Maria real estate broker, Prudential.

Although this local URL strategy seems pretty straight forward, other factors need to be considered as well. It is critical that the site also contain deep information about the keyword that satisfies the consumer's keyword inquiry, in this case, Santa Maria real estate. Our research found that there are many city name + real estate URLs which do not show at the top of search results because there is little information about local real estate on the pages of the web pages they represent. The city name modifier, while extremely important, is not enough by itself. For top search engine ranking product content is also a requirement. Santamariarealestate.com did not appear anywhere on the first five pages of google results because it is a link site rather than a consumer real estate website. Content relevant to the local search results is paramount to high ranking search results and requires that the local URL strategy is combined with strong relevant content to develop strong returns.

SantaMariaRealEstate.com is failing because search engines track the consumer click-through activity and demote sites that consumers click away from immediately, learning that the search result failed to meet the consumer keyword information request.

How Consumers Use Search Engines in Real Estate

Understanding Consumer Search Behavior is a cornerstone to online success

Every year the National Association of REALTORS® publishes information about consumer usage of the Internet in finding a home. The frequency of consumers going online to search for real estate continues to grow and is above 87% by most accounts.

According to Google Adword research, almost one in two searches for the keyword real estate include a geographic modifier like a city name. This was confirmed when we met Craig Harrison, owner of RealEstateNet who owns over 2,600 geo-targeted domains with Local Geographic Modifiers and the search term "Real Estate." In looking at the portfolio that includes all 50 states and top U.S. cites, "Real Estate" is searched over 1.2 Billion times a year on Google and within those searches, 545 Million contain a "Local Geographic Modifier + "Real Estate"".

More importantly, when a consumer searches for information online, they routinely select the site that comes up on the first page more than 75% of the time (Opinion Research). Understanding this has led the real estate industry to combine two strategies for getting a site listed on the first page of search results – natural and paid. Paid search results are displayed at the top of the results or along the right hand margin of the page (pay-per-click). Natural search results are displayed below the top two paid results on many search engines and is achieved using search engine optimization around real estate keywords.

Paid search engine results are largely referred to as pay-per-click (PPC). Online strategies that focus around pay-per-click are beginning to weaken in America.

A study performed by iCrossing asks the question: Do Internet users themselves know the difference between paid and natural search results? And if they do know, do they care about which type of listing they're clicking? Results of the 2007 study indicate that less than half of Internet users (44%) say they know the difference between a sponsored (paid) search engine result listing and a natural (non-sponsored) result listing. 56% do not know the difference between the results. The iCrossing report also points to an important emerging trend about consumers getting smarter. Namely, younger search engine users are more likely to report knowing the difference and less likely to select a paid search result. It is this fundamental shift in the preferences of young searchers that calls for changes in online search engine strategies of real estate site owners and challenges site owners to balance their emphasis toward natural search optimization versus paid search.

Today's adults' predominately use search engines with a specific product or service in mind, followed by a desire to know where they can access the product (getting maps and directions). Interestingly enough, the text search query is often the city modifier *in front of* the product or service, e.g. San Francisco Real Estate vs. Real Estate San Francisco. As noted already, more than 50% of all searches containing the word "real estate" also include the city name according to Google Adwords performance analytics.

According to Monte Cahn of Moniker.com, one of the world's largest owners of domain names *"There is some great research on usage of domains from Websidestory.com as well as others that show that direct navigation domains (domains that one types into the browser) have twice the conversion in click through than search engine driven traffic to the same pages or links. This is because the consumer types into the address bar where they want to go (which more than 70 percent of internet users do according to WebsideStory.com), they are more likely to click on a link or an ad than if they are driven there through a search engine. This is a very predictable usage behavior that domain owners need to address."*

According to Scott Friesen, COO of online advertising company, Red McCombs Media (www.redmccombsmedia.com), *"We have had strong success by promoting our clients using locally targeted domains and local terms in the site content. These have driven results using this strategy coupled with pay-per-click search advertising and natural search engine optimization. Using these localism strategies, we have been able to beat out the 500 pound gorilla national brand in our clients' local markets and have had success in real estate and other vertical industries."*

Search Engines Struggle with Localism

Search Engines aspire to dynamically match local consumers with local providers of products and services in an automated way. Unfortunately, servers can only detect where the consumer is located down to the level of the ISP, and they have no idea what local audience a website is targeting beyond the addresses and keywords found on the pages.

Unfortunately there is no connection between the Internet Protocol (IP) address of a website, the location of the business address of the website, and search results. The hosting facility of your website could exist in any country without regard to where your business is located. It is for this reason that the technical IP address of your domain cannot be used by search engines to relate to your local service offering to local search engine results. It is virtually impossible to “geotarget” a businesses location by monitoring its IP hosting address.”

To work around this problem search engines scan all of the text information on a website to better learn about the location of where it offers services. In many cases, this is the address that is contained in the header, footer, or “Contact Us” page. Because the property listings are mostly generated by property search queries, it is unusual for those addresses to be indexed pages.

However, search engines are likely to have a general idea of the general location of the consumer performing the search by looking at the Internet Service Provider (ISP) that connects the consumer to the web. The challenge for search engines is to tie that consumer location information to websites that satisfy local information needs. Observing the consumer’s demand for localism in search results has long been the strategy to attract users to register to search engines. MyYahoo! and other custom web browsers were designed for this, but adoption has been slow.

All three major search engines (Google, Yahoo! and MSN) have implemented local search results, placing the top 10 results at the top of the page. This pushes natural search pages down further on the results and your business could be going down with them. That is why localization is absolutely critical to making sure your customers can find your business when they search for you online.

Large domain names in real estate are also at great risk whenever search engine algorithms are changed, often requiring significant and costly modifications to site design to keep up with search engines.

Keyword Tuning for Localism

Local Search Engine Optimization (SEO) can demand creativity. If you run a local real estate company, you should optimize your pages with local cityname+realestate keywords. The idea is to drive consumers to your site that are looking specifically for local results, placing the consumer closer to you in the buying cycle.

How does one truly go about the local search engine optimization process? Just like standard SEO, creating relevant and compelling content is crucial. Well-written copy for your customer and proper local keyword research can go a long way and really give you a competitive advantage.

One important aspect in keyword research is that there are many local colloquialisms across the country. People in different areas of California might be searching for the same thing, but would enter two totally different search queries to find it. Think “Bay Area” or “Orange County.” Localized keyword research like this is just one example of “what’s good for the user is good for the search engine”. Use tools like Google Insights to understand the number of consumers who type the keyword into a search engine.

Using this strategy enabled Red McCombs Media to gain top placement for their client, a regional storage container provider. *“We used a combination of relevant text written for users with containing key industry terms and geographic / city names to get our client the number one ranking for local searches on their targeted keywords beating out several national firms who are crowding the market.”*

Over the years, there have been many “savvy” tricks to achieve high local search results. City-stuffing the Meta Keywords tags worked well for a while. This practice artificially manipulated the search engine results. It didn’t take long for search engines to highly dilute the Meta Keywords tags’ relevancy.

The single most effective strategy for localism is placing a geotargeted keyword in the domain name in one of three ways:

- Root Domain: DenverRealEstateListings.com
- Sub Domain: DenverRealEstateListings.website.com
- Landing Page: website.com/DenverRealEstate

Although many factors play into which geo-targeted domain keyword will be most effective, today it seems that Google, Yahoo! and MSN promote Root Domains over sub domains and landing pages today.

Hub and Spoke and Rim Strategy for Localism

Think of a wheel whereby your primary website is the hub, and you cross link to some number of other websites under your control. For example, if you owned NewYorkCityRealEstate.com, you might also launch spoke sites like BrooklynRealEstate.com, TribecaRealEstate.com, UpperEastSideRealEstate.com, and ManhattanRealEstate.com, etc. All of these would be linked to each other in a reasonable fashion like a rim.

Companies like CarsDirect.com pioneered this strategy with the purchase of autos.com. Two marketing teams within the company compete for traffic and share their tricks at the end of each month. As a result, both domain names of the company are in the top 10 for their industry and maximizing consumer conversions.

Specialization, by way of location, allows for greater targeting, and this targeting can increase value. Leads and advertising become more valuable, because the target audience can be reached more efficiently.

During the early days of the web, it was easy to make money by being a generalist website. However, as the web got deeper and richer, it became difficult to maintain a generalist position. Even companies deploying vast resources for Search Engine Optimization and content creation are having a difficult time staying relevant at the community level.

The hub, spoke and rim approach is more effective than one large website. The hub is the generalist authority, whilst the spokes allow for niche specialization and the rim strings all of the sites together.

Once you establish the hub site, e.g. statename+realestate.com, you begin to build out local city and neighborhood sites like cityname+realestate.com and neighborhoodname+realestate.com. The community sites can be created very quickly with a property search solution and some rich local content. Cross-linking around the rim will create a trail that search engines and consumers will follow as they look around different towns.

Spoke segmentation can be done in a number of ways. You could aggressively target a specific search engines' algorithm and/or audience with one spoke, while targeting another search engine on another spoke. One site might be aimed at For Sale By Owner's, while another site is aimed at a person looking to find a real estate agent. All sites cover the same topics, but require different approaches in terms of language, structure, offer, tags and tonality.

In our research, we discovered that there are companies who have amassed portfolios of related domain names and there are even conferences (e.g GeoCities) that cater to owners to portfolios of localized domains. As it relates to real estate, we found three firms of note: DomainNamesForRealEstate.com, Rob Grant Domains, and RealEstateNET, who we previously mentioned, all who own portfolios of geo-targeted domains.

DomainNamesForRealEstate.com specializes in allowing real estate agents to lease local domains to drive local search traffic. For example, they own www.PropertyInDenver.com that can be leased by an agent for a monthly fee to host their personal web site capitalizing on the search returns for “property” and “Denver:”

RealEstateNET has amassed over 2,600 real estate related domains covering all fifty states and 99% of cities in the United States with the local search term plus the RealEstateListings.com. From our research, this is the largest contiguous portfolio of real estate listing domains in the United States and possibly the world. In talking with the firm, they are taking the portfolio to auction on June 11, 2009 with J.P. King and Company (More Information at: www.JPKing.com/DomainAuction).

According to Craig Harrison, of RealEstateNET LLC, when asked why he assembled the portfolio he said “It has always been my belief that geo-location had more importance than the brand when looking for a home in the city where one lives. It is natural for buyers to look for the “city” and the product, in this case “real estate” – and my vision has always been to consolidate all buying interest in one place.”

Likewise, you may use spoke sites for brand reasons. When Google bought YouTube they wisely kept the YouTube name. There is a general perception that YouTube does video, and Google is a search company, and never the two shall meet.

Be careful to keep your spoke sites appropriate. Search Engines could easily demote a hub site on real estate that links out to non-real estate sites - especially if the relationship between the two sites is questionable. Linking out to your spoke sites that cover related niches establishes a link pattern that is much more acceptable. The best strategy is to create a rim of cross-linking between all of the sites that you own that focus on real estate.

Consumers understand that real estate is local and believe information contained on local websites more than national websites. This leads to greater conversion rates on your spoke sites, repeat visitors and increased lead generation. For advertising websites, advantages include economies of scale. As your network of sites grows, you have more ad inventory to sell people. The inventory can be segmented, as opposed to the advertiser having to accept a one-size-fits-all approach of a generalist site. Similarly, you may be able to demand higher advertising revenue, because you can precisely target offers to a tighter audience.

The extraordinary search engine benefit of the hub and spoke strategy is that the highest page rank of any site on the wheel gets shared along with the traffic to all of the other sites through the linking rim. Search engine optimization efforts and traffic generated by any spoke on the hub helps elevate the rankings of the entire wheel. To be clear, linking out is the method of sharing page ranking.

Content Strategies for Localism

Content plays a significant role in the success of a web strategy deploying localism. Be mindful that consumers and the search engines review the content on the site. The audience is seeking a trusted local authority of information and services. The search engine is reading the keywords that enable them to algorithmically connect consumers with the best sites. If you do not satisfy both, localism will fail. If the consumer is clicking away from the site immediately, the site has failed and will drop in traffic and search engine ranking very quickly.

For real estate consumers, the cornerstones of great content are the real estate listings themselves. WAV Group Inc. authored the [WAV Group MLS Consumer Website Study](#) that measured consumer opinions on the most prominent Houston, Texas property search website. The study yielded that the key component of choosing the website for property search was the completeness, accuracy and timeliness of the listing information. Having a site that offers listings from the local Multiple Listing Service (MLS) data feed would satisfy this consumer demand. Augmenting that data feed with other listings sources like For Sale By Owner listings would further the goal of offering a complete set of listings that consumers are seeking.

Exposing the listings to search engines is also a key strategy of content creation. Many property search solutions dynamically create pages to answer consumer database queries. This effectively hides the listings from search engines and prohibits them from indexing the information. Trulia and Zillow are leaders at making the listings available for search engines to index. You can test how all of their listings can be found by performing a Google search on a property address – demonstrating that the listing content has been indexed. Furthermore these listing sites show up profoundly high on listing results when addresses are searched.

Exposing the listings to search engine spiders for indexing promotes localism to search engines in two important ways – more pages of content, and greater key word density of content indexed. Today this causes the search engines to place these indexed sites ahead of other websites that offer query driven access to the same listing information.

More content strategies for Localism

The WAV Group Inc. "[Broker Website Effectiveness Study](#)" found that the second most important content category to consumers on real estate websites is agent search. Offering information about local real estate agents promotes the authenticity of the site and connects consumers with people that can help them.

Trulia, a leading real estate search engine portal has had a lot of success in generating valuable content with Trulia Voices – consumers can ask a question about real estate and read blogs written by local experts.

Zillow has recently had a strong level of success with their Mortgage page that engages a conversation between consumers and lenders. Consumers can create loan requests, get rate quotes in seconds, and contact a number of lenders. As of the date of this publication, Zillow had 273,000 mortgage requests, 2,565,000 mortgage quotes and 4,500 participating lenders.

Beyond listings, agents and mortgage, content gets little attention from consumers visiting a local website (less than 5%). However, search engines rely heavily upon this content for localism. The more content that can be indexed about a local area, the better – think schools, insurance, title, rentals, property management, libraries, government agencies, shopping, entertainment, utility companies, and events. This information can either be displayed as linked micro sites using geo-targeted keywords like [austinschools.com](#) or pages within the listing website like [austinrealestate.com/austinschools](#).

Advertising Strategies for Localism

JP Morgan's Imran Khan is indicating that online advertising is about to accelerate. Online advertising is less expensive than traditional media and increasingly effective due to combination of behavioral targeting and geographic targeting. Here the behavior is the consumers' propensity to add a geographic modifier to the content they are seeking. Top online advertising channels like Google and Yahoo and others are expected to grow more than four times faster than the overall stock market. The sheer volume growth of searches makes localism an important strategy.

By using localism strategies for an apartment management company, Red McCombs Media was able to cut in half the cost per lead provided by other national apartment lead generation services. *"Rather than promoting the corporate brand, we used a locally branded apartment domain combining the geography name and "apartments" and are already pacing well ahead of our projections for the success of this campaign."*

Growth in the number of Internet pages overall will serve to dilute advertising revenue opportunities for mega sites. Smaller, more targeted sites are able to charge a higher premium for advertising. Today, 80% of the online inventory currently sells for \$1 Cost Per Thousand Ad Impressions (CPM). In real estate, the bulk of advertising ranges from \$5 CPM to \$29 CPM – representing a significant premium for site publishers.

According to Monte Cahn, CEO of Moniker.com says “localism is the next big push for domain owners and advertisers. When I sold Autos.com for \$2.2M in 1999, many felt it was a huge trend in the online auto space. I always knew that Autos.com was a valuable domain because it received thousands of unique visitors every day. The problem was that it was NOT localized or geo targeted or specific. You did not know what the visitor was looking for...i.e. were they wanting to list cars for sale, buy cars, look up info on automobiles, warranty info, etc. One may think that DallasMercedesForSale.com may be more valuable in some ways than autos.com because it is geotargeted and those that type that in are specifically looking to buy a Mercedes in Dallas. Conversion rates are higher on the local domains than autos.com.”

The continued growth of online advertising will be a key opportunity for national real estate sites like Realtor.com, Cyberhomes, Trulia, Yahoo!, Zillow and others. Although prices vary widely, these sites are able to collect upwards of \$8 CPM depending on the site and competition for local audience. These specialty sites charge more than the average \$1 CPM because they are real estate centric. Real Estate is a twenty five trillion dollar asset class in America with resale turns averaging once every 7 years. It makes for an attractive marketplace for advertisers who are targeting products and services around the buyers and sellers of two billion acres of real estate and 130-160 million properties in America.

Geotargeted domains are the most localized and specialized, like city name + real estate. These sites are likely to appear above their national competitors in search results containing local modifiers like city name, and offer advertisers a highly targeted advertising marketplace. This laser focus drives CPM rates higher than the \$8 CPM seen on the national sites. Geotargeted advertising rates range in the \$10 to \$29 CPM range due to the increased attraction rates and higher conversion rates on the ads. Some specialized sites on the web are charging upwards of \$50 CPM. Sites with successful localism like Nashville.com are reportedly generating more than \$1 Million per year in advertising income.

This advertising revenue represents an enormous opportunity for local real estate companies, mortgage companies, Associations of REALTORS®, Multiple Listing Services, and anyone else who seeks to capitalize on their website traffic.

Mobile Strategies for Localism

Perhaps the greatest example of localism in search is on location aware mobile devices. Location Based Services or LBS was first introduced to an amazed consumer audience with the release of the iPhone. The iPhone uses two methods for determining where the phone is located – triangulation off of multiple cell towers or global positioning (GPS). With Google Mobile Maps running on a location aware device, consumers can find anything around them - restaurants, real estate, friends, events, weather and an endless amount of other information.

The speed at which these smart, location aware phones are being adopted represents the largest growth in today's information economy. Any localism strategy that does not incorporate mobile is inadequate. In real estate, this is less about having your site found and more about making the information on your website available to mobile devices.

Conclusion

The Internet has changed a lot since its inception. When corporations launched websites, it was an extension of their brick and mortar stores. Consumer online behavior is having a tremendous impact on those early strategies. Consumers want the Internet to be shaped around them – their preferences, their location. The web is no longer a driver of offline business. The web has become core to the business and offline activities support the online offering.

Companies in real estate that are keen on winning with superior online strategies will focus on controlling the local landscape for property search with an excellent strategy of Localism.

WAV Group submits that localization related to search within website URLs as the foundation of a successful forward-looking website naming strategy that will generate increased online business to real estate websites.

About WAV Group

WAV Group is among the real estate industry's leading research and consulting firms providing services to MLSs, Brokers, Technology Companies and REALTOR Associations:

- Facilitating comprehensive strategic planning initiatives
- Evaluating and selecting real estate technology solutions
- Designing and executing research programs
- Helping you to develop and launch your next real estate product
- Creating and executing custom marketing plans
- Optimizing sales - sales training, comp plans, presentation development, and distribution strategies
- Building comp plans
- Retooling distribution strategies
- Delivering broker Internet strategies to increase leads and lead conversion

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A Word of Thanks

WAV Group would like to thank the following people for their support and input for the study:

Monte Cahn, CEO, Moniker.com
Scott Freisen, COO, McCombs Media
Craig Harrison, CEO, RealEstateNET, LLC
Kenneth Jenny, Managing Partner, Mediatise, LLC



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