Word of Mouth Referral Architecture Plan

Word of Mouth Referral (WOM) is an Angie's List type clone under development by Keri Seay. Baseline21 has been contracted to develop an architecture recommendation for the database requirements, as well as suggested layout elements.

Primary Considerations

All businesses will be provided a free listing. Revenue model is based on businesses paying for premium listings, advertisements, sponsored sections and email marketing. It will be necessary to create import maps for business listings to simplify the data development process.

Consumer and business users will be able to search for businesses without registration. This provides the simplest user experience, however, it will create the least efficient rating and review methodology. Search must be simple using keyword results as well as advanced directed search driven by keyword funneling.

Nomenclature

Prospects – Businesses not listed on the web site

Paid Members – Businesses who pay for listings, regardless of package

Users – Registered site visitors

Visitors – Web site visitors

Background

WOM is a similar application to Angie's list with a completely different revenue model. Businesses will pay for listings in the database rather than consumers paying for access to the data.

WOM may include a complete listing of all businesses in the area, requiring the ability to easily upload data purchased from a third party with business listings. All businesses will e able to "claim" their listing in order to make basic corrections.

Search results for WOM will be based on a combination of premium placement, consumer feedback and distance from location model. Results will be presented in a listing and map view, with graphical consideration for map pins based on premium listing status and overall rating.

Since consumer feedback is the primary consideration for listing, careful consideration must be given to the feedback module. Initial interaction by visitors will not require registration, so driving compliance requesting email for feedback and follow up will be a critical design and business rules consideration.

Visitor Experience

Visitors will first interact to a landing page with a short description of available services and prominent search interface. All design functions must drive strong calls to action in order to insure the user has an immediate understanding of the value proposition.

In order to quickly address this value proposition, the design must include these critical elements:

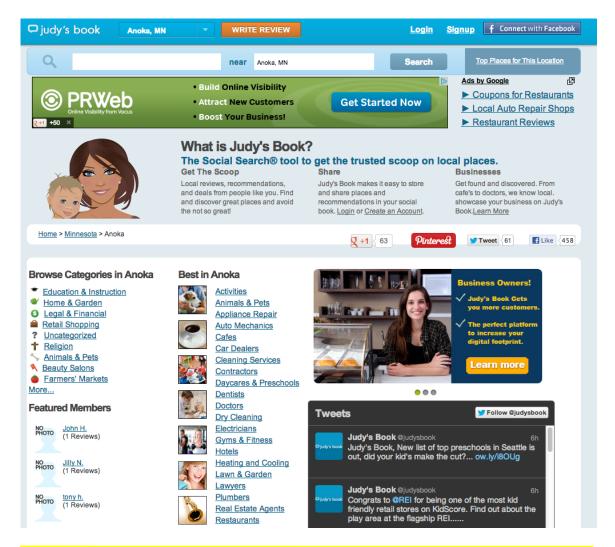
- 1) Feminine Friendly Color scheme
- 2) Comprehensive listings and reviews of Contractors, Service Industries, Restaurant and Retailers
- 3) Prominent display of critical elements
 - a. Free Service
 - b. Crowdsourcing
 - c. Simple
 - d. Specials
- 4) Single login for users and members
- 5) Email newsletter sign up
- 6) Social Media integration

WOM is not exclusively a home improvement referral service, it is likely to derive it's largest percentage of PR, viral and organic attention from that sector. WOM will be able to compete with Angie's List (www. by leveraging the free service vs. paid service for consumers.)

2012 Home Improvement alone was estimated at \$283 Billionⁱ, and while women make up 50% of residential buyers at Hardware retailers, they make 85% of the home remodeling decisions.ⁱⁱ

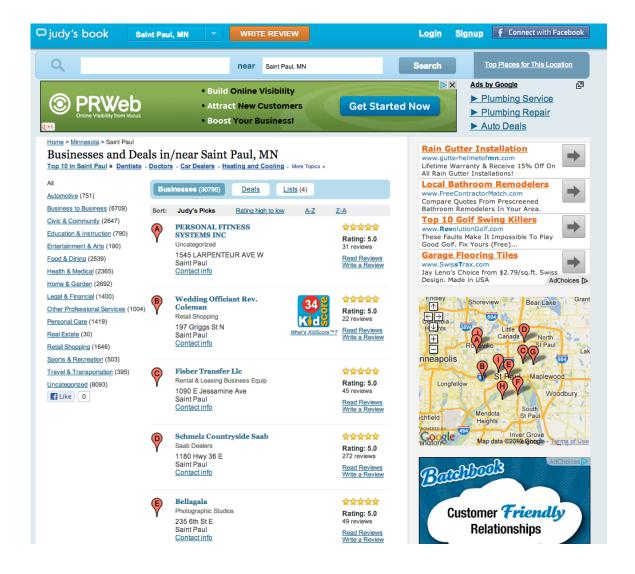
It is critical that WOM have a simple, easy to understand home page design. WOM has a direct competitor in Judy's Book (www.judysbook.com/). This site is struggling at best with nearly 50% comes from India indicating that they are likely using overseas companies in an effort to build traffic and page rank. This is further demonstrated by the lack of competitive adwords for Judy's Book searches vs. Adwords on Angie's List searches.

Judy's Book is far too complex when you land on the site. Determining what the site does is complicated by poor design elements that don't adequately separate function, calls to action and site purpose.



Notice the poor placement of the Search Bar – it's lost in the clutter of the Banner ad and Google Adsense placement. Poor alignment of the social media icons and the lack of proper geo tracking (I defaulted to Anoka, MN which is 20 miles from where I was located when I did the search) confuse the visitor.

Even when I did a proper geo tag search, the site display again confuses the visitor with too many options and no strong call to action:



Adding to consumer muddle is the sort functionality of the default listing, with the options being:

- 1) Judy's Picks
- 2) Ratings
- 3) Alpha

There is no search based on geographic range, and no clear consumer differentiation between "Judy's Picks" and "Ratings." Additionally, Judy's Book has a second site that is built to attract working women looking for Kid Friendly or Kid Approved business listings. KidsScore (www.kidscore.com) has a similar but far less cluttered design but still lacks any significant consumer traction despite 12 months of operations and 6 months of internal promotion.

WOM is using a similar business model to Judy's Picks, where listings are driven my Member's optional payments for premium listings. However, it's critical that the

consumer not be able to casually discern this difference in listing, since consumers are unlikely to inherently trust paid listings.

User Experience

Initially, WOM will only serve up businesses that have registered with the site. Registered businesses will only include business name, address, and simple contact information. This sparse listing will be a problem in the initial user experience, since sales efforts can't possibly reach the essential number of businesses required for user satisfaction. (Users to Angie's List and Judy's Book are given a complete listing of all businesses in their market area. Angie's list has updated listings, which implies some form of feed from third party sources that allows it to get new business listings. Judy's Book uses a partnership with CitySearch in order to compile total listings for a geographic area.

Since WOM has no requirement for registration, it is recommended that finding a way to encourage registration (converting a visitor to a user) might be served through the listing process. By providing a simple registration (name, email, zip code) a user may be able to review a more complete list through a leveraged partnership with Yelp or a similar portal, or through a more complete list provided by the BBB or third party listing service.

Other options to encourage registration (conversion)

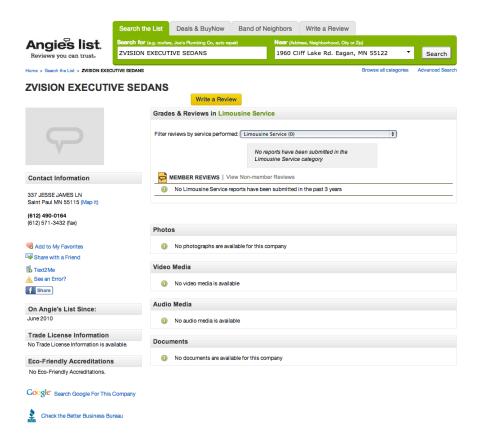
- 1) Only Users may leave comments about businesses, so another compelling way to encourage registration would be to only allow users to read business feedback.
- 2) Expanded search capabilities (category, distance, etc)
- 3) Enhanced Search results (for example a map view or Alpha listing)
- 4) Saved Searches
- 5) Search History

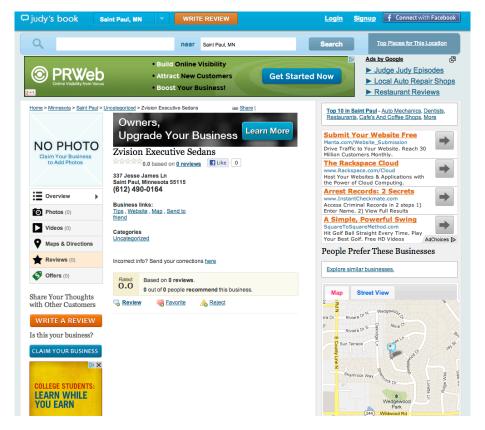
Prospect Experience

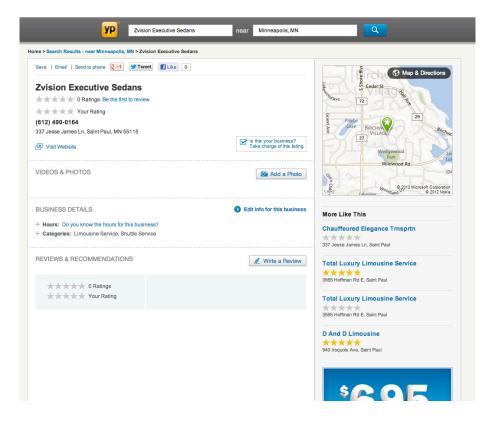
Almost all local search portals (Angies List, Yelp, Yellowpages, etc) provide complete listings of all businesses in an area. Various schemes are used to determine how comprehensive individual listings appear on each of these portals. WOM does not intend to list businesses that are not subscribed to a paid plan.

To encourage prospects to register, it is recommended that a complete list of businesses in an area is initially imported to the data base. Most listing services have found that "claiming" a business listing is far superior method to encourage member listings and improve accuracy.

Notice the difference in presentation for listings between a few sample competitors:







Since WOM will not allow businesses without paid inclusion, including a list with the ability for an owner to improve the information will encourage updated information and improve conversion.

Business Listing

WOM will use enhanced listing as it's primary revenue model. Initially, WOM will offer a *Basic* and *Premium* package, with two payment options for each listing. (While there is no initial provision, it is recommended that a free trial period should be built into the application for possible implementation.)

Basic Listings can be purchased monthly or annually (discounted) and will fall into 2 categories: Commissioned or Non-Commissioned. Tracking commissions will be a critical element of the application, but commissions will be calculated by WOM manually.

Basic listings are likely to include the following:

- Business Name
- Address
- Phone Numbers
- Email
- Website
- Social Media Links

Basic Listings can be purchased monthly or annually (discounted) and will fall into 2 categories: Commissioned or Non-Commissioned.

Premium Listings will include this content:

- Business Name
- Address
- Phone Numbers
- Email
- Website
- Social Media Links
- Specials / Coupons
- Picture Gallery
- Video Feed
- Document Vault

Layout of these pages will require careful thought avoiding clutter. In order to improve the organic search, the entire listing must appear on a single page.

Listing Process

In order to streamline business listing, prospects will be directed to a login page where they can search for their business from the database. In order to "claim" this page, a prospect must complete or verify listing information. Phone numbers, email addresses and other relevant information will be required fields, and follow-up with the business will occur through the sales team of WOM. By individually verifying the listing, WOM can promote to visitors and members that they have the most accurate information about local businesses on the web.

Once a site owner has been verified, the owner will be presented with different registration options, driven by a high-touch sales team. Nonetheless, initial "claims: on a business listing should include a way to upgrade to a *Basic* or *Premium* listing at a discount that provides WOM with better revenue than a net sale generated by the sales team.

In order to insure maximum net revenue per listing, pricing displays for *Basic* and *Premium* listings must appear **after** the prospects answers a source question. If their source was someone on the WOM sales team, they must be presented with retail pricing vs. discounted (non-commissioned) prices.

Members will also have the option to purchase additional advertising opportunities including banner ads, super tiles, text links and newsletter placement. Since WOM will have a high-touch sales team, all listings must have a user ID override that allows sales reps to upgrade listings and place additional orders for members.

Sales Team CRM

Renewals for monthly and annual listings will be automatic. Cancellation will require written documentation, accomplished through an online form. Sales areas will be based on territorial restrictions, and must be defined in the CRM.

Prospect listings must have a way to organize, display and dispense important information that can be handed off to a newly assigned representative to a territory. Initially, WOM should have the following interface capabilities:

- 1) Phone call log
- 2) Email Interface and tracking
- 3) Auto-responder with localization feature (rep name, phone number, etc automatically populated)
- 4) Simple PDF mailer
- 5) Follow-up automation
- 6) Sales Summary (current period)
- 7) Sales Summary (all dates for rep, territory)

Credit Card information will be stored in this database, requiring SSL encryption and PCI compliant hosting. Sales reps must be able to enter and update a Credit Card number, but will not be allowed to view or edit existing numbers. All Credit Card data should include the required alternate data fields (CV2, billing address and Postal Code).

Administrative users (Sales Managers, Super Users) should be able to run reports by rep, territory, report group and site wide. It will be critical to add follow-up and failed follow-up reporting to the administrative users in order to insure best customer service practices for prospects and members.

Feedback Mechanism

The primary (and default) search result for WOM will be based on consumer feedback. Search results will provide results within a 30-mile radius of the target zip code. Businesses with higher ratings will be displayed first, but the member may choose to sort by distance. Since only paid listings appear, all business will have a rating from 5 (highest) to 1 (lowest) or some indicator that this business has yet to be reviewed. It has yet to be determined where businesses without feedback will fall in the listing scheme.

Users are permitted to submit feedback on members. The user will be presented with a series of options for feedback, likely to similar to:

- 1) Value
- 2) Quality of Service
- 3) Reliability

- 4) Professionalism
- 5) Expectation Metric
- 6) Overall Grade

All reviews will include the same grading system, with 1-5 stars as well as a Not Applicable/Can't Say option. Additional questions are likely to include:

- 1) Will you use this member again?
- 2) Did you hire this company or only contact the company?
- 3) Date of service
- 4) Dollars Spent

Consumers will then be allowed to add a headline for their review, as well as a detailed service review. Consumers must verify if the listing is to be public or private.

All listings will be sent to WOM and the Member. Members will be alerted that they have a review and are allowed 1 business day to respond.

Members will be permitted to leave feedback on the reviewer, and can ask for the review to be displayed or delayed. Delayed reviews will result in follow-up by WOM staff to insure accuracy of review and follow-up by member who is disputing the listing. Ultimately, reviews will be posted based on WOM staff criteria and editorial policies.

Ultimately, the feedback mechanism will be the most labor-intensive aspect of the business model. Notification, editing and altering of this section needs additional thought prior to development. The feedback needs to be integrated into the CRM records for future review and analysis, but must be protected from edit or alteration except by specific user groups.

Recommendations for Enhancements

Sites with small user bases need participation in order to help convince visitors that value exists. The largest drawback to WOM will be the small number of business listings, since a 10% penetration of all available businesses in a single demographic area would be an astonishing "win." So for example, Charleston SC has almost 12,000 business listings. A portal that only displays 1,200 will likely have only 1 or 2 businesses in some critical categories, and no listings in many.

Site visitors who are presented with "no results" for a local search are unlikely to organically return for a second visit. In order to lure them back to the site for additional visits, business logic suggests WOM consider some of these enhancements to the original business design.

1) Business Listing Changes

Partner Listing - Finding a partner for local listings almost appears to be a requirement. Inadequate results will be the number one reason a visitor leaves and never returns. Businesses looking to list with the site are likely to be less likely to participate is they feel there is no consumer value to adding their name to a small subset of available businesses in an area.

Highlighted Offers – If initial listings will be restricted to paid subscriptions, highlighting all available special offers from all members might increase the length of the initial of site visit and help encourage returns. It will be important to use design to focus attention on the special offers without dominating the web page with these offers. It is probably better to use a separate highlighted tab that encourages the visitor to look at the available offers rather than include all available offers on the primary display page.

Deeply Discounted Gift Cards – Businesses have come to distrust the results available through Groupon and other "local deals" sites^{iv}. There is also an element of consumer discontent, as some retailers who initially signed with long term contracts are now finding ways to discourage their customers participation in repeated, deepdiscount promotions.

Businesses who list with these sites often collect less than 25¢ on the dollar for these listings. While for some high margin businesses these coupons can provide new a source of new customers and an opportunity to break even on the retail visit, for many retailers these deeply discounted offers result in significant loss leaders that require at least one and often multiple repeat visits in order to break even on the offering.

WOM should offer a deeply discounted gift card directly to consumers that is more business friendly, and still attracts visitor attention. These offers can be sculpted to the individual business needs and carry a small service charge discount to cover the cost of processing the transaction and provide WOM with an additional revenue stream.

For example:

Business Type	Retail Certificate	Consumer Pays	WOM Discount	Business Net
Restaurant	\$50.00	\$25.00	10%	\$22.50
Retailer	\$50.00	\$35.00	10%	\$31.50
Retailer	\$100.00	\$70.00	8%	\$64.40
Retailer	\$250.00	\$175.00	6.5%	\$163.60
Contractor	\$500.00	\$400.00	6.5%	\$374.00

Providing these discounted offers to consumers could be done in a number of ways to insure business satisfaction^v:

- 1) Limit purchases to one time per business per user account
- Limit purchases to one time per specific time period (a quarter, a year, etc) per business per user account
- Allow a set variable based on the businesses preference for example, a business may offer a 50% discounted gift card one time only, but a 15% off gift card with unlimited usages
- 4) Allow for each gift card offered to have its own specific set of usage rules

2) User Changes

Socialization - A core group of site users will be motivated to compete for site awards (called "Gamification"). The use of "Badges" by many social media sites has proven to be a critical component for some web sites. Badges offer 5 psychologically gratifying experiences for users; Goal Setting, Instruction, Reputation, Status and Group Identification.^{yi}

Introducing badges and rewards to the user experience might help attract those social users who are motivated through the recognition side of social media integration. Using WOM swag as a reward for achieving participation levels will help encourage additional participation and increase guerrilla-marketing outreach.

Viral Recommendation - Adding "Suggest a Business" to all search results could also encourage the user to remain engaged (as well as improve marketing outreach) by rewarding site users for recommending business listings. Perhaps small monetary rewards could be established for all conversions from these consumer recommendations using a pre-paid Visa/MC or AMEX.

Social Media Integration – Visitors must be able to convert to users as easily as possible. WOM should offer conversion using all social media channels, as well as Google, Yahoo and Windows Live.

Additionally, connecting the user experience from WOM to these channels will help the viral growth.



With the use of the SMI, users will be able to easily recommend their friends to WOM. Using Gamification techniques, this could be a powerful tool to start the critical ground war to virally increase WOM site recognition. It will also help WOM target search results and can be expanded in the future to find suggestive results based on user postings.

Conclusion

WOM is intended to use high touch sales efforts to start its listings and gain traction. Without deeper investigation, it is impossible to determine the total market penetration likely to be achieved from these efforts. Nonetheless, we believe it is critical to offer the visitor a richer experience than initially proposed. Without a complete listing of available businesses, visitor reaction is likely to be more dependent on the user finding their listing by accident than by design. From professionals to coffee shops, the consumer is likely to demand WOM offer them all available competitors in their search area regardless of their listing display, and this recommendation should be considered prior to final site design.

After complete investigation, building this application can be accomplished in the stages recommended below. Full estimates for the stages are available on request, and have been calculated after reviewing available technologies and development platforms. Both Open Source and Custom Development platforms will be necessary to complete this development project. A robust hosting environment is critical to implementation, as search results will require filtering through *millions* of records for each search^{vii}. While it might be possible to use a shared environment to reduce costs on the initial development, it might make more sense to absorb the set-up and monthly deployment cost of a cloud based environment on RackSpace of Amazon S1 rather than developing a "lite" version and then a full version when the market expands from one market area to many.

Build Out

Stage 1 – Investigation (2-3 weeks)

- Exploration of final business rules and listing decisions
- Choose platforms for development and hosting environment
- Establish Time Frames for Alpha and Beta Release
- Establish list of development candidates

Stage 2 – Initial Decision Tree (1-2 weeks)

- Choose Developer
- Organize Development Cycle
 - Establish PM tools
 - o Create Business CRM set-up
 - Develop Business Rules
 - o Determine Alpha Development Includes
 - Determine Beta Development Includes
- Approve WireFrame layout

Stage 3 – Development Set-up (2-3 weeks)

- Create and approve Initial Design
- Create Sample Home, Search and Listing pages for Demonstration and sales purposes
- Establish Initial "Coming Soon" site with explanation and blog
- Launch Business CRM for WOM Sales efforts
- Secure Social Media URL's and establish placeholders

Stage 4 – Alpha Development (14-20 weeks)

- Development GANT
- Establish listing partnership
- Finish initial consumer branding and marketing plan
- Alpha launch and testing
- Alpha review
- Alpha Approval

Stage 5 – Beta Development (6-8 weeks estimate)

- Premium Listings Live
- Online Business Listing Claims
- Alpha Team reviews and investigations
- Beta launch and testing
- Beta review
- Beta Approval

Stage 6 – Live Launch (30 days)

- Soft Launch
- Daily Site Analysis and Review (Week 1)
- Weekly Site Analysis and Review (Week 2-4)
- Complete Service/Maintenance Agreement
- Hand Off
- Phase 2 planning, time frame established

Disclaimer

Most projects tend to have "project creep" as well as certain functionality that the client is unable to properly articulate until the discovery phase begins. While most projects are delivered within estimates, clients are advised that most projects will require additional development after the initial launch based on user feedback and other factors. It is recommended that when evaluating all project bids WOM should

budget for the final bid plus an additional 50% in the first year of operation, as our experience has taught us that this is a common amount for most successful projects. We have no basis to determine if there is an economic viability to this application. Conversion of inbound traffic remains at the skills of Client and its customer service, sales and follow-up efforts.

ⁱ Home Improvement Research Institute (<u>www.hiri.org/?page=Media</u>)

ii Investor's Business Daily 5/2/04 (www.do-it-herself.com/library/facts.php)

iii Alexa Rankings, 2013

iv Groupon Review: Worst Marketing For Your Local Business- Case Study 8/25/2010 (www.retaildoc.com/blog/perfect-storm-businesses-groupon)

 $^{^{\}rm v}$ Check with local rules regarding gift cards, but in many states gift cards are no longer entitled to an expiration period

vi Badges in Social Media: A Social Psychological Perspective. 5/7/2011, (gamification-research.org/wp-content/uploads/2011/04/03-Antin-Churchill.pdf)

vii Observe the page load time for Judy's Book vs. Angie's List and you can experience the difference