Yelp Individual Assignment

Please read the Yelp case in the reading packet, then answer the following questions:

1. **What did Yelp do** to elicit content from so many people? **How well** did Yelp monetize the content it solicited?

Yelp tried its very best from the beginning to change its **layout** from time to time to improve their service. In the beginning, users could **specify the email addresses** of friends whose recommendations they wanted to request. But they changed this when it turned out to be **unsuccessful**. Later the site was overhauled to emphasize **review writing**. **Friends** of the founders familiar with local establishments were asked to write reviews and the **site design** was also changed. The **logo** was changed and the site was made more **female friendly** because a lot of women were initially attracted to the site. The site was also upgraded to **feature contributor profiles**. A **fully featured message board** was rolled out. In time people were saying that they were **addicted**. The main objective was to build a **community** and this resulted in a lot of people joining and contributing.

Also Yelp was so successful because **anyone** could post a review. There was no established **format** and the **reviews were not edited**. Also businesses **could not badger reviewers**. Also, business owners were **forbidden from reviewing their own establishments**. Also Yelp asked **some of its employees to comment** on user reviews, especially those users who had just joined.

Yelp also introduced its **Elite Squad program** in 2005. In the beginning it was used to draw in members who had not contributed much, but seemed to know the newest bars and restaurants and were very likely to share this information with their friends as well as with strangers. New Elites were chosen each year by a governing body. The company hosted frequent parties for Elite Squad members.

Also Yelp followed a **geographic rollout** format. They found parallel models and tried to make sure that the city was sufficiently wired. Yelp also raised 5 million dollars from Bessmer in 2005 and 10 million from Benchmark in 2006. Slowly Yelp established itself in Australia, Canada, UK, Austria and others. Initially when entering new cities Yelp paid 1 dollar per review but this strategy did not work well because it trivialized the contributions of the users. Also to jumpstart a local presence, the company **hired local Community Managers**.

Yelp started with the **pay-per call** model. Later it went to a **pay per view** model. Finally Yelp settled on offering businesses the option of **placing sponsored search results or banner ads** on competitors’ pages. In early 2008, Yelp also rolled out a **sponsorship program**. For a monthly fee, a business could update the information on its Yelp page, post photos and updates, and highlight a single review.

By 2012, Yelp had an average of 17,500 active local business accounts. There was a controversy with Yelp too about **shifting negative reviews**. The negative publicity elicited a mixed response from readers and contributors. Yelp reported **$83 million in revenue** in 2011, up from $47.7 million in 2010. Over 70% of revenue came from ads sold to local businesses. However, the company continued to **spend big on sales and marketing**, which prevented Yelp from making a profit. In 2011, it **incurred losses** of $16.2 million, up from $9.6 million in 2010.

Three explanations were advanced for Yelp’s low revenue. Some observers attributed it to the decision to **focus on restaurant** reviews because it is not possible to monetize restaurants. Others faulted the revenue model of **charging establishments** for advertising because even if a restaurant gets a bad review or a good review there is no incentive to advertise on Yelp. The last problem is Yelp’s **focus on local advertising**, which required huge sales-force investments to be profitable. Yelp has not monetize the content it solicited as well as it could have.

1. Based on browsing the Yelp website, discuss ***three* specific ways** (product strategy, review process, monetization strategy, etc) in which the company is different today as compared to the time of the case? In each case, provide your assessment as to whether and how the change helps or hurts Yelp.

Product strategy :-

The product strategy has changed now with an **Instagram and twitter inspired** feel to the page. Options are also there now for **mobile apps**. Also there is less of a **sensory overload**. The focus has shifted now from **events to collections and a recent activity** sections which is more **popular among younger** people these days. This makes Yelp look more **contemporaneous and modern** and is helpful for Yelp.

The time of the case :-

On visiting Yelp, a reader encounters a city-based homepage with a prominent search bar. Below the search bar, the reader saw three recently posted “Reviews Near You,” followed by upcoming events and event updates. Below the events, Yelp displayed 5 “hot new businesses” and Yelp Talk, which served as the site’s message board. Below Talk was a Best of Yelp feature, listing the top 5 restaurants, shops, nightlife spots and beauty spots in a city; a list of 22 service categories; and a review of the day, voted on by Yelpers. This layout made Yelp content readily accessible, but some readers complained of sensory overload.

Now :-

On visiting Yelp, a reader encounters a city-based homepage with a prominent search bar. Below the search bar, Yelp displays a “Find the best businesses in town” section with different categories. Below that we can see an option for changing the location. Below that we can see the Hot and New Businesses section with a few examples. Below this we can see a section which displays recent collections that have been made my users of Yelp. Below this we have a recent activity section with a few reviews displayed.

Review Process :-

The time of the case :-

Earlier in the review process, Yelp used to pay **1 dollar per review**. **Anyone** could post a review to the site. There was no established **format**, and the company **did not edit reviews** for spelling, grammar, or accuracy. Yelp **also protected reviewers** from the businesses they reviewed: businesses were forbidden to badger reviewers via Yelp’s mail system. Finally, to keep the community healthy and prevent conflicts of interest, Yelp **forbade business owners from reviewing their own establishments**, soliciting reviews from employees and friends, or offering incentives for positive reviews. Similar rules applied to reviews of competing establishments.

Now :-

The review process **does not include** the 1 dollar per review part. This certainly **helps Yelp** because it was an unsuccessful and not a captivating feature. Also now there is a report a review feature which was perhaps not there earlier. People can report a review for 3 reasons:-

1. [**The reviewer has an apparent conflict of interest​**](https://www.yelp-support.com/article/When-should-I-report-a-review?l=en_US#r1)
2. [**The review doesn't focus on the reviewer's own consumer experience**](https://www.yelp-support.com/article/When-should-I-report-a-review?l=en_US#r2)
3. [**The review includes inappropriate material**](https://www.yelp-support.com/article/When-should-I-report-a-review?l=en_US#r3)

This feature is something that I think **might hurt Yelp** because reviewers will have to be extra careful about what they post now and this may dissuade prospective reviewers.

Monetization Strategy :-

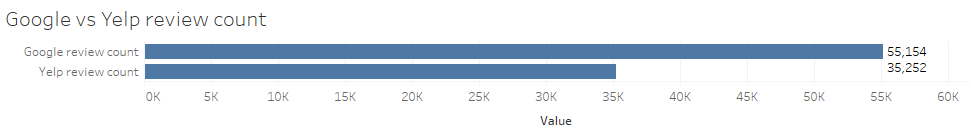
The time of the case :-

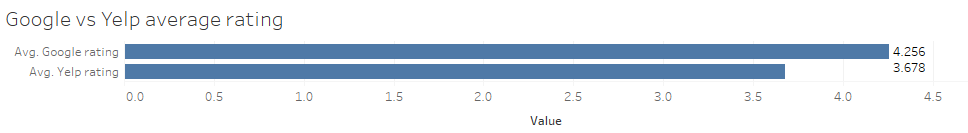
Yelp started with the **pay-per call** model. Later it went to a **pay per view** model.

Now :-

Finally Yelp settled on offering businesses the option of **placing sponsored search results or banner ads** on competitors’ pages. In early 2008, Yelp also rolled out a **sponsorship program**. This change in the monetization strategy certainly helps Yelp. The earlier pay per view model was **tough for some businesses to understand**. The new model follows a strategy which is also used by Google and Facebook where they rely more on sponsors and ads for their revenue, because that is **where the money actually** is. I think therefore that this helps Yelp a lot and is very beneficial to it and gets more money.

1. Google Maps is a competitor for Yelp for local reviews. The attached file has review data for about 200 restaurants from Pittsburgh, from both Yelp and Google. A data dictionary is provided in a separate tab in the spreadsheet. How do the two sites **compare** in terms of the **number of reviews (Volume) and star rating (Valence)**? Is the review rating **different** across the two sites, and is the difference **statistically significant**? For what types of restaurants (location, price rating, cuisine, etc) are the **review ratings most different**? Provide the best possible visualizations (using Tableau, R or Python) that clearly illustrate your results, along with any statistical analysis, as needed. **What factors** might explain the results that you found, and what are the **implications** for restaurants, consumers, and for the platforms themselves?





The review rating **is substantially different** across the 2 sites (4.256-3.678 = 0.578). The difference is **certainly statistically significant** with the eyeball test. If we conduct a **permutation test** with the 2 sets of ratings we can see that there is a very high probability that the difference is statistically significant.

To find out the types of restaurants for which the difference is the highest I created a **calculated field** of google review minus the yelp review and examined it with respect to the location, the cost level and the cuisine.

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# Factors :-

# The observed difference is because many more people have Google accounts by default, and they can leave Google reviews without a lot of effort. Those reviews are usually tied to their real names, as well. Google's reviews also show up right in the search results, especially for local businesses with physical locations. Also, Yelp does not like it when a business asks for reviews, but Google encourages it.

# Google's reviews are also less social than Yelp's. A Yelper needs a dedicated account (though you can sign up with Facebook), and they're encouraged to make friends, leave more reviews, etc. Whereas with a Google review, it's likely just someone leaving feedback, sometimes at the business owner's request. Google reviews tend to be much more bare bones, simple, and basic.

# Also on Google it is much easier to leave a review. When you make it hard for consumers to leave a review, they’ll tend to leave reviews only when they’re really fired up. Usually, this happens after a bad experience.

# Implications :-

# This means that to make more people leave reviews on Yelp, the platform will have to make the interface easier to use. The ratings will also increase if this happens. Also restaurants which are nightclubs and steakhouses are the ones which have a much higher google rating than a yelp rating. These are places which have more alcohol and there people are more volatile and become fired up more often and this again happens usually after a bad experience. So perhaps the restaurants could stop serving alcohol and then bad experiences would not happen anymore.