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Company Name: Yelp

Overview about company: Every small or startup company requires an opportunity that benefits it in the long term. They need to utilize any resources that they have in their arsenal to get more exposure and attract more customers to their businesses online. Gupta, S. K. (2019, November 28). Yelp as a brand of its own was created to enable people to access more businesses online. Yelp emphasizes itself as a company that connects people with great local businesses. Also, Yelp claims that their users have contributed over 200 million reviews of almost every type of local business, from restaurants, boutiques and salons to dentists, mechanics, plumbers and more. Business revolves around the connections made between the consumers who read and write reviews and the local businesses that they describe. Yelp was founded in San Francisco in July 2004.

Competitors: Yelp has multiple competitors such as Google, Trip Advisors, Yahoo and many more.

SWOT ANALYSIS: SWOT analysis is a strategic planning technique which helps an organization to identify its strengths, weaknesses, opportunities and threats related to business/market. Yelp is one of the leading firms in its industry. Yelp maintains its prominent position in market by carefully analyzing and reviewing the SWOT analysis and strategic planning.

Strengths (Internal Strategic Factors):

As one of the leading companies in its industry, Yelp Inc. has numerous strengths that enable it to thrive in the market place.

- **Successful track record of integrating complimentary firms through mergers & acquisition.** It has successfully integrated number of technology companies in the past few years to streamline its operations and to build a reliable supply chain.
- **Strong distribution network** – Over the years Yelp has built a reliable distribution network that can reach majority of its potential market.
- **Good Returns on Capital Expenditure** – Yelp has been relatively successful at execution of new projects and generated good returns on capital expenditure by building new revenue streams.
- **High level of customer satisfaction** – the company with its dedicated customer relationship management department has able to achieve a high level of customer satisfaction among present customers and good brand equity among the potential customers.
- **Good Returns on Capital Expenditure** – Yelp has been relatively successful at execution of new projects and generated good returns on capital expenditure by building new revenue streams.
- **Successful track record of developing new products** – product innovation.

Weakness (Internal Strategic Factors):

- Organization structure of Yelp is only compatible with present business model thus limiting expansion in adjacent product segments.

- Yelp's revenue is highly dependent from advertisements, which makes the financial sustainability very vulnerable in periods of economic downturn such as this moment with the coronavirus pandemic. (Yahoo Finance, 2020)
- There are gaps in the product range sold by the company. This lack of choice can give a new competitor a foothold in the market.
- **Need more investment in new technologies.** Given the scale of expansion and different geographies the company is planning to expand into, Yelp needs to put more money in technology to integrate the processes across the board. Right now, the investment in technologies is not at par with the vision of the company.
- The company has not been able to tackle the challenges present by the new entrants in the segment and has lost small market share in the niche categories.

Opportunities (External Strategic Factors):

- New trends in the consumer behavior can open up new market for the Yelp. It provides a great opportunity for the organization to build new revenue streams and diversify into new product categories too.
- According to Accenture, one of the largest consulting firm in the world, due to the coronavirus pandemic, the consumer behavior and purchasing habits are changing, and these changes will remain post-pandemic. According to the report, people are using more e-commerce than ever and buying more consciously. In this view, there will be a great opportunity for Yelp to enhance the number of home services and deliveries offered on its platform.
- New environmental policies – The new opportunities will create a level playing field for all the players in the industry. It represents a great opportunity for Yelp to drive

home its advantage in new technology and gain market share in the new product category.

- New customers from online channel – Over the past few years the company has invested vast sum of money into the online platform. This investment has opened new sales channel for Yelp. In the next few years, the company can leverage this opportunity by knowing its customer better and serving their needs using big data analytics.

Threats (External Strategic Factors):

- The upcoming economic slowdown is a threat because it prevents the growth of demand necessary to keep Yelp' revenue growing. Yelp needs scale to fund its fixed costs. To be precise, an increasing demand is crucial to keep Yelp growing and meeting its financial goals with investors. According to Yelp, as a result of the economic slowdown, roughly 130,000 businesses listed on its platform remain closed due to the coronavirus pandemic. The number of permanent closures out of closed businesses has increased and reached 60%, which means that the most important raw material for Yelp's reviews and rating will not be recovered after the pandemic. Sundaram, A. (2020, September 16).
- Intense competition – Stable profitability has increased the number of players in the industry over last two years which has put downward pressure on not only profitability but also on overall sales.
- The demand of the highly profitable products is seasonal in nature and any unlikely event during the peak season may impact the profitability of the company in short to medium term.

- Increasing trend toward isolationism in the American economy can lead to similar reaction from other government thus negatively impacting the international sales.

Porter's 5 Forces model

Threat of New Entrants	Bargaining Power of Suppliers	Bargaining Power of Buyers	Threat from Substitute	Rivalry among the existing players
High, as New entrants in Internet Information Providers brings innovation, new ways of doing things and put pressure on Yelp through lower pricing strategy, reducing costs, and providing new value propositions to the customers. Yelp has to manage all these challenges and build effective barriers to safeguard its competitive edge.	High, because businesses/individuals can create postings for self critique on multiple competitor platforms at low/no cost	High, as users (review readers/review providers) can do so on multiple competitor platforms at low/no cost. Buyers are often demanding, They want to buy the best offerings available by paying the minimum price as possible. This will put pressure on Yelp profitability in the long run.	High, because both participant groups (business listing providers as well as review readers/providers can access multiple competitor platforms to avail similar services	Very High. Multiple competitor platforms have come up offering similar services, diluting the company's market share.

PESTLE's Model

Political Factors	Economic Factors	Social Factors	Technological Factors	Legal Factors	Environmental factors
1)Political stability and importance of Internet Information Providers sector in the country's economy. 2)Trade regulations & tariffs related to Technology 3)Wage legislation - minimum wage and overtimes 4)Intellectual property protection	1) Efficiency of financial markets – as in do Yelp needs to raise capital in local market? 2) Economic growth rate in the country 3)Government intervention in the free market and related technology	1)Education level as well as education standard in the Yelp's industry 2)Entrepreneurial spirit and broader nature of the society. Some societies encourage entrepreneurship while some don't. 3) Demographics and skill level of the population	1)Recent technological developments by Yelp Inc. competitors 2) Rate of technological diffusion 3)Technology's impact on product offering	1)Anti-trust law in Internet Information Providers industry and overall in the country. 2)Consumer protection and e-commerce	1)COVID 19 measures 2)Laws regulating environment pollution

Each and every strategic framework has its own importance. Hence the reason I chose to first carefully consider all factors of all models as it clearly defines the external & internal factors. After careful consideration of all aspects in order to design an effective strategy for Yelp it is necessary to understand the new trends in the economy and consumer behavior. Hence, for recommended strategy (that will be explained in next question), I opted to use SWOT analysis, as new strategy is about launching/addition of new vertical to Yelp's business. Launching/adding a new vertical to business always need a careful consideration about company's strengths, weaknesses, opportunity areas and threats to business if any. From above SWOT analysis it seems that Yelp's biggest strength is its product innovation as it provides the platform of all kind of reviews that a reviewer can look for. And weaknesses are that there are lot of competitors coming in the market for such platforms like Google, trip advisor etc. Hence SWOT analysis will be an appropriate strategic framework to assess the recommended strategy and accordingly design path to implementation.

Recommended Strategy: There is a huge and untouched market by Yelp so recommended strategy would be optimizing current application and adding new feature for reviews from renters about home owners and vice versa specifically covering home in all towns and not just the apartments. Currently this area is untouched and has not taken any attention as other websites like Zillow have reviews about property but not about home owners & renters. Generally, students, working professionals or other categories of people live on rent for either shorter or longer period but there is no such platform where people can check the reviews about their experience with renters or home owners. This will be very useful for both renters and home owners as whenever they need to either take on or give on rent (property) one can refer the relevant reviews. This way Yelp will be able to create a new segment of market which will help renters and home owners both to check the reviews about each other. These reviews can be of great interest to the people seeking to rent out an apartment as due to diversity in culture different people have their own way of living and people tend to rent out apartments to like-minded people. Additionally, reviews factor will add an advantage from security perspective as people will fear from making any frauds/false commitments. Also, it will give Yelp added advantage over its competitors such as Google Reviews, Trip Advisor etc.

BLUE OCEAN FRAMEWORK: Such a strategy would align with Yelp's overall mission of "connecting people and enriching lives via reviews", while at the same time tapping in to an uncontested market space at a low cost and differentiation.

ERRC Framework: Below is the ERRC framework for Yelp's proposed blue ocean strategy:

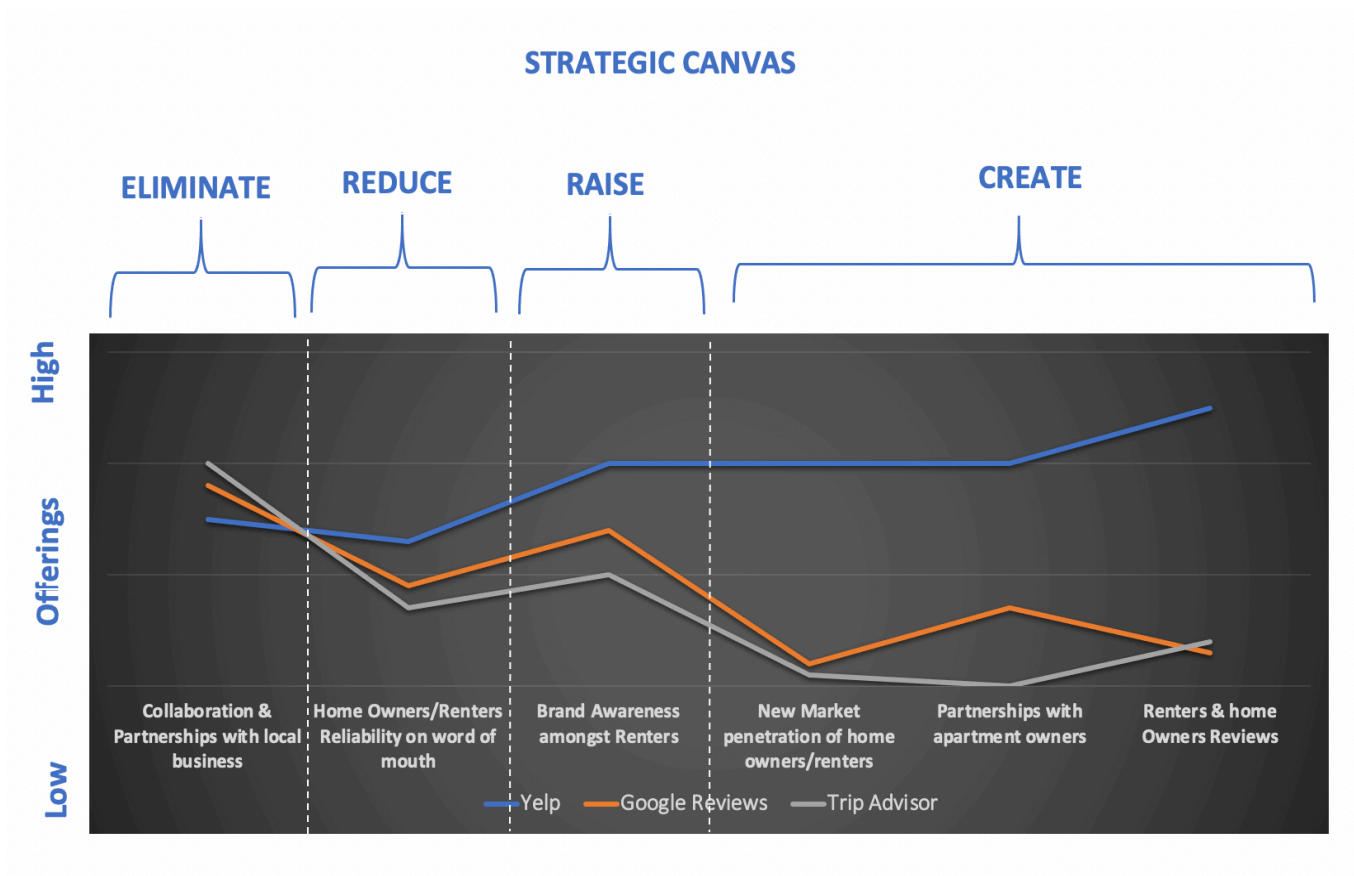
Eliminate: Competing only on reviews of “traditional businesses” like hotels, salons, restaurants etc.

Reduce: Renters/Home owners’ reliability on word of mouth and assumptions made about either renters or home owners. It would help reduce the reliability only on realtors for finding trustworthy renters/home owners.

Raise: Brand awareness & recognition of Yelp amongst local home owners and renters. Interaction opportunities with new home owners and renters from different locations

Create: Partnership with home owners, renters who would register themselves on the Yelp and create profiles entailing details about your home/experiences.

Below is the new proposed strategic canvas for Yelp’s blue ocean strategy:



Analytics Employment

- Understanding strategic environment

Data analytics can be used to understand the impact of COVID 19 on real estate. By partnering up with homeowners, real estate companies/dealers, big apartment builders etc. Yelp can understand today's market position as what people prefer when they look out for renting a property and other information retrieved through different public data sources. Mostly, people be it students/professionals or any other category are working from home so there must have been sudden impact in either demand of bigger homes or downfall in demand of small apartments. Also, Yelp can retrieve data from property posting sites which will help in drawing insights about preferences. Data fetched will help in collaboration with home

owners/big apartment buildings etc. All of the insights drawn can be joined to drive a conclusion about solutions that Yelp can decide on building.

- **Selecting a strategy**

After analyzing impact of COVID 19, Yelp can pitch in to provide a solution by building a platform where homeowners and renters can register themselves and give their feedback about homeowners/renters with regards to preferences/friendliness/on time payments etc. So, let's say if some percentage of people register in starting this will help Yelp build up win people's trust as it gives an additional security measure to homeowner as well as renter as everyone is conscious about their social image. Based on the number of people registered and reviews received yelp can use the data analytics to assess human behavior with text mining and draw a kind of image of that person in Yelp's system which can further help in identifying any fraudulent reviews etc.

- **Evaluating performance of the strategy**

To evaluate the performance of the strategy, Yelp can build a short survey which pops up every time when someone reads specific reviews about particular homeowner or renter with questions like how much likely that person is considered for renting or lending a home to that person based on reviews available. Over the years with the data build up Yelp can measure the information and can evaluate the performance of the strategy. Additionally, if that person ends up either renting or lending that apartment based on reviews of homeowner or renter respectively, this will serve as another measure of success and can also help in building and strengthen relationships between home owners- Yelp-renters. Also, with the data

available, Yelp can generate reports about increase/decrease in number of positive/negative reviews in a particular area which can be used as another performance measure.

Path for implementation

Activity	0-1 Year	2nd Year	3rd Year
Data drill down and exploration	Finding data about home owners/property owners/renters and narrowing down the target areas for starting the concept by building a roadmap detailing about which areas to target first, second and after.	Expanding to second stage of areas based on success of first areas and applying learnings from first set of areas	Expanding to rest of the areas based on success of previous ones and then defining a strategy for expanding it globally.
Collaboration with Home owners/Big Apartment companies and renters	Collaboration with home owners/big apartment companies in order to explain the idea and convince them for this opportunity by explaining the benefits of having this in place.	After collaboration, motivating every homeowner and renter to give genuine reviews about each other on Yelps' platform with regards to their renting experience only which can include details about friendliness/interference/preferences/paying bills on time etc.	Building up relationships with homeowners/renters to consider Yelp as their one stop solution for checking reviews before renting or lending a property to anyone.
Building Platform	Develop infrastructure over Yelp website with required fields where people can register themselves with their genuine information. Building security measures in order to avoid use of any absurd language, maintain data privacy and highlighting any fraudulent activities	Adding additional features based on data registered and demand from either homeowners/renters	Enhancing database to have all property information across the globe and adding feature of anonymous feedback as well based on data history of reviews that user has given so that it can be used for future insights as well

There can be numerous factors that can come into picture while implementing strategies. In above recommended strategy there can be a competitive, environmental factors as explained below:

Competitive Factor: This concept is untouched in the market yet and there is a high possibility that competitors like Google, Trip advisor can mimic the concept and come up with some additional offerings along with this concept as there will be minimal cost involved in implementing this concept. Due to low-cost involvement, there is a high possibility that this market may turn soon into red ocean. One potential contingency plan could be by creating barriers to new entrants by building strong relationships with renters/homeowners in such a way that choose Yelp over any other platform. Also, people tend to refrain sharing information on every platform so being first in the market, Yelp can get an edge over others competitors.

Personal Information Sharing concerns: This strategy would be new in market and will need sharing of one's personal information which will be in terms of reviews. Every person has their own point of view and persona but everyone is really conscious when it comes to get reviewed by somebody and that too publicly. So, in this case, it can become challenging to convince people in order to register and be genuine. This can be resolved by probably having additional security measures enforced on website in order to have genuine data only. Also, free text reviews can be filtered out or reviewed further with dedicated team if not appropriate or obscene. With these additional features Yelp can try to influence people.

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