

Business Owners' Negative Sentiment Toward Yelp Growing

Companies: ANGI, FB, GOOG, YHOO, YELP

June 9, 2014

Research Question:

Is small business anger towards Yelp behind its high advertiser churn rate and undermining its customer base?

Summary of Findings

- A majority of commenters believe [Yelp Inc.](#) (YELP) has to recreate its customer base every year due to churn, and most think a lot of the churn is due to unhappy advertisers that drop Yelp as a marketing tool.
- Businesses, whether current advertisers, previous advertisers, or those that refuse to advertise with Yelp, had common complaints against the company. Primary among these complaints: Yelp manipulates review showings based on how much a business advertises on Yelp, placing negative reviews prominently if a business does not advertise, while giving preferential treatment in review placement to those who do.
- Yelp's "elite user" system gives prominent placement of reviews—good or bad—by frequent posters, giving these users leverage that some use to extort small businesses into giving them free products or services.
- Yelp's customer service for businesses not advertising with the company is poor, at best. If a business has a problem, it often must contact Yelp multiple times and often gets no response.
- [Angie's List Inc.](#) (ANGI), which verifies validity of reviewers, [Facebook Inc.](#) (FB), and [Google AdWords](#) ([Google Inc.](#)/GOOG) were cited most as the biggest threats to Yelp.

Silo Summaries

1) Businesses Currently Advertising on Yelp

Three of eight sources plan to discontinue service with Yelp when their contracts expire, while four sources are satisfied with Yelp's service. One source will decide whether or not to keep Yelp later in the year. Of the five sources commenting on advertising budgets, four expect no change for the remainder of the year and one expects their budget will shrink.

2) Businesses Previously Advertising on Yelp

Four sources said Yelp does have to regularly replenish customers because of attrition. No source plans a decreased budget for the second half of 2014: three said their budget will increase, while three will maintain current budget levels, and two made no comment on budgets. **Complaints centered on poor reviews not being removed even after they were proven invalid, pushy salespeople and special treatment whereby those companies that spend more on Yelp advertising have more sway in having negative reviews removed.** Angie's List was cited by one source as having a better review vetting process than Yelp.

3) Businesses that refuse to advertise on Yelp

These eight businesses refuse to advertise on Yelp and believe the company is unethical. These sources complain that Yelp's posting of positive or negative reviews is proportional to a business' ad spend with Yelp. Four sources plan to increase their advertising budgets for the second half of 2014, while one will decrease its ad budget, instead channeling funds to local charities.

4) Competitors

One source said year-long contracts help cut down on churn while another source said Yelp does not have to replace their advertisers due to churn, but at the same time this source noted that his company most easily gains customers from Yelp. **One source is expecting advertising spending to increase 20% for businesses that spend between \$500 and \$2,000.**

5) Industry Specialists

One source believes Yelp has to replenish due to attrition. This source said Google has the least attrition and that customer service is an issue at Yelp. One believes Yelp is stronger than it was six months ago, as they continue to add mobile app users. One source expects 2H14 budgets to remain stable, while one said social media allows better tracking by businesses of promotional offers' success. Two sources say Yelp will always reward their most active users.

	View of Yelp's Business Practices	SMB 2H14 Advertising Budgets
Businesses Currently Advertising on Yelp	➔	➔
Businesses Previously Advertising on Yelp	⬇	➔
Businesses that Refuse to Advertise on Yelp	⬇	⬆
Competitors	➔	⬆
Industry Specialists	➔	➔

Background

Yelp's Q1 earnings revealed better than expected revenue and lower than expected loss per share. Q1 revenue showed substantial growth from \$46.1 million to \$76.4 million year to year. Importantly, active local business accounts grew to 74,000 (up from 67,000 at the end of 2013) with mobile being an important element in driving customer acquisition and retention. Yelp's average monthly mobile unique visitors grew 52% to about 61 million in the quarter.

Over 2,000 complaints against Yelp have been lodged with the Federal Trade Commission, and ongoing claims of [fraudulent reviews](#), extortion of businesses to remove negative reviews, and frustration that [Yahoo is replacing its reviews with Yelp reviews](#) continue to plague the company. This has created an uncertain environment for merchants, especially small businesses. Yelp said its customer repeat rate is about 70%, resulting in customer churn of 15% to 20% per quarter and a distressing annualized rate of 60% to 80%. At this rate, Yelp must replace two-thirds to three-quarters of its local advertising customers each year.

Blueshift's [June 2013 report](#) said that Yelp would continue to post growth through the remainder of the year because it faces little immediate competition in the growing market of online reviews. Yelp's mobile platform received positive reviews from all but two sources who commented on its app. Yelp's review filtering, however, received complaints from five business owners (including three who struggle to understand Yelp's algorithm), as well as three competitors, six reviewers and two industry specialists, who described the filter as unfair or inaccurate.

Current Research

In this next study, Blueshift Research assessed whether Yelp is losing advertisers at such a rate that they need to completely replenish their advertisers due to churn. We also asked businesses about their 2H14 advertising budget plans. We employed our pattern mining approach to establish and interview sources in six independent silos:

- 1) Businesses Currently Advertising on Yelp (8)
- 2) Businesses Previously Advertising on Yelp (7)
- 3) Businesses that Refuse to Advertise on Yelp (9)
- 4) Competitors (2)
- 5) Industry Specialists (2)
- 6) Secondary sources (6)

We interviewed 28 primary sources, including three repeat sources, and identified 6 of the most relevant secondary sources focused on the validity and fairness of Yelp's review policy.

Next Steps

We will follow up with businesses currently using Yelp to determine whether they remained with Yelp or left when their contracts expired. We will monitor any actions Yelp takes to ensure reviewer validity. Finally, we will monitor opinions of Yelp's selective filtering of reviews and Yelp's response to claims by businesses that users have posted fake reviews.

Silos

1) Businesses Currently Advertising on Yelp

Three of eight sources plan to discontinue service with Yelp when their contracts expire, while four sources are satisfied with Yelp's service. One source will decide whether or not to keep Yelp later in the year. Of the five sources commenting on advertising budgets, four expect no change for the remainder of the year and one expects their budget will shrink. Three sources have no complaints against Yelp, but others complain of having no recourse against false postings, a lack of

customer service at Yelp and not having the ability to target ads to a specific geographic area.

KEY SILO FINDINGS

Attrition

- 3 sources plan to discontinue service with Yelp once their contracts expire.
- 4 sources are satisfied with Yelp's service.
- 1 will determine their future plans with Yelp later in the year.

Advertising Budget

- 4 expect budgets will remain stable in 2H14.
- 1 expects a decrease in budget.
- 3 had no comment.

Review Validity

- Sources complain of:
 - o Having no recourse against false postings.
 - o Yelp's lack of customer service.
 - o Not being able to target ads to a specific geographic area.
- 3 sources had no complaints about Yelp.

1. Owner of a Los Angeles-area restaurant; repeat source

This source plans to drop Yelp in September 2014, primarily because he thinks he is wasting \$300 a month to advertise with the company. It takes a week for someone at Yelp to get back to him and he is unable to boost his Yelp rating. He does not like that Yelp requires him to sign a 12-month contract, totaling \$3,600. He calls Yelp a "monster" that is killing small businesses and hurting people's livelihoods. He also advertises in coupon mailers and monitors traffic on Google Plus. He does not expect his advertising budget to grow for the remainder of the year.

Attrition

- "I have never dropped Yelp. That is what I will be doing in September. I just want to see if there is a difference or not."
- "I would think that Yelp has to recreate its advertising customer base every year because of attrition. I am dropping off because I do not get anything out of it more than just an ad. Every time I call them and try to do something or get my account rep, it takes a week for someone to get back to me. I think I am wasting \$300 monthly. That is why I want to see if there is any difference."
- "Is there anything I totally like about Yelp? No. Honestly, I wish Yelp was gone."
- "I try not to think about Yelp every day."

Advertising Budget

- "I have been advertising with Yelp for over a year."
- "In deciding where to advertise, I look at what is working for me and what has worked in the future. I try different things."
- "When calculating my return on investment, with print ads it is more of a coupon I get back. I have a spreadsheet so I know what comes back. On radio ads, it is people saying they hear about our restaurant on the radio. I heard once, 'I Yelped you.'"
- "I get a click reports from Yelp, but I have no idea if the people come in or not. They can say 3,300 people clicked on my ad, but did 3,300 come through my door? I have no idea."
- "I just do not think there will much of a difference if I advertise with Yelp or not. It is cheesy anyway. I will not be at the top of the listings. Now I am paying to be on the top, but I am also paying to be up on the top to get more verbal abuse from customers, and I am more susceptible to it."
- "My advertising budget is not expected to grow year over year for the second half of 2014."

I am dropping off because I do not get anything out of it more than just an ad. Every time I call them and try to do something or get my account rep, it takes a week for someone to get back to me. I think I am wasting \$300 monthly.

*Owner
Los Angeles-area Restaurant*

- “I do not advertise with any Yelp competitors. I do coupon mailers.”
- “I do monitor the Google Plus stuff. Honestly on Google Plus I do not get any negative crap. It is a totally different user with Google. It is a more sophisticated user, to be honest.”
- “I spent \$3,600 over 12 months to see if it worked, and that is why I am not going to do it again. I do not like that 12-month contract and I probably would have extended after three months but why get locked into \$3,600?”

Review Validity

- “Everything I try to do to get my Yelp rating up, it does not go up because I have so many reviews on there.”
- “It is ridiculous. How do you stop this monster that somebody created? It will be so huge and financially worth something, and Yelp will keep killing little businesses. And there is nothing we can do. That is the main problem. A business owner has no retort.”
- “People will write, ‘I was there last night with my family and it ruined my whole weekend because my brisket got cold.’ Maybe his wife served him with divorce papers 15 minutes before this. You have no idea what is going on in their world.”

2. Owner of a dog walking pet sitter business in New York City

This source has been advertising with Yelp since January and is dissatisfied with a zero return on investment. She spends more than \$150 a month to advertise with Yelp, and is furious with Yelp because one of her clients posted a wonderful review, but Yelp removed the review from the site and has provided her no customer support. She plans to drop Yelp once her yearly contract is up. She also advertises on Care.com Inc. (CRCM), Thumbtack.com and Sittercity.com, which is free, and will be reevaluating her advertising options in the future. She believes Yelp needs to find new advertisers annually due to attrition.

Attrition

- “Oh yeah, I am considering dropping Yelp in the future. I am under contract for a year. The moment my contract is up I am going home.”
- “Yelp has to recreate its advertising customer base every year because of attrition.”

Advertising Budget

- “I have been advertising with Yelp since January. I have gotten zero business from Yelp.”
- “I use Yelp myself, which is one of the reasons I decided to advertise with them, so I had great personal experience with Yelp in finding things I want. And I do get hits from them, but I have absolutely gotten not a single client from Yelp.”
- “I am in a very saturated market in Manhattan and sometimes I get 24 hits in a week, but not one person contacts me. I do not really know why. I have a compassionate Website. I have gotten very little support from Yelp.”
- “My business is very young. I launched in October 2013 so I have tried many different things, and Yelp is one of the places that I use personally. So when they contacted me I signed on. I use it, a lot of New Yorkers use it. They charge me \$150 a month and then per click to my website, so it is costing me quite a bit of money. I am so unsatisfied.”
- “I get an analysis from Yelp weekly so I can go in and look to see how many people clicked on my business from Yelp and who went to my web page, and a lot of them do go to my web page, but I have gotten no return on that.”
- “I do like Yelp in that I personally use it and because of the fact that you can put in a zip code, my business pops up—but I thought Yelp would yield me more business and they have not. I have to put more time into my Yelp site but my site is not bad. I have a great bio on there, great credentials and have gotten zero from them. It is costing me a lot of money per month and they are costing me probably half the money that I am making a month. I am losing money by doing this.”
- “I have done a lot of things—commercials, posting in vet offices. I have a firm promoting my business in a search engine optimization fashion that I pay quite a bit of money to. I keep throwing money on my business, but most of my business is from referrals.”
- “I post on Thumbtack, Sittercity and Care.com. I paid \$240 to Care.com for the year. Sittercity is free. I have not advertised on [Craigslist \[Inc.\]](#). It is very difficult to compete on Craigslist with people who do not have operating costs.”

Oh yeah, I am considering dropping Yelp in the future. I am under contract for a year. The moment my contract is up I am going home.

Owner, Dog Walking/Pet Sitter Business, New York City

- “My advertising budget will not grow this year but it will grow eventually. I have been somewhat successful building my business this year, but that is a tough call. I have to reevaluate once my contracts are up with the companies—and then decide what I will spend my advertising dollars on in the years to come.”

Review Validity

- “Yelp did a webinar with me when I first signed on with them, and that was it.”
- “I had a lovely client ... he sent me a lovely review on Yelp. But Yelp took the review down, and I was furious so I emailed them. They would not even accept the email. I am not happy at all the way that Yelp has treated me.”

3. Owner of a small sailboat charter company in Southern California

He has advertised with Yelp for about two years and is happy with the service except for one primary complaint—Yelp filters half of his positive reviews so they are not readily visible to Yelp visitors, and because of this he may drop Yelp when he reevaluates his advertising needs. He admits a lot of small businesses are unhappy with Yelp, but he said the company has such a large platform where people go to read reviews about businesses, and these people depend on Yelp. He prefers yellowpages.com (rebranded YP.com, YP Holdings LLC), but he only has one review on that site. He does not plan to grow his advertising budget as he is content with his current amount of business.

Attrition

- N/A

Advertising Budget

- “I have been advertising with Yelp since about 2012.”
- “I have never dropped Yelp and come back to Yelp.”
- “I possibly will consider dropping Yelp in the future. Every six months I reevaluate my advertising needs and put the money where it will work best, and right now I have no immediate plans.”
- “In this case I just signed up for Yelp and signed up for yellowpages’ free service.”
- “I am a small business and I calculate my advertising return on investment in my head. Every time I get a phone call I ask them how they found me. Yellowpages and Yelp will send me their monthly reports and I find out where customers are getting my name from.”
- “I will not grow my advertising much more because I am content with how much business I have now. It will just be minimal.”
- “I advertise with yellowpages and I have some Google ads.”

Review Validity

- “A lot of people, small businesses [are unhappy with Yelp]. In my case it is because of their review policy, and I know that [policy] irritates a lot of people. I got about nine unsolicited reviews from people, and Yelp is only publishing four or five of them.”
- “I only have one review on yellowpages, and it has not been filtered and I do not know if they are filtered the same as Yelp reviews.”
- “The pros of Yelp are that it is widely distributed. It is a platform that a lot of people go to. The reviews are the number one reason why people go there, and it is quite large and a lot of people advertise on it. It is trustworthy and people depend on it when they go and make a purchase.”
- “The cons of Yelp are their review policies. In my case, that is my only complaint.”
- “I am not unhappy with Yelp. I like yellowpages better but if Yelp just did something with their review policy I would be very, very happy with them. I am disappointed in that. I know a lot of people count on those reviews and in my case it can hurt me if I do not have a lot of reviews—and yet five of my reviews were filtered out. A customer can still find them but they have to spin their wheels to find them. So Yelp basically decides which reviews go in and which do not. I do not agree with this.”

A lot of people, small businesses [are unhappy with Yelp]. In my case it is because of their review policy, and I know that [policy] irritates a lot of people. I got about nine unsolicited reviews from people, and Yelp is only publishing four or five of them.

Owner, Small Sailboat Charter Company, Southern California

4. Owner, Photographer and Creative Director of a photography business in the San Francisco Bay area

This source has been advertising with Yelp for two or three years, but he plans to drop Yelp this month when his contract is up, largely because he cannot target ad areas outside his own immediate geographic region. His advertising budget is shrinking for the remainder of the year. He said Yelp offers him a quality source of leads and reliable reviews, but that it is expensive to advertise with the service. Yelp is still the best source of business for his company.

Attrition

- “I am dropping Yelp in June when my contract is up.”

Advertising Budget

- “I have been advertising with Yelp since 2011 or 2012. I dropped it for four months at the end of 2012, but then came back.”
- “I advertise based on quality and quantity of leads. Yelp is still the best single source of business for me.”
- “It is hard to calculate advertising return on investment because I do not know if customers found me via an ad or organically. So it is really impossible to know, aside from quitting advertising and seeing what changes, if anything. I guess it is more of a gut feeling than number crunching.”
- “My advertising budget is shrinking for the remainder of the year.”
- “I advertise on [WeddingWire \[Inc.\]](#), but I do not consider that a Yelp competitor really.”

Review Validity

- “Yelp competitors are doing nothing to make sure their reviews are valid. Yelp is the only one that seems to effectively curate their ads.”
- “Pros of Yelp: quality source of leads, reliable reviews. Cons: expensive to advertise, not able to target ad areas outside your own area, so if you rank well with local organic search it is kind of pointless to advertise in the same region—which is why I am not renewing.”

5. Manager, California-based crepe place with locations in two states

This family-owned business has advertised on Yelp for more than five years and is very satisfied with its return on investment. A Yelp representative has come to the small restaurant to plan strategy with them, and they have never experienced high-pressure sales tactics. New customers routinely tell the owners that they heard about them on Yelp, and those customers usually turn into regulars. The reviews on Yelp have been overwhelmingly positive, with the exception of one “off the wall” review, and the few mentions of negatives were framed as constructive criticism and well-received. This source plans to keep advertising with Yelp, as he has had excellent results with its service.

Attrition

- N/A

Advertising Budget

- “We have been advertising with Yelp for a long time, at least five years. It has helped get the word out and helped us grow our customers. The representative from Yelp also comes out and meets with us here in the café to strategize.”
- “My family is very satisfied with the results we’ve gotten from Yelp. It’s a great service, and we plan to keep on advertising there. Our new customers tend to become repeats.”
- “We have actually gotten very nice reviews on Yelp, and our places usually have 4 stars or more. We did have one strange review from a vegetarian who says we put chicken in her vegetable crepe. ... You have to expect an off the wall comment every now and then.”
- “People also like to take pictures of the dessert crepes and post those. It’s great advertising! There was one negative mention, and I had to laugh: We had an old sink which was brass and had rust spots in the bathroom, and I had been bugging my uncle to replace it. And one customer wrote “Great little place—the only drawback is the rusty sink in the bathroom.” And I laughed and told my uncle, ‘See, I told you so!’ After that he replaced it with a nice sink.”

My family is very satisfied with the results we’ve gotten from Yelp. ... We have actually gotten very nice reviews on Yelp, and our places usually have 4 stars or more.

*Manager, Crepe Place
W/ locations in two states*

- “We can tell it is working because people come in all the time saying “I read about you in Yelp,” or “I saw that crepe on Yelp and just had to try it.”

Review Validity

- “There are always some people who try to take advantage of things. But we haven’t had a problem with fake reviews or competitors’ reviews. Everything seems to be working the way it should.”

6. Public Relations Director for a luxury real estate firm in New York City

This source’s firm has been advertising with Yelp for two months and has no plans to drop Yelp in the future. In this short time, however, she said Yelp will not remove a negative review that her firm has proven false with legal documentation. She said her firm advertises based on what is popular with many users in her demographic. This source does not believe Yelp needs to recreate its advertising base due to attrition.

Attrition

- “Yelp does not have to recreate its customer base every year because of attrition.”

Advertising Budget

- “We have been advertising with Yelp for two months.”
- “[Our firm has] never dropped Yelp and then come back to Yelp.”
- “We are not considering dropping Yelp in the future.”
- “We advertise based on what is popular with many users/viewers in our demographic.”
- “We do not advertise with any Yelp competitors currently.”

Review Validity

- “Big con with Yelp—they will not remove a negative review that has been proven false with legal documentation on our end!”

7. Owner of a dance and active wear retail store in Maryland

This source has advertised with Yelp for about a year and is happy with the service. Admittedly, he has had no negative reviews and thus has had no issues with Yelp. His business is specialized and local, and Yelp provides a good avenue for customers to find him online as Yelp pops up high on Google when prospective clients conduct searches. He has tried Google AdWords, but that had no positive return on investment, and he sees little value in yellowpages.com. This source admits that if he had any negative reviews he may feel differently about Yelp, but for now he plans to continue advertising with the company.

Attrition

- N/A

Advertising Budget

- “I have advertised with Yelp a little over a year. The reason I did was because my son worked for another company and when they were asked to look up businesses for marketing purposes, Yelp was one of them. And when people wanted to do a deal, one of the ways they validated the company was by looking at Yelp reviews.”
- “It is pretty good. These advertising efforts, it is not really like it is transparent that you actually know what they are doing. The only thing I see on the back end is that people are coming to us through searches that they do. If they do Google searches, it shows up as a Yelp ad. By being an ad I am supposedly the only one in my area that would come up.”
- “We did one of those deals on Yelp where people would pay \$35 and get a \$50 coupon and those sold through within three or four months. We sold 25 of them.”
- “I am sticking with Yelp for now. I have seen just from my own personal habits of searching how Yelp comes up pretty well in searches. I have advertised with Yelp in place of the dollars I put toward phone book advertising. It is not inexpensive—\$425 a month, and that promises you a certain number of clicks.”
- “I decide where to advertise just from doing pretty basic research. I experiment.”

- “When you are doing coupons that people have to bring in, it is measurable in terms of the dollars spent versus income. A lot of times people will come in and you will not know it is because of Yelp. You will not know where they found you.”
- “My advertising budget for the rest of the year will be about the same as in 2013.”
- “I do not advertise with any Yelp competitors currently. I guess it depends on whether you look at search engines as competition.”
- “I have tried Google AdWords, and you can see if that is working or not. [T]hat really never did anything for me. Google AdWords starting costing me money and I was getting nothing in return, so for me it was pretty clear that it was not the way to go. My store is very specialized.”
- “My company is local, so there is other stuff that works better. My whole thing is driving people to my store, and Yelp works locally very well. Not all companies like that have the same business model.”
- “I have been approached by the phone book people and it seems like their other means of income has dried up. They have gotten involved in online listings, but to me people do not do searches that way. Instead of going to the yellowpages website and doing the search, most people go straight to Google. Yelp will come up as one of the first listings. I have not found the phone books to be particularly effective.”
- “I have a competitor who has a store in my area and on a Yelp search my ad would show and theirs would not show. The reason I went with Yelp is because another store opened recently and I was looking for different ways to lock up some of the online business. It is like the Wild West on the Internet.”
- “Yelp is well known more for the restaurant thing than the service thing.”

Review Validity

- “Fortunately, I have not had problems with Yelp, otherwise I am sure I would feel differently about it. I have had four reviews and all have been okay. I am sure if that became an issue I would have a whole different view.”
- “I have a friend who has a hair salon who has had public arguments via social media. That is the whole thing with the Internet and social media. It is a mixed bag—it can work for you or go the other way.”
- “Having gotten decent reviews on Yelp, people will say to me, ‘Oh, you got great reviews.’ The cons would be if I had gotten a negative review I am sure my view would be totally different, but again I have not seen anything else come up along the way more recently.”

8. Owner of a gluten free bakery in New York State

This source has been advertising with Yelp for about six months, after Yelp reached out to her. She has been very happy with Yelp thus far, and plans on sticking with the company. She sees no negatives to Yelp and said the company has many positive aspects, including good customer service and good ad placement on competitors’ pages. She intends to keep her advertising budget stable for the remainder of the year. This source also advertises in gluten-free magazines.

Attrition

- N/A

Advertising Budget

- “I have been advertising with Yelp probably six months now. They contacted us and I know a lot of people that utilize it.”
- “It has been great. I plan on sticking with them.”
- “My neighbor [business] uses Yelp ad likes using them.”
- “I want to advertise in places that showcase gluten-free establishments. That is important to us, along with places that have a good customer base, which Yelp does.”
- “The good thing is we are able to ask our customers when they come in where they found us, and Yelp gives us a review as to how many people have called the store after finding us.”
- “We do a decent amount of advertising so I intend to keep it the way it is for the remainder of the year.”
- “We advertise in gluten-free magazines.”
- “I have not been contacted by Yelp competitors.”
- “There really are not a lot of cons to Yelp. They have a lot of pros. If you type in ‘bakery’ we pop up as an ad on a competitors’ page. And Yelp is a pleasure to deal with.”

Review Validity

- N/A

2) Businesses Previously Advertising on Yelp

Four sources said Yelp does have to regularly replenish customers because of attrition. No source plans a decreased budget for the second half of 2014: three said their budget will increase, while three will maintain current budget levels, and two made no comment on budgets. Complaints centered on poor reviews not being removed even after they were proven invalid, pushy salespeople and special treatment whereby those companies that spend more on Yelp advertising have more sway in having negative reviews removed. Angie's List was cited by one source as having a better review vetting process than Yelp.

KEY SILO FINDINGS

Attrition

- 3 sources believe Yelp has to constantly replenish customers lost to attrition.
- 4 sources had no comment on replenishment due to attrition or did not know if Yelp needed to replenish advertising customers due to attrition.
- These sources stopped using Yelp due to several factors, including non-responsive Yelp customer service, better ROI from Google AdWords and the belief that Yelp is unethical.

Advertising Budget

- 2 will increase their advertising budgets for 2H14.
- 3 will keep their advertising budgets stable for 2H14.
- 2 had no comment on their 2H14 advertising budgets.

Review Validity

- Complaints centered on overly-aggressive Yelp sales people, poor customer service and Yelp's refusal to remove negative reviews considered by business owners to be racist or that were proved invalid.

1. Owner of a dog walking business in New York City

A Yelp advertiser for three years, this source just ended his ad campaign with the company due to frustration over filtered and unfiltered reviews, a lousy return on investment and lack of customer support at Yelp. He plans to advertise with Google AdWords instead. He has tried to iron out issues with Yelp service representatives to no avail: negative, inaccurate reviews still stick to his front page, and he cannot get them removed. After spending \$660 a month and \$24,000 with Yelp over the past three years, he hopes he is done with this company forever. He would return to Yelp only if absolutely necessary.

Attrition

- "I literally just killed my campaign with Yelp after three years and \$660 a month. I am just frustrated. I am going back to Google AdWords. I do not know if I have been seeing results from Yelp. I have knowledge of advertising so I know how it works. The frustration lies in the fact that I work really hard for our reviews and I do it the way Yelp expects it. ... If you look at the amount of Yelp reviews we have filtered compared to the ones that are not filtered, it is frustrating."
- "Yesterday I stopped advertising with Yelp and we will see what happens over the course of the next three months. I might even do better now."
- "Yelp lost me, and unless I absolutely have to go back to them, I will not. They lost me after three years. I do not think people are hitting that ad spot like they used to. What I also think is happening now is that people are just 'googling' 'dog walker New York City.'"
- "Just recently I noticed on Yelp's app for the iPad and iPhone that our zip code does not show up. There is a problem here. I contacted Yelp and got this stupid response back. It was so mass generated. It did not even solve my problem."
- "Yelp is never supportive. I know the separation of church and state. I worked in advertising. I worked for independent news weeklies. You do not

Yelp was hot. I actually liked Yelp, up until something bad happened and they will not take care of it. You cannot please everyone but there is no rhyme or reason.

*Owner
Dog Walking Business, New York City*

want advertisers influencing what your content is, but something is not right [with Yelp] now. Something is amiss at Yelp. My response rate is going down, with Yelp ads or without Yelp ads.”

- “I have a friend who owns restaurants and he hates Yelp and he will never advertise with them.”
- “Yelp was hot. I actually liked Yelp, up until something bad happened and they will not take care of it. You cannot please everyone but there is no rhyme or reason.”

Advertising Budget

- “There are other advertising options out there and I will pursue other options.”
- “I guarantee you this will happen: the Yelp people are going to be calling, and they are very aggressive.”
- “I am going back to Google AdWords. That is where I started, and that is where I developed my client base in the beginning. I cannot afford both Google AdWords and Yelp. I just got fed up. There are always other options and maybe a lot of small business people do not understand that. But I am going to go down that road now. Maybe I will be back, but it is a double-edged sword.”
- “I have given Yelp almost \$24,000 in three years. For a tiny business that is a lot of money. If you put 10 tiny businesses together that makes up a big client.”
- “Basically the way I do it is, if I get four new clients, four new regular clients, I average it out at \$300 a month each, for a total of \$1,200. And if I am getting \$1,200 a month in new clients and paying \$660 a month I have more than made up for it.”
- “My advertising budget is expected to grow year over year for the second half of 2014.”

Review Validity

- “I have had multiple discussions with the sales rep about the reviews. The sales reps are really aggressive. I have been an advertising director, I know what they are up to and I get it and their aggressiveness is really, really bad.”
- “Here is the thing: I only have two negative reviews on Yelp. This is a new industry and it is a service industry and I come from a great customer service background. My two bad reviews were written by people who we never even touched or walked their dog. One guy sent me to his address but it was too far east and we do not have the staff for that. He signed up for a Yelp account and wrote one review on us and that thing has never gotten filtered and I had to reply to it. The second bad review was written by a Yelp “elite” person who could not reach me because she mistyped my email address. She sent this scathing review and ripped us a new one.”
- “I do not buy it anymore because I look at competitors and look at their negative reviews and they are hidden. And I look at their positive reviews and their positive reviews are not hidden. This is a random thing.”
- “What do I have to lose? I have two negative reviews that are blaring on my front page of Yelp. The two people are crazy and it clearly states these people are jerks. There is no customer support at Yelp and I am paying \$660 a month, and I cannot get anyone on the phone if there is a problem with my account. That is pretty crazy.”
- “What Yelp is trying to say about the filtering thing is that anyone can write a review and they have this scientific program that can weigh different reviews. But they have had class action lawsuits against them.”

2. Owner of a painting company near Detroit

This source advertised with Yelp about a year ago for a short time, but he quit after he felt Yelp stiff-armed him by posting a bad fake review which overshadowed many positive reviews. Such tactics are causing problems for Yelp, and as a result Yelp must recreate its advertising customer base every year due to attrition and lawsuits. He believes an increasing number of people are mad at Yelp, and that Yelp will be out of business in a few years. He does not advertise with anyone right now, and has more than enough business to handle. He does not plan to return to Yelp.

Attrition

- “I advertised with Yelp about a year ago. I just tried it a few times, for a couple months. After that they stiff-armed me with this bad review that I had. Yelp took [one] bad review by a person I did not even do any business with, and it overshadows all of my good reviews I spent years getting. It is real shady.”
- “Yelp has to recreate its advertising customer base every year because of attrition. They have horrible customer service. Every year there is a new competitor. Lowe’s has this Porch site and they want you to advertise. Angie’s List is another one.”
- “Yelp is dealing with a lot of lawsuits and making a bad name for themselves. I figure they will be out of business in a few years, so what do I care? Small companies cannot wait until they are gone.”
- “I am not an advertiser with Angie’s List but I get a lot of calls because people are on that site.”

- “In my honest opinion, Yelp is irrelevant. Nobody really knows about Yelp, and it is not hurting you to have a bad reputation on them. Angie’s List does not get the bad rap that Yelp is getting.”

Advertising Budget

- “I have realized that more people know about Yelp and are mad about it. It is bad money you are throwing at advertising.”
- “I had put my free ad in with Yelp and that is how they sucker you in. Now when I ask them to remove myself, they will say they cannot take my profile out because I put it in myself.”
- “I do not advertise with anybody right now. I built my reputation on customer service and repeat customers, and people spread my name and passed out my business cards. I have more work than I can handle. I have 50 jobs going on and I am catering to everyone. A lot of things affect my work and you have got to be able to shift on the fly a lot. So it is a tricky business. These houses are monster houses around here.”
- “The Yelp thing is just bringing in even more problems, with people asking questions and not spending money.”
- “I calculate return on investment by the amount of calls, the call volume I receive.”
- “My advertising budget is not expected to grow year over year for the second half of 2014.”

Review Validity

- “I do not think I would ever return to Yelp in the future. I believe they are encouraging people to do bad reviews on companies.”
- “I got a bad review from a person I never did business with. Yelp will not take it down and will not do anything. The person who reviewed me actually reviewed another company and somehow connected with me. The other company had a bad experience with this lady and they called me and asked me if I could go over and get them out of this problem. I went over there and the lady was completely rude to me—totally obnoxious. I said I was not going to do this. And that is when she reviewed me. She lied about a bunch of stuff.”

3. Owner of a photography business in Southern California

After 42 years in business, this source is starting over under a new company name because Yelp has seriously hurt his business. He has about 40 positive reviews and two negative reviews on Yelp’s site, but Yelp continues to highlight the negative reviews and this has turned customers away. He previously advertised with Yelp, but he abhors their sales tactics and review manipulation, and said the company makes money by posting bad reviews with no accountability as to whether the reviews are truthful. This source said he got no new business from Yelp, but instead his business suffered. Currently most of his business comes from referrals and he does not pay for advertising. He will never return to Yelp, and he believes the company is losing advertising customers regularly.

Attrition

- “I would never, ever return to Yelp.”
- “Definitely Yelp has to recreate its customer base annually because of attrition. Their sales people play hardball. They will call you every day trying to get you to take out ads with them. They call it an ‘ad package.’ Yelp is losing people all the time.”

Advertising Budget

- “I advertised briefly with Yelp about three or four years ago. I was with them for a year. It was too expensive for what they were offering.”
- “Yelp tells you, ‘We will put you on the top of the page when people look up photography businesses,’ and then you have a lot of little things that come with your advertising package. It depends on how much you want to spend.”
- “I did not get any new business with it. Yelp does manipulate. If you are a paying advertiser, they take the bad reviews and throw them on the back pages where people do not look. If you do not pay, then they will leave the bad ones up front and manipulate it so even if you get good ones, which should push the bad ones down, that will not happen. Their whole spiel is, ‘We believe in honesty.’ That is a total lie. It is a selling tactic.”
- “I get most of my business from referrals. That is the way you do it for the most effective bang for your buck. I do not advertise.”

My business has decreased because of Yelp. It severely impacted my business to the point where I am going to shut down my business with a whole new name. ... I have 40-something positive reviews and two negative reviews on Yelp but none of the positive ones are showing up on the front page. Yelp said they have no control over it.

*Owner, Photography Business
Southern California*

- “Pay per click is far too expensive. But I do list myself on as many of these free event websites. That keeps my name in the Google search optimization circle. My business is also listed on Yahoo’s business site and I have three positive reviews on there, no negatives. I have ... positive reviews on WeddingWire.

Review Validity

- “Yelp’s business is built on using negative reviews to try to get small businesses—or any business—to pay them to mitigate those reviews, and that is their power right there.”
- “Businesses have been screwed by competitors leaving negative reviews, to make their competitors look bad.”
- “The biggest sticking point I have with this whole review thing is that when someone leaves a review, Yelp does not verify. It could be anybody—it could be your competitors down the street. They put the bad review on Yelp and Yelp’s response to that is they do not take sides in any disputes. What does that mean? Once again, they make their money off of bad reviews.”
- “There is no accountability on any of these review sites. I do not think they should be allowed to operate in this manner. ... You need to insure these are truthful reviews. You cannot put a forum on the Internet and allow people to do whatever they want. It is like slander. And that is what Yelp is providing people, they are providing a platform for people to do that without any repercussions at all.”
- “The Better Business Bureau went through the same thing. They used to be the Yelp of the ‘60s and people used them. But they had no legal power to enforce anything and could not keep on record what people posted about you. They ended up getting shut down by the Federal Trade Commission because they could not verify any of this. There are groups that have filed suits against Yelp and are going through different core proceedings with the feds, but Yelp is huge. They have the money to fight it. But I think in time Yelp will go down like so many big businesses.”
- “My business has decreased because of Yelp. It severely impacted my business to the point where I am going to shut down my business with a whole new name. I already got my new domain name and website, all because of Yelp. Had it not been for them, I would probably still be doing pretty well.”
- “If it is a restaurant or a business that has high traffic it is different, but when you are doing wedding photography, the bride is the buyer. It all comes from the bride, and if they read a negative review they will not go with that photographer. I had a mother and father who were looking to buy a gift of photography for their daughter’s wedding, but they saw a negative review on Yelp. I tried to explain to her, but they did not book. And I have a wedding this weekend where the bride called me concerned. Last week, she saw this bad review on Yelp. I explained everything to her and she was understanding.”
- “When I said I was not going to re-advertise with Yelp, I have 40-something positive reviews and two negative reviews on Yelp but none of the positive ones are showing up on the front page. Yelp said they have no control over it.”
- “All it takes is one negative review and Yelp tries to use that against you and *boom*, you are done.”
- “Yelp’s competitors are doing exactly nothing to make sure their reviews are valid. That is the whole problem with [the] Internet, it is so anonymous that anyone can say anything. Even on Facebook, someone can come on there under an anonymous profile.”

4. Private Practice Music Therapist in Northern California

This source advertised with Yelp from January through May of this year, but cancelled her advertising plan due to dissatisfaction. Her ads were placed in categories she did not wish to advertise to, and her mailing address information was repeatedly incorrect on the Yelp site. She said she had no control over how her business was listed, and the system was not working for her. She has no plans to return to Yelp. She said Yelp does not care about customer satisfaction, but instead is focused on making money. She now advertises in a local special needs magazine and markets her services with local organizations.

Attrition

- “Yelp has to recreate its customer base every year because of attrition. They really do not care about their customers and [care more about] money than customer satisfaction.”
- “I would probably not return to Yelp because of all of the runaround and lack of control that I had over my ad.”
- “I have used Yelp when I was starting my practice, but only utilized the free listing option that any business can use. I recently opened a Yelp Business account in late January/early February after discussing with a Yelp representative. They influenced me to use their [paying] Yelp Ad program and made it seem like I would be reaching my ideal clientele. I recently contacted them to cancel my plan as I was not seeing the results that I had desired.”

- “There were several reasons I dropped my advertising with Yelp. One was that my ads were placed in categories that I did not wish to advertise to. I used to provide music lessons when I started my business, but I decided that I did not want to do that and removed that listing. However, the ads were listed under the categories of ‘music teacher/musical instruments’ and I was receiving phone calls from individuals looking for lessons, or wanting to buy/sell instruments. I find it to be quite a coincidence that I suddenly received an uptick in phone calls like these when I set up my Yelp Ads account.”
- “I had called and emailed my [Yelp] manager several times regarding my listing because information on my business page would be incorrect. ... I would remove or add categories and somehow they would be changed back to what they originally were, or they would disappear altogether. It felt like I had no control over how I wanted my business to be listed or advertised on the site, so I felt like I should not have to keep paying for a service that was not working for me.”

Yelp has to recreate its customer base every year because of attrition. They really do not care about their customers and [care more about] money than customer satisfaction.

*Private Practice Music Therapist
Northern California*

Advertising Budget

- “If you have a business that is not such a niche business like mine, you will have a better experience and probably more success advertising with Yelp because you will be able to easily categorize who you are and what you do without much negotiation or editing from the Yelp staff.”
- “One example is that I wished for my business to be listed under the ‘medical’ category, among others, and my [Yelp] manager would not allow it because she stated something along the lines that I am not a doctor and I would not want to advertise myself falsely. ... Ultimately it is my business and if I am advertising myself correctly, there should not be any confusion.”
- “I have advertised with a local, online special needs magazine as well as presented on music therapy for local organizations. I have received clients through those means as well as word of mouth from the families that I serve.”
- “No, I do not advertise with any of Yelp’s competitors.”
- “[When deciding where to advertise], I look at whether the ads will be reaching my target audience, which is families who have children with learning, mental and physical disabilities.”
- “I do not spend an extreme amount on advertising because I like to market myself in person. I feel I make a much bigger impact when I make connections with others.”
- “I am not sure if my advertising budget will grow for the remainder of the year.”

Review Validity

- N/A

5. CEO of a West Coast-based appliance installation and repair company

This source advertised with Yelp for over two years but left recently because he believes the company is unethical, heavy handed and dirty. He compares Yelp to “basically the bathroom wall in a truck stop.” Yelp offers no customer support and rewards “elite” power reviewers who often try to extort businesses, he said. As the average ticket per job goes up, so does the possibility of abuse by these reviewers. His business spends around \$8,000 per month on Google AdWords and also advertises with Angie’s List, HomeAdvisor Inc., radio and other advertising mediums. His company tracks phone calls and he determined that a significant portion of new leads are coming not from Yelp, but rather are searching elsewhere but when the Yelp listing pops up they simply use the phone number listed there. Thus advertising with Yelp is not advantageous to his business. He said there is growing recognition among small to medium-sized business owners that Yelp is “a little dirty.” Many business owners are afraid of Yelp.

Attrition

- “We advertised with Yelp for about two to three years and then we came back to them to restart. They gave us this representative and they just dropped the ball eight times in a row. I quit with them six months ago.”
- “As part of the final straw, we were asking for them to get the addresses correct, and Yelp was supposed to give us help. They are not really set up to give support. If you contact them, there is no support function. They have this huge sales team [that] is constantly pounding the phone for advertisers, but literally zero support. So they will give you a rep and you will email that rep and they do not respond.”
- “I passionately hate Yelp so I would do anything else than give them my money at this point.”

- “When we looked at the leads coming from Yelp, it was increasingly clear that the people just use it like a White Pages. Advertising does not get us anything. It was not clear that Yelp was getting us quality leads. We found Yelp to be unethical, highly unethical. That is the second issue.”
- “I would not return to Yelp unless it gets cleaner. They are an unethical company and I really dislike them.”
- “I do not know if Yelp has to recreate its customer advertising base every year because of attrition. There is growing recognition among folks who run small to medium-sized businesses that Yelp is a little dirty. And [businesses] are afraid of them, and that is not a good long-term brand. If supposedly I am the customer, and I think they are fundamentally unethical—and I really do—I am not going to want to do business with Yelp, and will need to see real good evidence that it is a good lead channel to consider using Yelp again.”

Advertising Budget

- “We use Google AdWords, and spend about \$8,000 a month on AdWords.”
- “We advertise heavily with Angie’s List. But Angie’s List for us, I do not think they are making money. They are doing these deals. Those are working really well for us. So Angie’s List volume for us is now more than [Sears \[Holdings Corp./SHLD\]](#) used to be. We were a subcontractor for Sears.”
- “Angie’s List is not anonymous. So I can go and look up the address. Just last week I had one [where] someone posted a review. We had not done work at the home and we gave some evidence, and they marked it as well and was a five-minute process for me and they did follow up. Similarly, I have had other cases where you get a bad review and if it is real Angie’s List will not take it down. They will not remove reviews because they are bad, but they have a service function and they have an account rep and I cannot cheat on Angie’s List. I have had one review removed on Angie’s List in the last eight years and the person filed a complaint with Angie’s List and we worked with them, but by the end that the person was just outrageous, asking us to almost re-roof their house.”
- “Angie’s List has a tough customer base—white glove service. But we do white glove service. Occasionally you will get someone who is harsh but you know who they are and you can reach out to them—and you can correct it.”
- “On Facebook, reviews have gone up—and they are real as you can see who they are. All of our Google reviews are real.”
- “We do not see [Insider Pages](#) [property of [CityGrid Media](#), an operating business of [IAC/InterActiveCorp./IACI](#)] being cost effective in terms of driving leads. It is not a good, profitable channel, so we do not really advertise there.”
- “We also work with HomeAdvisor. We do mostly Web stuff and we have done radio, direct mail, [Judy’s Book](#), so we do multiple channels. Not much TV.”
- “You get a lot of phone calls off Yelp. So we track all of our marketing channels and it does drive calls but when we really research those calls a lot of them were folks who had already found us somewhere else. The real origin of the lead was some other ad. They Googled us. They would call us using the Yelp phone number. We look at costs per call from the marketing team and we check lead quality. We record these calls and what we found with Yelp is a lot of them are real leads but they did not actually originate with Yelp. People wanted a quick way to look up our phone number and they called us through Yelp. That was a new insight. We do not like Yelp but they are driving a lot of phone calls.”
- “We track what we spend per channel. We put unique phone numbers on everything and that allows us to gauge cost per call. Every month we have a sampling of every channel and figure out what percentage of the calls are quality leads. And then we will get it down to cost per lead, and then cost per close, and how much did it cost me per job. Yelp really looks good on cost per call. But when we took it to the next level it did not look good at all. Yelp is being used a lot for phone lookup. Customers will find you anywhere. I think a lot of the calls through Yelp are coming through branded search.”
- “We do not want to spend more than 8% to 9% of revenue. So we get down to, I know I spend \$1,000 on Google and I get 50 phone calls. That will be \$2 a phone call. Then we listen to the phone calls and determine that 50% are real leads. Then I know it is \$4 a lead. Say I closed half of them. I listen to the calls, and we ended up dispatching someone. So then it is \$8 a lead. That is what we do. We do call sampling. The call stats are generated by a software program. So when we did that, what we learned was that Yelp really looked good on cost per call, but in terms of cost per sale—none of the calls were real leads—they were all callbacks and existing appointments.”

There is growing recognition among folks who run small to medium-sized businesses that Yelp is a little dirty. ... What we learned was that Yelp really looked good on cost per call, but in terms of cost per sale—none of the calls were real leads—they were all callbacks and existing appointments.

CEO, Appliance Installation & Repair Company, West Coast-based

- “Our advertising budget is expected to grow year over year for the second half of 2014, about 10% to 20%, and we are spending more and more on line. For online, the biggest is AdWords and we also do other stuff like yellowpages online and [Superpages](#) [[Dex Media Inc./DXM](#)]. In-house, we pay someone full time to do digital marketing. We are going to use Google and Angie’s List primarily.”

Review Validity

- “Yelp is unethical. To me, it feels like extortion.”
- “I personally do not believe that if I pay Yelp they will take off my bad reviews. They are dirty and they have terrible support and they have created this structure, which is basically the bathroom wall in a truck stop.”
- “Yelp has this review filter, and it has a heavy bias, and the reviews are not screened based on review accuracy. The reviews are based on how much content the reviewer provides Yelp. If you have time to write 100 Yelp reviews it is not clear if you are employed. Increasingly, we just have had really bad experiences where the leads extort us.”
- “It is almost like a joke, some of the stories. I had one guy claim we were abusing him because he was disabled. First he said we were stealing from him. His final accusation was that we should have known not to mail him the permits because we knew he was blind. We listened to him and we heard him walk down the stairs while he was on the phone. Yelp just shrugs their shoulders. They really do not care.”
- “I am very biased, but I believe that is actually part of Yelp’s model. They do not pay any of these folks to write reviews but I think the idea is that they get a different level of service or a different price or rebates because they are a powerful Yelp reviewers. Their reviews stick.”
- “I have 1,000 screened Yelp reviews and probably 800 of them are five-star.”
- “Yelp will say their review policies maintain the integrity of the site, but they do not. It is a reward system for folks who post a lot. In the beginning it had this community element, but Yelp has gotten so big. A lot of their ‘elite’ reviewers are simply people who are trying to work you over.”
- “Yelp threatened us and said they could not make comments about the review filter. They are very heavy handed. So I am not a fan at this point.”
- “We have five stars in Southern California, four stars in Northern California, three and a half stars in Washington State, but two Yelp reviewers we believe are fake. We have won awards for several years. We regularly post nine and half out of 10 so we understand service.”
- “As someone who owns a business, maybe Yelp is great for restaurants but as the average ticket of a service goes up, the potential for abuse goes up. On Angie’s List you cannot get away with that. If you had someone who is giving false information you can research it. If someone gives you a bad review they defend that person. But if someone falsifies a review they will follow up. I am not real hot on Yelp. Restaurants have complained about Yelp forever.”
- “For sure I am afraid of Yelp. I am working hard to get my score up.”
- “I do not know if Yelp will change their filter if you pay them money. But their entire structure has created incentives for people to build huge Yelp profiles and use those profiles to try to get stuff.”
- “Yelp’s bar of being a real review site has no correlation as to whether it is a real customer review, and that creates a fundamental dirty deal.”
- “Yelp switches the order of reviews. Their algorithm does bias businesses with already established customer bases.”
- “I have a lot of customers outside of Yelp. We call them 101s—no friends, no reviews. If I am a 101 and I post a positive review on Yelp, Yelp said that is the provider trying to fake their score. But if I post a negative review, Yelp believes it is more likely to be real and it is harder to remove. I will have Yelpers who have 19 to 20 reviews, but it is not enough. So the bad reviews tend to stick and the good reviews drop because there is that slight bias.”

They have terrible support and they have created this structure, which is basically the bathroom wall in a truck stop.

CEO, Appliance Installation & Repair Company, West Coast-based

6. Manager, French Wine Bar in Northern California

The owner of this popular French wine bar in northern California advertised on Yelp for about one and a half years before stopping. The wine bar has garnered four stars on Yelp and its ads boosted the wine bar’s visibility. This source has no regrets about using Yelp, however interactions with Yelp left her deeply frustrated and angry. She was unable to get false or racist comments about her business on Yelp taken down, including a review that was posted before the restaurant was even open. She also asserted that good reviews were filtered out only after she stopped advertising. She “hated”

advertising with Yelp, and would only consider advertising with them again if Yelp got rid of its secret algorithm altogether.

Attrition

- “It’s been over a year since I advertised. Honestly, I’m so angry at them and I hated it so much that I’m not ready to come back. Only if I had to sign up, like the mafia, would I do it.”
- “We had a year-long subscription and I paid for it for about one and a half years, and then I stopped. You sign and you are stuck. Even if you want to get out of it, you can’t stop because you have to pay for a year. What I got for that package was a video interview that introduced people to our place, that was nice, but it was the only benefit. It has been about a year since I stopped advertising with them.”

Advertising Budget

- “I would love to advertise with a competitor. Somebody came by here with an idea to build up a site where people can communicate directly with the owner, like [Airbnb \[Inc.\]](#), if there’s a problem. I was interested in the product, but it’s been several weeks since I heard from him. Yelp has so much impact and has taken so much of the market. It’s like Google; it’s a juggernaut. It is hard to compete.”
- “Honestly, I thought it was total [crap]. It’s so expensive—\$350 a month! For a small business that’s a huge amount of money. I wasted a lot of money on a service that was basically non-existent. They said I could do other kinds of promotion and I had an account manager, but basically there’s too little service for what you pay.”
- “I advertised on Yelp when I first opened the business. I did it, and I don’t regret it. The advertising is important at the start of the business. You have to do it when you have a new restaurant. If I hadn’t, we would not have been viable on Yelp at all. If you don’t pay, they won’t put you on top of the listings.”

Review Validity

- “You are really paying and doing the advertising yourself. You’re going to get more visibility, that’s why you pay. If you don’t pay, sometimes the good reviews will be taken down. They say the algorithm is behind it. But why filter the reviews at all? I never find bad reviews in the filter, only good ones. That’s why I’m so angry at Yelp. It’s so unfair. When I was paying, the good reviews were not filtered out.”
- “I know Yelp tries to screen out reviews they think are written by friends, but I looked at the [good] reviews that were filtered out recently and I don’t know any of these people. They were just customers who liked the restaurant. Sometimes you find fantastic reviews in the filter while some off-the-wall review will stay high up on your site forever.”
- “If Yelp was doing things more fairly on both sides, doing as much for the small businesses as for the customers. ... But they are so afraid of alienating the customers that they fail to protect businesses from false [charges]. If they changed their policy and got rid of the secret algorithm, I’d consider working with them again.”
- “Let me give you an example. The restaurant was not even open, and we got a bad review. I told Yelp we needed to take it down; it may have been written by a competitor and it was obviously wrong and fake. I called Yelp and they said we can’t do anything. They said we’ll have trouble if we start removing the reviews. It was so unfair.”
- “Here’s another things that made me really angry at Yelp. I saw some racist comments about my staff on Yelp. I was so angry, so furious; I spent an hour on the phone with this guy [the account manager at Yelp]. I told him this should not be allowed, and I’m asking you to remove that. They said we can’t remove it; it’s the algorithm. I couldn’t believe it.”

It’s been over a year since I advertised. Honestly, I’m so angry at them and I hated it so much that I’m not ready to come back. Only if I had to sign up, like the mafia, would I do it.

*Manager, French Wine Bar
Northern California*

7. Owner of a small popular restaurant in the San Francisco Bay area

This source said she originally advertised on Yelp so she would have an account manager that would help her with her Yelp site. However, she was disappointed. Even after advertising, she was unable to get ads removed that she thought were false or racist. She stopped advertising with Yelp after less than a year because it was too expensive, and she does not plan to go back. Its mobile tool is useful, but overall, she said she just tries to ignore Yelp. Unless Yelp changes its community standards, she will never consider going back.

Attrition

- “We did stop our yelp advertising. We really could not afford to keep paying that much money every month. I have flagged a couple reviews that I felt were offensive and they have not done anything about them.”
- “Now I really just try to ignore Yelp.”
- “Nothing [would induce me to return to Yelp]. I have always had my skepticism about them, but I really have a negative political view of them. Maybe if I had a very large company and needed to access more local audiences, I would. They are so unresponsive and I have felt that sites that let people say such incredibly negative, mean and hurtful things to small businesses and profit from it are part of the problem. I think if they could reconsider their “community standards” [I might return], but as they stand I want nothing to do with them.”

Advertising Budget

- “As an individual, I use Yelp all the time. I like the fact that I can check out places and see what’s in the neighborhood. As a business owner, I totally hate it. When we moved my old business, I went on Yelp to give everyone the new information and it wouldn’t let me change the address. I was locked out of the account. It would say, ‘Are you the business owner?’ and I’d click ‘yes,’ but it wouldn’t let me write anything in that field. I had a terrible time.”
- “That was before I had ever advertised with them. I spent a month calling Yelp and trying to get it fixed, and nobody would reply back to me. In the meantime at least one customer wrote in to complain and say, why didn’t you tell us the place is closed? It was so frustrating. Finally my partner said, hey, my workplace advertises heavily on Yelp—let me take care of it. She made one phone call and the next day it was fixed. It was definitely ‘pay to play.’”
- “We advertised with Yelp less than a year. We thought it was necessary but found the cost quite prohibitive as a small business. We paid the penalty to get out of our agreement because we could not justify the ongoing monthly expense.”
- “We do not do advertising [with anyone else]. That being said, we do sponsor many local school and non-profit organization fundraisers and events. These are more qualitative. If it is for a good cause and brings a few new customers, then great. It’s exposure.”

We did stop our yelp advertising. We really could not afford to keep paying that much money every month. I have flagged a couple reviews that I felt were offensive and they have not done anything about them.

*Owner, Small Popular Restaurant
San Francisco Bay area*

Review Validity

- “One [review] I am still trying to fight because I believe the reviewer has made racist comments about neighboring businesses to ours. But Yelp told me they ‘don’t agree.’”

3) Businesses that refuse to advertise on Yelp

These eight businesses refuse to advertise on Yelp and believe the company is unethical. These sources complain that Yelp’s posting of positive or negative reviews is proportional to a business’ ad spend with Yelp. Four sources plan to increase their advertising budgets for the second half of 2014, while one will decrease its ad budget, instead channeling funds to local charities. One source uses social media exclusively for advertising. Two sources had no comment. Sources are advertising on Facebook, Google Ad Words, The yellowpages and industry sites like [Zillow Inc.](#) (Z). Two sources believe Yelp must replenish its advertiser base due to attrition, while another disagreed. Five had no comment on the topic of attrition.

KEY SILO FINDINGS

Attrition

- 3 sources said Yelp does need to replenish its advertiser base due to attrition.
- 1 does not believe Yelp has to replenish due to attrition.
- 5 had no comment.

Advertising Budget

- 5 sources will increase their 2H14 advertising budget.
- 2 had no comment on the direction of spend on advertising.
- 1 will decrease its advertising budget and refocus those funds on local charities as a way to reach customers.

- 1 does not spend but instead uses social media.
- Sources are advertising on Facebook, Google Ad Words, industry sites like Zillow or [Trulia Inc.](#) (TRLA), and the yellowpages.

Review Validity

- Yelp is viewed as unethical, and complaints revolve around a perceived emphasis of negative reviews while hiding positive reviews if a business does not advertise on Yelp.
- Complaints also surfaced about Yelp not fact checking if reviewer spent money at the business being reviewed.
- 1 source notes Angie's List checks for review validity.

1. Realtor in Northern California

This source expects his advertising budget to grow for the second half of the year, but Yelp will not be seeing any of those dollars. He once considered advertising with Yelp, but he is completely dismayed by what he characterized as bad business practices. He said Yelp manipulates data by positioning reviews often to a business' detriment, and allows competitors to post on each other's pages. He primarily advertises with Trulia and Zillow. He has also tried Google AdWords with minimal success. He said Yelp has a terrible business model, and he hopes the company does not survive.

Attrition

- "I am guessing that Yelp has to recreate its advertising customer base every year because of attrition."

Advertising Budget

- "I considered advertising with Yelp at one time but they drive me nuts so I said I do not want to support them."
- "Advertising with them would probably be advantageous but a lot of my clients are business owners, and they have had negative experiences with Yelp as well."
- "My main online advertisement is through Trulia and Zillow."
- "We try to figure out where our target market is when customers start their search for real estate in our area. We try to position ourselves to have placement where they are looking."
- "We use very rudimentary calculation in terms of return on investment. Basically we track sales where people are coming in from, and the commissions generated through a given website per year. It is difficult because our business is fairly cyclical. We have down times of the year. We are just getting into the selling season, so the money we spent in the winter, we are not seeing a return on that right away. So we calculate how many sales are generated over the course of the year versus what we spent on them."
- "Our advertising budget is expected to grow year over year for the second half of 2014."
- "I have done Google AdWords with minimal success. That was partially due to the fact that my ad spend was not large enough. It is really a competitive marketplace. In our area only a small number of search phrases make sense, and it is really expensive. But the three or four times I have created Google AdWords campaigns have had minimal success."
- "I get more leads from Trulia and Zillow. I have had heavier ad spends with those companies because I have had a pretty good return and it makes sense. Even though it is expensive on a monthly basis, I am getting that money back throughout the year. And that is also one reason it is so scary to jump to other advertising mediums—it takes so long to generate interest and you might spend \$10,000 and then realize it is not working. I have kind of stuck to my bread and butter."
- "Yelp contacted me for a period but I basically told them I was not interested."

Review Validity

- "The fact is that when my clients review my services, Yelp takes it upon themselves which of my reviews are worthy being on my site. I spend a lot of money and time harboring these relationships with my clients, and when they take the time and write a review and post it on Yelp, how dare Yelp not publish that. I have talked with Yelp at length

Yelp takes it upon themselves which of my reviews are worthy being on my site. I spend a lot of money and time harboring these relationships with my clients, and when they take the time and write a review and post it on Yelp, how dare Yelp not publish that. ... I hope Yelp does not survive.

Realtor, Northern California

about this and it is just a terrible business model. It is ridiculous. And then they have the gall to advertise other agents on my profile. I am lucky to have clients who appreciate my hard efforts. I hope Yelp does not survive.”

- “Yelp gave me pretty generic answers. They tried to explain that if they just posted all of the positive reviews, it might not be representative of a given business in a community. Why not publish every single review? For them to manipulate the data like that, I do not like that.”
- “I am fortunate and I work hard so I have not had any negative reviews on Yelp.”
- “I really did not like Yelp’s business practices and felt that if I did not like their business practices, my clients might not. I also did not like the fact that companies advertise right on other people’s pages. It is not very fair. That is not a good business practice. I try to operate at a higher level. It was not a pricing issue not to advertise.”
- “Of course I would consider using Yelp. But they need to act with better business practices. The way they take reviews in is geared toward getting people to pay for their advertising, so they need to change that and have a straightforward review process.”

2. Wedding photographer and owner of a photography business in New Jersey

This source considered advertising with Yelp, but he is turned off by the lack of customer support. His clients have written reviews on the site and Yelp has discounted some of the reviews. He has contacted the company several times and gets the same, automatic replies. He has no plans to use Yelp unless the company’s customer service improves. This issue may not be causing Yelp to recreate its advertising base annually, but the company does need to better its practices with clients.

Attrition

- “I do not think Yelp has to recreate its advertising customer base. It just needs to improve core things, like talking to the clients and not sending blanketed emails.”

Advertising Budget

- “I have not advertised with Yelp. I was considering it because I am moving to California and a lot of my California friends said I should get on there. I had a lot of my clients leave reviews there, but Yelp said there were not useful reviews. Yelp is counter-productive to what I need, and when you try to contact them they do not respond to you.”
- “I am not advertising on Yelp because of their lack of customer support.”
- “I will be advertising in [\[Style Me Pretty’s wedding blog, the\]](#) [Little Black Book](#) in the next year.”
- “I will not use Yelp unless their customer service improves.”
- “My advertising budget is not expected to grow in the second half of 2014.”
- “Google is such a monster, and so is WeddingWire.”

Review Validity

- “Let’s just say you are a bride and I did your wedding, and I ask you to please leave a review on Yelp. Now to know that I put you through that, to take time out of your day, and now it is not being counted. Why would it not be counted? If anything it is directing more traffic to their site. But now because I had a bunch of clients do it and half do not get used, that does not help me—and when you try to contact Yelp about the issue, they send back automatic reply emails. You can send it to them three or four times and get the same response. Because of that customer service I will not use them.”

3. Owner of a small local music store in Tennessee

This source refuses to advertise with Yelp, calling Yelp’s business suspicious and questionable, and its reviews biased. If you do not play Yelp’s game, he said, Yelp will post negative reviews about your business. He believes Yelp is not interested in small businesses, but would rather pursue clients such as Target Corp. (TGT) and Walgreen Co. (WAG). This source advertises primarily on Facebook, and is a big Facebook fan as the site allows him to reach a large number of customers and monitor the responses. He believes that, if Facebook chose to be, it could be a viable competitor to Yelp.

Attrition

- N/A

Advertising Budget

- “I have never advertised with Yelp. I would never even dream of it.”
- “Yelp gets the advertisers they want. They are not interested in somebody like me. From a numbers standpoint—Sears, Target, [Wal-Mart \[Stores, Inc./WMT\]](#), [Family Dollar \[Stores Inc./FDO\]](#), Walgreens. ... Their clients are big business.”
- “The advertisers that Yelp does not have any value in, like myself, are more than welcome to jump. Yelp is not interested. It is just money, it is bean counters, no matter how good I do. I spend \$10,000 with them, who cares? Walgreens spends \$100,000. ... That is why we have no power against Yelp.”
- “Nobody owns it like Yelp. It is true what they say, bad press is even good press. They worked out the deal with Yahoo. If you are going to advertise in that medium, you have to advertise with Yelp. They do have those big clients and they can muscle everyone else. The Yahoo thing gave them even a higher platform.”
- “I have found most effective in reaching customers is hands down my Facebook page that I have created. It is time very well spent. I just had a posting that reached 4,000 customers, and they were customers I targeted.”
- “Facebook does a very good job of it because it is the easy blog. Facebook will tell you how many people it will reach, and you can see how many ‘likes’ you got, how many comments. The page is free. You can boost posts, meaning advertise different amounts.”
- “I calculate my Facebook return on investment on how many new ‘likes’ I get, how many new comments I get and how many people saw it, ‘liked’ it, and how much interaction was created with the post. It is up to me to create the ad.”
- “Facebook could be competitive to Yelp if they wanted to.”
- “My advertising budget is expected to grow year over year for the second half of 2014. I probably will spend more money on advertising but it will be Facebook. I get on Facebook every day now. You can find something to talk about every day, and when you do not have something great to talk about, you do not boost that post.”

Review Validity

- “I do not believe that their system is non-biased as far as the reviews. If you do not play their game, Yelp will only post negative reviews about you. The positive reviews will be put in the non-recommended section. That has a very fine print if somebody wanted to read it. But search engines only see the front page, which are the recommended reviews—and they are all negative. And they just do it to everyone, this is their business.”
- “The more you advertise, I bet the better your reviews get.”

4. Owner of a landscaping company near Philadelphia

This source has advertised with both Google AdWords and Angie’s List, but refuses to advertise with Yelp because of the company’s review policies. He claims he has numerous positive reviews on his Yelp page written by actual happy clients, but Yelp hides and filters them and discounts them as part of his star rating. He also questions whether some reviews on the site are valid. He has stopped advertising temporarily because his firm has more business than it can handle. There are some positive aspects to the website—such as the ability to list hours and locations—but these features are not enough to entice him to advertise with Yelp.

Attrition

- “Whatever Yelp is doing, they are highly ranked SEO-wise for businesses. Angie’s List now is right under theirs, then [Kudzu.com](#), [owned by [Cox Media Group Inc.](#)].”
- “I have never advertised with Yelp. I am not happy with them right now. I have had multiple clients put great references on Yelp but there is one bad fellow who bad-mouthed me and for some reason Yelp just shows that review.”
- “I will not be using Yelp in the future because I am not happy with them. It is totally a biased opinion.”

Advertising Budget

- “Last year I started spending more money on Google AdWords and focusing on 15 miles around my office. I also did more of the Angie’s List marketing. It is good now, but Angie’s List took a pretty high percentage of each job so really we were losing money. But now it is spring and it has been nice because those clients that did those Angie’s List deals are calling back because we did high-quality work. I am not advertising on Angie’s List at this point. I have too much work.”

- “When we put \$100 toward Google AdWords, we track the phone calls that are coming in and it is pretty amazing. Periodically I will get a client who calls in for Google AdWords and before I know it, it is a \$5,000 project. Just that one call can be a fantastic return on \$100, for example.”
- “Next week my advertising budget will probably change a lot. We will probably start to spend a lot more money on advertising. I will probably end up doing the same amount of marketing if not a little bit more, probably with Google AdWords. I will probably invest a little more money on website search engine optimization.”

Review Validity

- “It says there are nine other reviews on my page that are not currently recommended, and the reviews below are not factored into their overall star rating, which is frustrating, because I have eight reviews with all five stars checked off, and one that has four stars checked off. That is why I have tried to email them, as the people who wrote these reviews are actually customers of mine. Yelp does not get back to me at all.”
- “I have had clients give us great reviews and then Yelp filters the review, which is not fair. It is hidden. And I have tried to contact them multiple times about it and they have never gotten back to me. I have emailed them 10 times about it.”
- “[The] Angie’s List system works great. They actually let me know when a client puts a review on their website. So that is really nice, that way I can double check. To be honest, I have not had any major issues with clients. But Yelp never tells me what is going on, and it could be a bogus review. I do not know if reviews are valid.”

5. Owner of a hair salon in the Philadelphia metro region

She contemplated advertising with Yelp a few years ago but was so dismayed by the company’s policies following several points of contact, that it was a turnoff. She has also given incentives to customers, asking them to write reviews, and then these positive reviews get hidden on the Yelp site. She calls Yelp “a joke” and said other small businesses in her neighborhood also do not like Yelp. Today, she advertises on social media, with direct mail and with deal companies like Groupon Inc. (GRPN) and Living Social Inc. She said she will never work with Yelp and that the company needs to recreate its advertising base annually due to customer dissatisfaction.

Attrition

- “Yelp has to recreate its customer advertising base every year because of attrition. Yelp is joke. The reviews can hurt us. I am in strip mall with a pizza shop, a dry cleaning business and a nail salon—and they all say, ‘Do not worry about Yelp. They call and do the same to us.’ It is just extortion.”

Advertising Budget

- “My advertising budget will definitely grow year over year for the second half of 2014.”
- “I was going to advertise with Yelp. I had an ad budget when I opened three years ago. ... I was told if I paid \$375.89 a month I could advertise with Yelp, and Yelp would put my ad above my competitor’s listing and I would have a Yelp representative who would filter my reviews. That was a turnoff.”
- “If I was not going to pay, Yelp pretty much would put bad reviews on the site.”
- “Every time I would ask to speak with a supervisor they did not want to tell me anything. I had to bribe customers with a \$5 coupon if they wrote about their experience at my salon. But all of the good reviews got deleted and hidden. Now I was losing money—giving away gift cards for people who would take the time out to do this.”
- “Another local salon owner contacted me and told me the exact same thing.”
- “I created a Yelp profile. I tried to make it stick out. I want it to be presentable.”
- “So now I will do newspapers. I have done Groupon, Facebook, direct mailings, commercials radio, social media.”
- “I would never return to Yelp at this point. Even to this day, if a customer writes a good review it gets deleted.”

I am in strip mall with a pizza shop, a dry cleaning business and a nail salon—and they all say, ‘Do not worry about Yelp. They call and do the same to us.’ It is just extortion.

*Owner, Hair Salon
Philadelphia Metro Region*

These are sites where you can leave reviews, sites where they want feedback—Groupon, Living Social, Facebook—they have options of reviews and ratings, just like Yelp does.

*Owner, Hair Salon
Philadelphia Metro Region*

- “Google Plus is similar to Yelp because you can also create profiles. Whomever creates profiles can leave reviews. It is hard to tell who is real and who is fake. Any business will never satisfy people 100%.”
- “These are sites where you can leave reviews, sites where they want feedback—Groupon, Living Social, Facebook—they have options of reviews and ratings, just like Yelp does.”
- “I keep track if I get new clients. Let’s say for Groupon I will get 100 to 300 new clients on a deal—and I keep track and have their names, email addresses, the date they came in—and then I will see which advertising medium has the biggest return.”

Review Validity

- “Nobody I know would pay for Yelp as they know it is not real.”

6. Professional pet sitter and dog walker in Tennessee

This source refuses to advertise with Yelp as she believes the company is dishonest and unethical. Yelp, she said, uses extortion to get advertising dollars and they hire local reviewers, making the reviews bogus. She instead advertises with Angie’s List, Single Platform, a Constant Contact Inc. (CTCT) company, and local sources. She is decreasing her advertising budget for the second half of the year, and will spend that money on charitable contributions to local animal advocacy, rescue groups and animal shelters.

Attrition

- N/A

Advertising Budget

- “My advertising budget is expected to actually decrease for the second half of 2014 compared to the same period last year. I have decided a better way to spend some of my advertising funds is by charitable contributions to local animal advocacy, rescue groups and shelters.”
- “I currently advertise with Angie’s List, Single Platform and local sources.”
- “I do not advertise with any of Yelp’s competitors. Twice I was solicited by the Google AdWords sales department. I was told if I did not spend money on Google AdWords, even my organic listing would disappear from Google’s search engine.”
- “I am willing to try new advertising that I have not done, *if* I can be convinced that there will be a return on investment. Sometimes there is, sometimes not. If not, I cancel that advertising.”
- “I must take in more money than I spent on any particular advertising investment. Every single new client, or prospective new client, I know exactly the source of where they found me.”
- “Yelp needs to change its ethics and business model before they deserve one dime of advertising from any business, small or otherwise.”
- “I have not advertised with Yelp. I consider Yelp to be dishonest and unethical. They use extortion to get advertising dollars. I do not do business with such companies. If a company refuses to advertise with Yelp, their five-star reviews are removed and what I call ‘grey marked’—very difficult to find and read—and the rating is removed. If a company advertises with Yelp, five-star reviews appear, and I believe some of those to be bogus reviews.”
- “I would never use Yelp. Lack of ethics, extortion and hired local reviewers.”

Review Validity

- “Pros of Yelp: none. Cons: removal of legitimate reviews as punishment for not advertising; bogus reviews—good and bad; [and] hired local ‘reviewers’ who are not legitimate customers.”

7. Manager, hipster wine bar and eatery, San Francisco

This small, intimate wine bar and eatery in San Francisco does not advertise on Yelp and does not plan to in the future. This source said that, although the bar’s Yelp listing has boosted the business, she is annoyed by Yelpers and what she sees as their elitist attitude and sense of entitlement. Like several other young business owners interviewed, she prefers to do her own marketing on social media such as Twitter Inc. (TWTR) and Facebook for free. Adding a way to verify that reviewers have actually paid for food at a restaurant, she said, would add to Yelp’s credibility.

Attrition

- N/A

Advertising Budget

- “I am not advertising on Yelp. Salespeople guaranteed us a 20% increase in our sales, but we said no. Personally, I don’t like Yelp. It’s also hard to take their sales calls when you’re washing dishes or rushing around at work.”
- “You can spot a Yelper right away. A lot of the time they’ll have their iPhone on and be looking at Yelp reviews of your restaurant. They don’t know what they’re talking about but suddenly they’ve been given all this power. And with it comes this sense of entitlement, like people who complain about not being seated when they come in 30 minutes before the restaurant is open.”
- “There was one person who complained on our site that she felt ‘very rushed’ during her meal. Well, I know who she was, and she and her table were here for *four hours*. ... All readers will see is ‘I felt very rushed.’”
- “We get cold calls from Yelp, but it’s usually just to fact check something or verify our address. That’s fine. But I don’t pay for advertising or social media. I tweet and do my own posts on Facebook.”

Review Validity

- “I know they use some kind of algorithm to check for fake reviews, but I don’t know if it helps that much. Maybe there could be some kind of check before people write reviews, something to verify that they’ve actually paid for something at the restaurant. I’ve seen other reviews that have that information. It would be good if Yelp could do something like that.”

8. General Manager, auto repair shop in Arizona

The general manager of this five-star auto body shop pays close attention to his Yelp site, but sees no reason to advertise with Yelp, especially because his friends have reported less-than-ideal experiences with it. He monitors the comments he gets on Yelp assiduously, contacts customers who have complaints to work things out, and has said before that Yelp should add an email alert for new comments. He enhances his shop’s Yelp listing with photos, tracks referrals he gets through Yelp, and feels that Yelp has helped him reach a younger demographic. He is among the small business owners that appreciate the benefits of Yelp, but prefer to do their own social media marketing and promotion. This source said Yelp charges far too much for advertising, and he will “never” advertise through the site.

Attrition

- “I do feel that Yelp has to recreate its customer base a lot because a lot of businesses aren’t satisfied.”

Advertising Budget

- “I plan to never advertise on Yelp. I’ve heard not-so-good feedback from friends who advertise on it, and the minimum is \$350 a month. That’s really a lot of money, and all they’re doing is placing your ads on other people’s sites. They advertise for shops in other cities, and that’s kind of weird. I’m in Scottsdale and they have ads for similar auto body shops on my site ... but they’re in Phoenix! So maybe if I advertised they would put the ad for my shop in Scottsdale on a Phoenix shop! It’s not very enticing.”
- “I’ve been checking Yelp’s [analytics dashboard], and our numbers were down a bit but we still had 150 user views from the web. Out of those, 30% to 40% go further and click on our website. I do get a number of emails from potential customers, and generally the person mentions they saw it on Yelp. And some mention on Yelp that I always write or call back right away. We have a five-star rating and I’m very proud of that.”
- “I do think Yelp has helped get me into a younger demographic. Recently I’ve been working on my Yelp site to upload photos. I put one up of the shop cat. And Yelp pulled a couple from Instagram and posted them.”
- “My parents were really anti-advertising; they survived by word of mouth. But Yelp, Facebook and Twitter all have been very helpful to me. Like everything, they take time and attention.”
- “I advertise with the local radio station for about \$250 a month. That’s the only thing I do besides a spot in the yellow pages.”

Review Validity

- “I’m not sure what Yelp does to verify its reviews are valid. From what I gather about Angie’s List, they verify their reviewers are customers.”

9. Owner of an old-time barber shop in Canada

This source's shop opened four months ago and, possibly due to competitive strategies, negative reviews suddenly popped up on Yelp. He claims Yelp told him point-blank that they could make those negative reviews go away if he advertised. Yelp also called his shop repeatedly and many sales representatives have been rude to his staff. He said Yelp is unethical and is damaging people's livelihoods, and therefore he has washed his hands of Yelp and simply refuses to advertise with the company. He believes Yelp has to recreate its advertising base yearly due to attrition, since many small business owners want nothing to do with the company. Facebook is popular among small businesses in his city. This source plans on spending more money on advertising for the remainder of the year, but he will focus on radio. Most of his business comes by way of word of mouth, with some coming through avenues like Facebook and street signage.

Attrition

- "Yelp has to recreate its advertising customer base every year because of attrition. I talk with other small businesses about their experience with Yelp. They say it wasn't worth their time. I do not think a whole lot of businesses spend money on Yelp. Most will buy advertising on Facebook. We also have a local magazine here that focuses on small businesses."

Advertising Budget

- "I have never advertised with Yelp. They have tried relentlessly and ruthlessly to get me to advertise."
- "I use Facebook because it is hard to be anonymous on Facebook. You can see a fake review a mile away. Facebook is more efficient for me."
- "For the most part my shop thrives."
- "I ask everybody where they heard about it and I did actually have an ad campaign that went on radio for a while, for the months of September and October and going into the month of November. For the most part I have not bought any ads except for radio."
- "Yes, more than likely my advertising budget will grow for the second half of the year. I have radio campaigns coming up, but more or less my business is built on word of mouth, so money spent on advertising would have to be a worthwhile thing. I work closely within the business community to do a lot of cross promotions. I work really closely with the business guys."

Review Validity

- "We opened up four months ago and a couple weeks after we opened, this shop exploded since it is different for our city. And a few other shops felt the brunt of a new business coming in and doing something different. We offer traditional barber shop pricing, so guys really like that. But [competitive] business owners and staff will create false identities on Yelp and give negative reviews, fake negative reviews. I knew the reviews on our page were fake."
- "I started getting phone calls from Yelp, and one girl [asked] me, 'Did you know we can make your negative reviews go away if you buy advertising?' They were calling my shop five to six times a day and some were getting rude with my staff. That is the reason I do not buy advertising, as I do not agree with that. They are damaging people's livelihoods, and people who own businesses and who support their families."
- "I have heard of business owners paying sometimes \$50 to set up a fake account with Yelp and give a negative review. I do not agree with silencing people either."
- "That is one thing when it is fake and annoying, but then Yelp is finding a way to capitalize on that and are calling business owners as soon as someone posts a negative review."
- "They actually told me I could bump down other people's reviews. Say I have a competitor in same industry, I can contact Yelp and say, 'Oh Joe Schmoe's barbershop is doing well—I want them to go away.' I do not know if that is a sales pitch but that is what I was told on the phone. That is the most unethical practice that I have ever come across."

I started getting phone calls from Yelp, and one girl [asked] me, 'Did you know we can make your negative reviews go away if you buy advertising?' They were calling my shop five to six times a day and some were getting rude with my staff.

*Owner, Old-time Barber Shop
Canada*

They actually told me I could bump down other people's reviews. ... I do not know if that is a sales pitch but that is what I was told on the phone. That is the most unethical practice that I have ever come across.

*Owner, Old-time Barber Shop
Canada*

- “I just washed my hands of Yelp. This is complete and utter bullshit. It got to the point where I would message reviewers directly and say, ‘There is a loophole in your story—be a man and take it down.’ But they just leave them there. It is really sleazy.”
- “It is cool that people have a way to give reviews and something more than word of mouth. It is also cool to read what you are doing right and what you are doing wrong when it is actually valid.”

4) Competitors

One source said year-long contracts help cut down on churn while another source said Yelp does not have to replace their advertisers due to churn, but at the same time this source noted that his company most easily gains customers from Yelp. One source is expecting advertising spending to increase 20% for businesses that spend between \$500 and \$2,000. One source said Yelp reviews can be too polarizing, creating a difficult business in which to succeed. One source said it is hard for businesses to take recourse against negative reviews on Yelp.

KEY SILO FINDINGS

Attrition

- 1 source said year-long contracts help cut down on churn.
- 1 source said Yelp does not have to replace advertisers, but this source easily takes customers from Yelp.

Advertising Budget

- 1 source expects customers who spend between \$500-2000 on advertising to grow their budgets by 20%.

Review Validity

- 1 source said it is hard for businesses to take recourse against negative reviews on Yelp.
- 1 source said reviews are too polarizing, it is a difficult business in which to succeed.

1. Corporate development officer, multibillion dollar business operating social media and local ad platform

This local ad platform giant enjoys a “great partnership” with Yelp, which it also competes with in the social media landscape. Yelp has enabled this source’s company to expand its offerings while keeping some distance from the review content, which can be controversial. Yelp’s advantages include an almost complete domination of the review space; its drawback is that it basically is a listing service with no products to offer. The advantage this source has over Yelp is that it is larger, has a broad suite of products, and has an attrition rate that’s the “best or very best in the industry.” Its customers are accustomed to signing year-long contracts, and this source can offer a range of advertising, business and web development products for customers.

Attrition

- “We usually sign up customers for a year-long contract. It’s a subscription-based model and product. Small businesses can be quite fickle, so it’s nice to have a longer contract. I’d say our churn rate [attrition] is the best or very best in the business.”
- “I don’t think Yelp has any major competitors in its space. But Yelp is basically a listing. We have a much bigger breadth of services to small businesses, including reputation management, website products, search engine marketing, and [website development]. If you only have one product in your bag, you’re not as robust.”
- “We are both partners and competitors with Yelp. That’s how it is in this business: most of us are partners as well as competitors. We have a great partnership with Yelp. It expands the business to have the Yelp profile in our packages.”

Advertising Budget

- “Small businesses often use multiple providers for advertising; it’s not as scientific as you would think. Cost and performance, of course, play a big role in deciding where to go.”

Review Validity

- “Yelp reviews seem honest, but reviews can be too polarizing. We have people that love ‘em and people that don’t. Small businesses can be upset when consumers give them a bad review. For review-based models, it’s a struggle. We’re not in the review business so we haven’t had those issues.”

2. General Manager for a competitive review site; repeat source

This source said his company siphons customers from Yelp easily, as business owners either like Yelp or hate it. Businesses perceive that good reviews of their enterprise may be filtered out, and thus some opt to advertise on the site in order to avoid this. It is difficult for his company to take advertising clients away from Google and one-vertical sites like Zillow and Porch. While Yelp offers a large consumer audience, deep content and great technology, it is too easy for consumers to give negative, untrue reviews and too difficult for businesses to challenge these reviews.

Attrition

- “It is easiest for us to gain customers from Yelp. Business owners either like or hate them. There is a popular and somewhat true perception that more of a business’ good reviews will get filtered than their bad reviews. Many of the businesses that sign up with us have paid Yelp in the past or have been affected their review filter.”
- “It is harder for us to gain customers from Google and one-vertical sites like [Avvo](#), Zillow, Porch.”
- “Yelp does not have to recreate its customer base every year on the consumer review audience side, but [it does] with some businesses that do not get good reviews or have direct referrals from Yelp.”

Advertising Budget

- “When deciding where to spend their advertising dollars, ... [first], small business [owners] focus on sites that are specific to their vertical, i.e., lawyers– [Avvo](#), real estate– Zillow and Trulia, restaurants– Yelp and [IAC’s] [Urbanspoon](#). Then they focus on general review sites, print and Google/Facebook ads.”
- “Small businesses calculate their advertising return on investment partly from actual referrals, but another part is just subjective impression of the campaign without data. If they see positive reviews, great profiles in many places, great awareness without a direct tie to a purchase, they still feel good about the campaign.”
- “Customers are spending \$500 to \$2,000 per year on advertising and I am expecting this to grow 20% in 2014. Many are also becoming smarter at leveraging free tools across various platforms first, before spending money.”

Yelp’s competitors are implementing review filters that are fair to the businesses while rooting out the fakes.

*General Manager
Competitive Review Site*

Review Validity

- “Yelp’s competitors are implementing review filters that are fair to the businesses while rooting out the fakes. [Our review site] has a [score] that we assign to a business’ profile page after looking at a dozen factors in our algorithm.”
- “Pros of Yelp: large audience on the consumer side, rich depth and breadth of content, great technology. Cons: heavy weight placed on consumer feedback, without balancing the business side. It is easy for a consumer to give negative [or] untrue reviews, but really hard for a business to challenge it or have recourse.”

5) Industry Specialists

One source believes Yelp has to replenish due to attrition. This source said Google has the least attrition and that customer service is an issue at Yelp. One believes Yelp is stronger than it was six months ago, as they continue to add mobile app users. One sources expects 2H14 budgets to remain stable, while one said social media allows better tracking by businesses of promotional offers’ success. Two sources say Yelp will always reward their most active users.

KEY SILO FINDINGS

Attrition

- 1 said Yelp has grown stronger over the past 6 months, primarily through the continued addition of mobile apps.

- 1 source said Yelp does need to recreate their base due to attrition, and that Google sees the least attrition. Customer service is an issue at Yelp.

Advertising Budget

- 1 said social media allows tracking of a particular promotional offers performance.
- 1 expects 2H14 budget to remain stable.

Review Validity

- 1 said Yelp always will police reviews, and will reward more active users.
- 1 said Yelp favors “elite” user reviews, whether such reviews are valid or not.

1. Lorrie Thomas Ross, CEO, Web Marketing Therapy; repeat source

Like other social media companies, Yelp has to combat customer attrition, but there’s no question that Yelp can be an enormously powerful tool for small businesses. Customers that decline to advertise should still pay close attention to Yelp and monitor their accounts diligently, responding quickly to disgruntled clients and complaints. Small businesses cannot afford to ignore social media—they need to learn how to take control of it and promote their brand. Yelp has shown integrity in trying to “police” its site and eliminate fake reviews.

Attrition

- “Customer attrition in social media is not unusual. But Yelp can be an extremely powerful tool for small businesses. I had one client that was slipping in organic search results. But when we looked at Yelp, the business was number one on the list—really front and center. It’s hard to underestimate that kind of impact.”
- “Yelp has also gotten stronger since the last time we talked [six months ago]. As Yelp continues to add mobile apps, and as long as it keeps its integrity, I don’t know how it could fail.”
- “I know Yelp has competitors, but it is really hard to come up with names. Angie’s List is good for what I call riches and niches, and of course the yellow pages. There are also Google ads and Facebook ads for small businesses. But Yelp is the leader in its space.”
- “Angie’s List definitely has areas they excel in, but the site is so difficult to navigate. It’s a competitor but it’s very home-centric and focused on service.”
- “Some businesses will say, ‘We want visibility.’ They are definitely willing to pay to play for the chance of getting a higher ranking. And you can get Yelp advertising à la carte or à la mode. You don’t have to spend jillions of dollars.”

Duration of Clients

- N/A

Advertising Budget

- “You want brand awareness, more visibility, and credibility. With social media, businesses might track it to a specific offer—say, \$20 off a haircut—or asking a certain question. It soon becomes crystal clear what drives traffic.”

Review Validity

- “Yelp is always going to be policing. There will always be people who cheat and try to game the system. Yelp flags questionable IP addresses and rewards active community members.”

2. Blogger about Yelp and owner of a small business near Los Angeles

This source hates Yelp, to put it mildly. He said the company is ruining people’s livelihoods and their reputations, largely by filtering out positive reviews and posting negative reviews that are fake. The company also gives power to “elite” users who post many reviews that are never filtered, regardless whether they are truthful or false. Most business owners like this source detest Yelp for its practices and as a result, Yelp is losing advertising dollars, both from advertisers that are canceling their campaigns with Yelp, and from small businesses that simply refuse to advertise in the first place due to shady practices. Overall, people feel more comfortable with Google than Yelp, and Yelp has to continually recreate its advertising base due to attrition.

Attrition

- “Yelp has to create its advertising customer base every year because of attrition.”
- “Google has the least attrition.”

- “Yelp is losing a lot of small business advertisers due to its practices. I know that for a fact. A lot of people will not advertise with Yelp and they are smart not to. It is \$300 a month to advertise on Yelp and it is not even worth it. But if they refuse to advertise at all, strange things start to happen—that is where Yelp becomes evil in my opinion. Once you start saying, ‘No,’ things happen.”
- “Google reviews are probably the next most popular. They are not as bad as Yelp in terms of filtering. Yahoo reviews basically work with Yelp now—Yelp took over. It was really bad for some owners. All other competitive companies are smaller, such as Foursquare. Yelp and Google are the two big competitors.”
- “I do not think there is any Yelp competitor that has a hard time keeping customers, but if there is any, I would say Yahoo.”
- “In the last two years at least 20 people from Yelp have called me—and they never bluntly say, ‘Advertise and things will get better.’ But sometimes they make it seem as though if you advertise, it will get better, more negative reviews will come off. They insinuate it. If you tell them to stop calling and tell them you are not interested, more positive reviews [disappear] and more negative ones stay. Yelp always said they have no power over this.”
- “You cannot reach anyone at Yelp. If you have time, try to find someone at Yelp. The closest way to get anyone on the phone is to advertise.”

Advertising Budget

- “Small business advertising budgets will stay the same for the second half of the year.”
- “When deciding where to spend their advertising dollars, small businesses look at price, what company is popular, which is getting the most hits and traffic and if the company is a legitimate company to work with. People feel more comfortable with Google than Yelp.”

Review Validity

- “I have many reasons for disliking Yelp. The main bullet would be that they are ruining people’s livelihood and their reputations. Yelp comes along and filters out 90% of their positive reviews and the majority of negative reviews are fake.”
- “In terms of why I hate Yelp, this is the most important reason: ‘elite’ users. If you are an elite user, your review on Yelp cannot get filtered—even if it is a stupid, pointless review. A lot of elite users are bribing and forcing owners in order to get freebies and discounts in exchange for positive reviews. If they do not get what they want, they bombard the owners with negative reviews. Yelp knows this is happening—they admit it is happening—and they continue to give elite users this power. ... It is amazing to me that the FBI has not shut them down.”
- “The pros of Yelp: the website is nice. Yelp does some good. A lot of owners are getting lots of customers. I cannot lie and say nobody is being helped by Yelp. ... But if nine out of ten people love Yelp and one is being hurt, that is wrong. To hurt anyone’s reputation, that is wrong.”
- “Most business owners hate Yelp. It is very sad to know that there are a lot of owners whose businesses are going down the drain and they have no idea it is because of Yelp. They do not understand the filter. People do not understand how Yelp works.”
- “Did I mention I hate Yelp?”

Yelp is losing a lot of small business advertisers due to its practices. ... Google reviews are probably the next most popular. They are not as bad as Yelp in terms of filtering.

*Blogger & Small Business Owner
Los Angeles*

3. Greg Sterling, Senior analyst and program director, [Internet2Go](#), [Opus Research](#) advisory service

Yelp has high customer attrition, but so do other social media companies looking for digital advertising from small businesses. YP.com—formerly the yellow pages—may have a lower churn rate because it bundles its services and its legacy small business customers were familiar with its advertising contracts. Google, Facebook, Yahoo, YP.com, and Yelp all compete for small and medium businesses that likely are hedging their bets by putting advertising dollars in up to six different buckets, including print and digital ads and website development. Yelp also faces competition in different verticals by industry-specific sites like Zillow and Trip Advisor Inc. (TRIP). Opus Research’s internet analysis group found that small and medium business owners looking to place ads measure their ROI in different ways, with 50% tracking it by repeat business, 46% by repeat sales, 39% by asking customers how they found business, 35% by tracking the number of incoming customer calls, 25% by likes on Facebook or Twitter, 25% by foot traffic to the store, and 23% by the average size of sales. About a fifth tracked ROI by the size of sales or the number of qualified leads, and a smaller number

through newspaper coverage or mobile application downloads. Many feel too busy and overwhelmed by online ROI measuring, with only one in ten tracking it through an analytics dashboard. Yelp has worked hard to weed out fake reviews from its site, although its secret algorithm and reviews that are perceived as unfair and elitist have created “a lot of ill will and resentment” among would-be small business advertisers. Yelp is still a “powerful force,” however, and its expansion and new partnerships that help businesses book clients and reservations put it in a stronger position to win over small businesses.

Attrition

- “The churn rate is high across the board. In Yelp’s case, would-be advertisers have built up a lot of bad will and resentment. There has been so much criticism of Yelp’s algorithm for weeding out fake reviews that they’ve rebranded it. All these allegations I’m sure you’re familiar with—the Yelp sales guy calls, the small business declines to advertise, and then many positive reviews are gone. Some small businesses believe that Yelp is manipulating reviews to extort advertising in a kind of quid pro quo. This has never been proven, but Yelp does have some difficulty with advertising. Now Yelp is doing interesting things with advertising and reservations that may go a long way to healing the relationship it has with small businesses.”
- “So Yelp has trouble with customer attrition, as its rivals do, but it is still a powerful force. It is not only growing in terms of consumer traffic, it will really be in a strong position as it expands its partnerships and reach.”
- “These numbers are a bit opaque. Digital churn is high for most of the companies selling to small businesses. The attrition rate of the yellow pages—now YP—may be lower because of their legacy relationships [with small businesses] and product bundles. [YP.com] is a pseudo-monopoly and it is extending its exposure and brand. The internet has a fragmented audience, so it’s a lot more complicated for Google, Facebook and Yelp.”
- “Facebook also wants small business advertising dollars. Facebook has a gigantic audience and tremendous potential, but it remains to be seen when it will become a formidable competitor, one has the capacity to really do damage to Yelp.”
- “At one time [Four Square](#) looked like a more formidable competitor, but it’s not really one right now. It’s doing some sophisticated things, but it doesn’t have that much momentum in the category Yelp is in, which could be described as a horizontal broad directory or search site with reviews. Once you get into categories like healthcare, travel or real estate, you see competitors like Trip Advisor, OpenTable, Zillow, [\[Expedia Inc.’s/EXPE\]](#) [Hotels.com](#), and so on. Some people call them niche categories, but I see them more as verticals or industry-specific sites with more richness and depth.”
- “Google is a particularly strong competitor because it’s a major search engine and it’s trying to do a lot of same things Yelp is doing. Critics routinely question its motives, asking whether Google is trying to push Yelp and other competitors further down in search. I don’t think that is happening, but there’s no doubt that Google is trying to bolster certain kinds of content, such as travel and local business listings. “
- “Google is very conscious of competitors like Yelp—it tried to buy Yelp at one point, so it’s not a disinterested party—but I don’t think there’s a vast conspiracy to push Yelp further and further down in Google search. However, Google is doubtless aware of its competitive impact. It has gone to some lengths to showcase Google content and to push organic search in an effort to drive traffic to its own sites. It knows that users are not as interested in the source of content as the content itself.”
- “With things like Groupon, ... until recently it’s been hard to track the impact of online advertising, but new methods using surveys, coupons and so on is making it easier.”

The churn rate is high across the board. In Yelp’s case, would-be advertisers have built up a lot of bad will and resentment.

Senior Analyst & Program Director
Opus Research Advisory Service

Advertising Budget

- “SMB advertising generally falls in three buckets: traditional media, digital, and companies’ own promotional efforts such as a blog or Facebook page.”
- “The internet has obviously had an impact on analog media: Print yellow pages revenues are declining 20% year to year for publishers. SMB owners hear about [free] viral videos going all over the place and then question the value of paid digital ads. Some money is also going into web developers, SEO experts, social mavens. [Yodle](#), which markets such services to the small business segment, is making hundreds of millions. So some companies have as many as 6 buckets, including video and mobile, and multiple churn.”
- “Most [businesses] have less than \$5000 in [advertising] budget, so they see Yelp as quite expensive. Even with mobile look-ups and report calls, some feel that they’re not seeing the financial value.”

- “The problem for Yelp is its core business model. If you as a small business have a terrific body of reviews and people like you, you’ve boosted your exposure and awareness, and you’re doing really well, over time you may need Yelp advertising less and less.”
- “We did some surveys on that. It’s definitely not one size fits all. Some ask ‘how did you hear about us.’ Others use online coupons or promotions that may or may not be reliable. Still others rely on their gut feel of how busy they are and how much business they’re doing.”
- “Here are the results [of the Opus Research report] on SMB thinking on ROI: repeat business, 50%; sales, 46%; asking customers how they found business, 39%; number of incoming customer calls, 35%; likes on Facebook/Twitter followers, 25%; foot traffic to the store, 23%; average size of sales, 21%; number of clicks through to the website, 21%; number of qualified sales leads, 18%; data from analytics dashboard, 10%; PR/newspaper coverage, 4%; and number of mobile application downloads, 4%.”
- “I don’t think SMB advertising budgets are necessarily growing so much as they are shifting.”

Review Validity

- “There have been examples of businesses trying to buy Yelp reviews written by minions in boiler rooms. To its credit Yelp has worked to crack down on that. It has given a ‘scarlet letter’ to businesses for up to 90 days, which is really the kiss of death. It has come down very hard on businesses trying to fake reviews and those all coming from the same IP address. The problem of how to ethically get reviews and avoid fake reviews afflicts other review sites such as OpenTable, but Yelp has been very active in combating the problem. It also uses its review filter to weed out fake reviews.”
- “Yelp will eventually create a ‘verified purchaser’ category, where there is almost zero chance that the review is faked. It will be a little tricky to do that, because Yelp has spent so much time and money creating its ‘elite’ squad of reviewers. The Yelp ‘elite’ right now enjoy a special status and power, but a verified purchaser would immediately trump that. Verified users would be trusted disproportionately more than anyone else and would be of co-equal or supreme status to the elite Yelpers. Yelp will have to figure out how to manage those issues, but I think it will move to that system eventually.”
- “Also, in terms of the Yelp elite, there is a bit of a generation gap. The elite are seen as urban hipsters who don’t know what it’s like to run a business. They’re seen as students or young people who have time on their hands and feel a sense of power and/or entitlement when doing reviews, and may not show much understanding or humility or compassion on what it takes to be a business owner. Again, the Yelp elite category will change if there is also a ‘verified purchaser’ category, because everyone will gravitate to that.”

Secondary Sources

The following 6 sources show Yelp maintaining its leading position as a business review site while validity and fairness of its reviews remains an open question.

May 14 Web Pro News [article](#)

Yelp has asked businesses to not ask customers for in-store reviews. Yelp’s algorithm appears to block an IP address if too many reviews are coming from it.

- “Yelp announced on Wednesday that it has issued a new round of Consumer Alerts, the warnings that appear on businesses’ Yelp pages informing users that they’re not to be trusted. The company didn’t say how many it issued this time around, but it did call out a few businesses by name.”
- “The company is also discouraging businesses from asking customers for reviews in-store, which many would no doubt argue is when the experience is freshest in their minds. As far as Yelp is concerned, asking for reviews is pretty much like spam.”
- “‘Unfortunately some businesses are trying to sneak through fake reviews in an effort to boost their reputations on Yelp and other review sites,’ says Yelp’s [Kristen Whisenand](#). ‘Others may be encouraging their customers to write reviews from the store, which may not sound all that bad until you ask yourself just how objective you’d be if you were at the dentist’s office and she dropped an iPad on your lap and asked you to write her a quick Yelp review. Solicited reviews are often biased and don’t result in the most accurate overall portrayal of that business. You can also be assured that businesses are almost never asking their unhappy customers for reviews.’”

- “Part of the problem (on Yelp’s end) with people leaving reviews from in stores is that they come from the same IP address. It would seem that reviews coming from a single IP address has been one of the biggest factors in the company determining when reviews are spammy. In fact, the company said right in its [new post](#) on the subject that it ‘looks for businesses that have received a disproportionate number of spammy reviews, like those that originate from the same IP address.’”

May 27 Motley Fool [article](#)

The number of Yelp reviews is increasing and Yelp expands into new markets, such as Mexico and Japan.

- “Yelp saw a 130% increase in the number of reviews on its site, compared to a 75% increase in reviews at Google, according to [Piper Jaffray](#)’s data.”
- “Although reviews are not of material importance to Google, they are a pillar of Yelp’s business. Google has struggled to disrupt Yelp and its local ad business for more than eight years. Nonetheless, Yelp maintains its advantage as the place for consumers to post reviews of local establishments.”
- “Yelp continues to expand to new markets and new countries. Last year, the company launched its platform in four new countries and 20 new markets. Last quarter, the company added Mexico and Japan, its 25th and 26th countries.”
- “A significant part of growth from last year, however, came through the acquisition of [Qype](#). The European review site added 1.8 million reviews from Germany in the fourth quarter. In the past year, Yelp migrated about 1 million additional reviews from Qype’s French and British sites in addition to hundreds of thousands of reviews from Spain, Italy and Ireland.”
- “Although not every Qype user migrated to Yelp (many were inactive on Qype), Yelp is seeing a good conversion of legacy users. The increase in users ought to have a positive impact on reviews and engagement well into the future.”
- “Yelp attracts about 46% of its visitors through mobile, and the vast majority of mobile users find the site through the mobile web. The ability for Yelp to maximize engagement of its mobile users is increasingly important as mobile user growth is outpacing overall growth.”
- “As growth in mobile users continues to outpace overall user growth at Yelp, management could very well expect mobile reviews to have a positive impact on review growth. On the company’s fourth quarter conference call CEO [Jeremy Stoppelman](#) indicated that management plans on expanding the opportunities for users to contribute via mobile. The addition of photo uploads via the mobile web may be just the start. As stated by Stoppelman on the call, “We are focused on bringing all of the functionality of the desktop web to mobile, we’re just kind of knocking through our priorities. So we have more to come.”

May 19 Fox Business [article](#)

A bill in California aimed at protecting consumer rights to post reviews faces little opposition and Congress may soon do something similar.

- “A bill moving through the legislature in the Golden State provides legal protection for consumers who post their opinions online.”
 - “The bill was introduced in February and has faced little opposition, passing the Assembly Judiciary Committee earlier this month. This comes as lawsuits based on Yelp and other online reviews have been sweeping the country in Washington, D.C., Utah, New York and more.”
 - “Domenic Romano, New York City attorney and founder at [Romano Law PLLC](#), says California gets ‘five stars’ for taking a step in the right direction as far as consumer protections are concerned.”
 - “‘This protects the integrity of consumer reviews online,’ Romano says. ‘California has led the way in a lot of consumer protection initiatives, and with the amount of attention its getting, it may only be a matter of time before Congress puts something in place on a federal level.’”
- “‘There are some businesses that are unethical and will stamp out any kind of negative comments, whether they are legit or fraudulent,’ he says. ‘However, the rights of consumers to post their experience and opinion should not be stifled,’ he says. ‘This bill would help to protect consumers’ free speech.’”

May 19 Motley Fool [article](#)

Yelp has a strong mobile presence and has just released software service for small businesses similar to OpenTable.

- “Yelp maintains a strong mobile presence, with mobile users growing over 50% in the first quarter of 2014 versus the first quarter of 2013. As mobile use increases, Yelp’s free application can continue to grow its audience and expand functionality for both businesses and users.”
- “For example, Yelp just released a [new service for small businesses](#) to book reservations, outside of its more complete [SeatMe](#) service or through the OpenTable integration. OpenTable’s stock [suffered](#) after Yelp announced this new service, but Yelp and OpenTable’s 600 other partners only contribute between 5% and 10% of North American online reservations with the majority coming from restaurant websites and OpenTable’s own sites and applications.”
- “Reviews on Yelp have been proven to sway consumer preferences. Unfortunately for some businesses, they have swayed customers toward a competitor. Yelp maintains that it’s completely impartial, only removing reviews that it deems fraudulent with its algorithm, but many businesses [regularly complain](#) about questionable practices if they decide not to advertise with Yelp. Yelp has even created a [webpage](#) to simply explain that an advertiser only buys an advertisement, and not manipulated reviews.”
- “The proportion of businesses buying advertising has risen to 4.6% out of the total businesses that have been “claimed” by the business owners. This is up from 4.1% last year.”

May 7 Zacks [article](#)

Yelp is facing investigation after a slew of complaints that businesses that buy advertisements on Yelp receive favorable review filtering.

- “The law firm will investigate potential violations of the federal securities laws, which include Yelp’s business practices. The investigation also focuses on the true nature of the reviews that appear on the company’s website”
- “Of late, Yelp’s business practices regarding reviews appearing on its website have faced significant criticism. In early April, the Federal Trade Commission (FTC) said that it received an overwhelming number of complaints about the company’s business review practices over the last five years.”
- “The FTC announced that it received more than 2,046 complaints against Yelp. According to The Wall Street Journal, most of the complaints were lodged by small business owners alleging that Yelp posts fraudulent reviews that defame their reputation.”
- “Yelp also said that it receives approximately six subpoenas on a monthly basis, demanding the true identities of the anonymous reviewers. The company vehemently denied the allegations as well as any relationship between reviews and sponsorship.”
- “Strong growth in user base (particularly mobile), its entry into new markets (both domestic and international) and new partnerships are the positives for Yelp. However, as Yelp continues to explore and expand into new markets, sales and marketing expenditure is expected to increase significantly, thereby hurting margins.”

May 6 CBS Boston [article](#)

A Harvard business study found a strong correlation between high star rating on Yelp and revenue for restaurants and it is believed businesses often successfully game these ratings.

- “[Boston University assistant marketing professor [Giorgos] Zervas found the worst offenders tend to be smaller restaurants. In one scenario, these establishments might post a fake positive review to neutralize some legitimate negative reviews.”
- “For negative reviews, the main driver is increased competition by nearby restaurants that serve similar food, maybe of the same price range, similar cuisine,” said Zervas.”
- “A study by the Harvard Business School found adding one star to a restaurant’s rating can mean an increase of 5-10 percent in revenues.”
- “Zervas recommends Yelp users look for reviewers who have a large number of posts and many friends. He says that is often a clue that person is less likely to be linked to a particular restaurant.”
- “Approximately 25 percent of the reviews submitted to Yelp are never seen by the public because they are considered suspect by the site’s filters.”

Additional research by Diana Hembree and Cheryl Meyer

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