

CityVoter: Using Voting To Get 2+ Mil Members – with Josh Walker

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Here's your program.

Andrew: Hey, everyone. My name is Andrew Warner. I'm the founder of Mixergy.com, home of the ambitious upstart. How do you use voting to increase your membership? Joining me is Josh Walker, founder of CityVoter which has a database of more than two million registered and repeat voters.

I want to learn how he got his company so big. I want to learn how he gets people engaged. I want to learn everything that I can about this business. Josh, welcome and thanks for answering all these questions.

Josh: Thanks for having me, Andrew.

Andrew: All right. First question that I'm sure is on my audience's mind is voting on what? What are people on cityvoter.com voting for?

Josh: Well, they're voting on those categories that you would see traditionally in the City Magazines. So, everybody's familiar with the City Magazine that comes out once a year that says Best of Boston, Best of Chicago. We started out with that formula saying why do editors get to sit around the make those decisions.

We wanted to do a people's choice, but we wanted to do it in a way that was big and authentic and local. So, we put those categories, traditionally your lifestyle and entertainment categories online for people to vote for, spas, gyms, salons, arts and entertainment, that kind of stuff.

Andrew: Okay. I actually, a few minutes before this interview, started just to make sure that I was familiar with the site. I voted for Ma'Kai in Los Angeles. It was dead easy. I clicked the vote button on the Ma'Kai page on CityVoter. I voted for them, and then Ma'Kai was added to my profile which you guys automatically created as soon as I voted. I didn't even need to say what my favorite lifestyle...I didn't even need to fill out my profile. You filled it out for me.

Josh: Yeah. That's the new part about what we're doing. We added a lot of the gaming mechanics that made Foursquare and Gowalla and some of the other mobile sites very popular. We now take a serious approach to the voter themselves and give them a ballot and a personality and some incentives on the site.

Andrew: I saw it. I think I got a pin right away as soon as I voted.

Josh: We don't say badges around here. The pins, voter pins, it's a different kind of branding.

Andrew: Okay. I want to know about all the tactics to use to grow your membership. If it's pins and it's new and it seems too small to bring up, I don't care. I want to know about it. I want to learn about it. I want to bring it to my audience and have them use some of these ideas themselves.

First of all, when I said that what I was especially curious about CityVoter is how you got to two million members because you said that was an impressive number but, Andrew, 23,000 might be more impressive for your audience to learn about it. 23,000 what? Tell me about that.

Josh: 23,000 merchants. This is our 2010 audience of engaged local merchants. Today when you hear about Groupon and you hear about GiltCity and you hear about Living Social and all of these merchants that are trying to sell deals, the biggest challenge for all of them is engaging that local business owner.

The local business owner has one hand on the phone and their other hand on the register. They don't have time to talk to sales people. So getting them

to do anything is really impressive, and what we've done from the very outset of our business is we've engaged the business owner. We've tried to make the business owners feel special, that they're competing in this contest, that their nomination means something. And it does because for the large majority of the businesses that are on our site, some consumer came along and said, "I want to vote for them."

Andrew: Okay.

Josh: That connection, if your audience wants to take anything away from this, it's the connection that people want to feel good, and they want to feel special. Those are two very easy words to say, but the special part is that these businesses have been nominated and are competing to be the best in their city.

While they're interested in making money, they also want to be the best. They want to be known as the best. We get a lot of legs from that title of recognition.

Andrew: Okay. All right. So I'm going to add that to the agenda. I'm going to find out how you got 23,000 business people to be engaged with your site in addition to finding out how you got two million people to come in and vote for their favorite places on the site.

Let me ask you this. Let's get right to the most powerful mechanism, the most effective mechanism for getting people to come to your site and vote. What is that?

Josh: It's ego. We e-mail marketed. We did hand research to get to the business owners. So my site is not built on licensing yellow pages data. We didn't go out to Localeze or Axium or InfoUSA or any of those guys. What we spent the first two years doing was the hard work of getting all the businesses that are generally known as the best into the database, and we have their Twitter feeds, their Facebook pages and their e-mail addresses.

Having that quality of data was the way that we were able to engage them initially.

Andrew: You have my favorite place for a drink in Santa Monica is Ma'Kai. You got Ma'Kai from some list somewhere, or you knew that it was one of the top places in Los Angeles. You contacted them and said, have your best customers vote for you on CityVoter because if you do, more people are going to discover you. And it's also an ego thing you want to win.

That is what you're saying is the most effective system that you've had for getting new registered users?

Josh: It is. I want to give you the one take away, but it's really the combination of all those things because when we initially e-mail them, it's not only having the quality data it's also having the brand behind us. And it's not the CityVoter brand. This is where the partnering of the local media company comes in.

So we would call up and our first contest was here in Boston. And we said, congratulations you've been nominated by CBS Television as one of the best coffee shops in Boston.

Andrew: Ah, I see, okay. A coffee shop in Boston gets an e-mail from a new website that says, tell your people to go vote. They go, who is this new website? Another person was trying to get my attention, but if they hear that it's a major media outlet, okay, so let's step back. How did you get these media outlets to get to partner up with you when you were a nobody.

Today you're a big site. Today I see people linked to you. Even Groupon linked to you in an old e-mail to me. When you were a nobody, how did you get the big media companies to partner with you?

Josh: It was a lot of hard work, and the first few conversations that I had with media companies, I used the word free a lot. It was back in 2006, 2005. There was a lot of evangelism of why local was important and things like that. I think now startup has a bigger challenge. The bigger challenge is that everybody knows locals hot, so they're not going to take a risk on a little company.

Now, you almost have to be established before you call the big media companies. Back in 2005 I had the luxury of them saying, "Uh-oh, look at this Yelp thing coming at us, this is another Craigslist. We better figure this out. Let's try this thing with this CityVoter Company and see what happens."

Andrew: Okay. Now, you get their brand recognition. What do they get in return for partnering up with you?

Josh: They get a lot of content and a huge amount of engagement. Those are buzz words, but they don't have local content. Most of these web sites, you go around and you look at the local media sites. These are your local

newspaper and local TV websites. They don't have business listings. Unless they're licensing something, again, from InfoUSA, Axiom or those guys, they're just getting yellow page listings.

So they want something that's unique, and they want something that's premium. And we were bringing them photos, maps, reviews, voting. There was a more holistic sort of offering, and we could show them that people were voting and registering on their list and they were very excited about it.

Andrew: Now, the way that I see it when I go to cityvoter.com is all of these local pages are sub-domains of CityVoter. So it's localmedia.cityvoter.com. Is that the way that the information is presented only, or is it also presented on your media partners websites?

Josh: They definitely have a big amount of promotion they do on their own website.

Andrew: On their website, you give them content that people can see on their site and that Google can see on their site and send them traffic. Is that right?

Josh: Yep. Even better, they get to co-brand it. The Bay List brand started out at the San Francisco Chronicle. They called it the Bay List, and it sort of emerged from that. Fox Television calls it the Hot List. So they were able to call it the Hot List and develop that brand over time. That gives them signage in the businesses. All these businesses put up the placards and things like that. Those things never come down, and it's great. It's a different type of business for them. It's not just an online directory.

Andrew: I see. So now, the San Francisco Chronicle has got stickers on all the local businesses who are trying to get votes from their customers on the San Francisco Chronicle site.

Josh: And their sales teams have to call those businesses to sell them print advertising and other advertising so you're no longer cold calling. You're saying, hey, I saw that you were nominated in our contest. Congratulations. We'd love to talk to you a little bit further about what we can do in this Sunday's edition, that kind of stuff.

Andrew: All right. How about this? Did you also have to pay them in order to partner up with them?

Josh: No.

Andrew: No? Interesting. Okay. That's very impressive.

Josh: I think that's important. Every entrepreneur at the beginning of their business has to have certain rules that they're not going to break, and that was one that we never broke. We always wanted to be seen as service that you paid for because we were providing the types of things I'm talking about. It was beyond just software. If we just said our software meant nothing and we gave it away or we paid them to take it, we'd be behind the ball in the beginning.

Andrew: Did they pay you?

Josh: They do, ever since we started. We moved away from partners. I'm sad to say that we're no longer working with the San Francisco Chronicle on the strategic basis we were before. We're no longer working with Fox Television on the way that we were. We have some partners we've been working with for four or five years, but they're our paying customers. They're strategic customers, and we continue to develop their brands.

Andrew: So they were paying you? Who gets to keep the members? Are the members in the CityVoter database and in the San Francisco Chronicle and other media partners' databases?

Josh: This is another one of my rules. One of the things I was trying to do from the very outset of the business was build a large amount of IP. The IP came from the business data and it came from the consumer data. We would offer a customer the opportunity to collect e-mail addresses that were in the contest.

So, for example, you're voting on the Denver website. Our partner is the ABC station in Denver. We would offer you the ability to get news and weather updates from KMGH, thedenverchannel.com. We built them a very large database. They have over 30,000 e-mail subscribers, but that's their database. I don't touch it, and they don't touch mine. And so, it works out pretty well that way.

Andrew: All right. Again, I went to the site this morning just to double check that I understood everything about the process. When I voted with a new account, there was a check box after I voted on the confirmation page

or something like that, that said, do you also want to get offers from the GuildGroup. That's what you're talking about, and the only way that the San Francisco Chronicle and Fox and anyone else that you partnered with, the only way that they would get a member is if the member specifically said I also want to be there.

Josh: Yes.

Andrew: What about the data? Let me just pause here for a second. When I also searched my Gmail inbox for your name to see if anybody brought your name up in the past, I saw that a few people in my audience told me about you and said that you're a smart entrepreneur and told me all kinds of stuff about you, just so I was aware of you. Now, I understand why. This is extremely clever. You are getting them to pay you to build your business. You are getting the data.

I'm not going to say this any more. My audience understands this. If I say it any more, it'll make it look like everyone else is a chump and you've outsmarted them. We all understand. This is a very smart partnership, true?

Josh: It is a very smart partnership. Look, they needed to get into the local game, and they needed something unique. And I gave that to them. I needed to build a database that made it repeatable and easier for me to do this year-over-year. We only have 11 people. We've never run a business that required a lot of capital.

So this efficiency was really important to me, to have the businesses come back and compete year-over-year. It was really important. It made sure that I didn't have to hire people and staff them against those cities year-over-year. It's been mutually beneficial for a lot of our customers, and we're really happy.

Andrew: Okay. What about this? Now, you've got the partnership. You said you pick together a list of local merchants, of local businesses. It sounded like you did that manually. How did you put that list together?

Josh: So in 2005 I walked around Boston with a digital camera. That's how I started, but it got a lot easier over time. And I think now it's even much easier for us to landscape a market. We research the magazines, Yelp, CitySearch sites now, and there's a much better database of local business listings that wasn't available back when we started the business.

It used to require me two head count per city. We now use probably an eighth of that to go out and get the initial... you only need the initial sort of 200 to 500 businesses to start the viral nature of what happens, but it was a lot of work when we got started.

Andrew: I see. Once you had the name of a local merchant, the local spa, local salon, whatever it is, what did you do then? Did you e-mail them? Did you send them a letter saying you are now in our system. Get your people to vote for you for the best of San Francisco Chronicle's Bay List or whatever it is.

Josh: Yeah, so this is where the software piece of the business comes into play and my brother, who is the chief technology guy here and has been with me from the beginning. He's built this back end architecture that gets very little visibility and credit, but it's the idea that you can triage that lead, if you will. It's not salesforce.com. It's like, they get a note that says, hey, they've been nominated. Then, they get another note that's also sort of an automated template that's very personalized with a brand.

Then, we send welcome postcards. A lot of these businesses are still mom and pops, so they still use the physical mail. They open up their mail. Then, they see something and then they're like, oh, I think I got an e-mail about that. And then, we send them or we phone call to make sure that there's some sort of traction there.

Andrew: I see.

Josh: It's like a three step process, e-mail qualify, e-mail physical mail and then if you have to, a phone call.

Andrew: How do you get an e-mail address from a merchant who you just read about in a local magazine or whose picture you took on a field trip?

Josh: That's where we believe that we've created just a better database. It's a lot of work. You've got to find them on Facebook. You've got to find them on Twitter. You've got to go to their website, literally go to their website and click into a few pages. You'll get the info@restaurant.com. That bounces all the time, so you've got to work at it.

Andrew: Maybe, this is a question I should have asked earlier on. What is the value of a user who just votes for a business? Are we talking about a hit and run, click on your website with a little bit of action, or are we talking about some kind of engagement? What happens after the user votes?

Josh: Well, more than 50 percent, more than 50 percent of our audience will leave a review. If you look at cityvoter.com we keep a rolling tally of how many reviews and recommendations we collect. We're not in that business, but that's great content for search engines. It gives us a lot of flexibility to do some different things. So we get that. They become sort of the patch journalists that feed on the street. They're telling us a little bit more about that business.

More importantly, they're buying deals. We have what are called Voter Deals where instead of Groupon where you go out and you try to acquire new customers for a business, we're actually presenting the people who vote with a deal. The business comes in and says, hey, I want to win this contest. I'd like to offer any of my voters a \$10 deal, and they set it up in our system and voters can now buy those deals as part of the contest.

Andrew: The local merchant now can go to your website and punch in a deal. The only people that get that deal are people who vote, and they have an incentive to send users back to CityVoter to vote to get this deal.

Josh: Yeah. And then, their customer says, of course, I voted for them. This is the business I love, and they're thinking about why they love that business when they see the deal. So, our deals are converting at more than 30 percent. If you've done any of the research, and I know that you have in the Groupon space, that's a customer acquisition play. You blast 10,000 people and you hope that .5 percent of them convert.

We're taking 100 voters, and we're saying of those 100 voters, 30 of them will buy this because they love this business. And it's actually proving out.

Andrew: talk to me about the psychology of voting. For some reason, voting is a great incentive for registration. Voting is a great incentive for people to come over to a website. I'm looking at politics, and fewer and fewer people are voting for politics. But more of us are voting on social news sites like Reddit and Digg. More of us are voting for favorite restaurants.

What's going on here? Why are people bothering to vote for this stuff? Before you had the incentive of a potential coupon, what is it about voting?

Josh: So, you've probably seen people put bumper stickers on their car that said, "I ate at Joe's" or you've seen somebody with a trucker hat that says, "Bill's Bar" or they've got a t-shirt that says, "Joanie Cuts My Hair", that's kind of trendy or something like that.

There's something about local businesses that are part of our identity, and Yelp figured this out very early on. It's absolutely 100 percent what drives force where. It's not enough to say who I am on Facebook. You want people to know where you hang out and what you're doing.

I think voting is an expression of who we are, and it connects us to our place. When people feel so lost and not connected with the physical world, this is a way for people to connect. I don't know why people aren't voting in elections. I'm not going to be a social commentator, but the idea here is very much I think you're connecting your physical world a little bit more directly.

Andrew: If I'm in the audience listening to Josh and Andrew talk about voting and I want to add it to my website, one of the things that I need to remember is people are more likely to vote for things that they can identify with or connect to their identity. It's not so much voting as showing off or standing for something in this case.

Josh: Yes, standing, building your identity. I think that's right. Think about a vote as a bumper sticker for your car. Why do people put bumper stickers on their car? I never understood that. I never was compelled to put a bumper sticker on my car, but I think voting is the bumper sticker. It's like, I want you to know that I eat here and I drink here and I do this here.

Andrew: That's interesting. If I were going to, for example, have voting on Mixergy for who my audience thinks I should invite back to do an interview, it would be great to have the names. But if I also said what they stood for, like a bootstrap entrepreneur named so-and-so, a venture capitalist named this and that, it would get people to vote for what they identify with.

Do they identify with bootstrappers and want the world to be full of more bootstrappers and be identified as a bootstrapper themselves, or do they believe in this whole go big or go home the venture capital, and they want to identify with that and send that kind of message. That's my big take away here. Fair?

Josh: That's right. And I think their ballot, if you look at what you get on the L.A. site, if you go back, we gave you an opportunity to fill out your

ballot which is really your profile. It's who Andrew is in LA. I think if you think about Mixergy from that perspective, it's like who did I vote for?

It's like who you follow in Twitter. If I look at your Twitter followers, I'm like, oh I see. You're sort of this or you're sort of this or you're using this for status or you're using this for influence. I get a very clear sense immediately of what you're doing and why.

Andrew: I see. Okay. All right. Going back in time, you partnered up. You got the local businesses to be participants by just very slowly working the relationships with them, digging up their e-mail addresses on the website, going through their Facebook profiles where necessary and you reached out to them.

How did you get them to tell their customers about the voting process when there's so much else they need to tell their customers, like come back to my store next time. Thank you. Here's the bill. You didn't tip enough. You did tip enough. There's so much on their mind.

Josh: Yeah. Well, I think all of those messages you just said are the same messages they're telling their customers all the time. What they want is something fresh to go out to their customer base, and they need an impetus often to do that. It's easy to say, hey, this month I'll be having a sale at our store. Come back and see us. But that's not that interesting.

What's interesting is hey, you're just nominated as the best wine shop in Boston. Please vote for us, and by the way come back in and have a wine tasting on Friday because da da da da. Same message but it gives them a little bit more content and context to deliver.

Andrew: I see. They're not just saying, go vote for us. They're saying, we were nominated by the San Francisco Chronicle's Bay List or by Fox. I see. And nomination, basically, is you put them in the system because you found that they were one of the top local places, or some user of your site voted for them which essentially means that they've nominated them.

Josh: Yeah. I'd be really skeptical if I came to a site and I thought every nomination was put there by that business, by the CityVoters. We pre-populate probably about 500 businesses. What we want to do is make sure there are, at least, five nominees in each category.

Andrew: There's no max, right? The nomination isn't like the Oscars where there's a small number of people. The nomination just means we're

in the system. Instead of saying, we are in the system, go vote for us, you said, no, you're not just in the system. You are now a nominee which communicates something bigger, and now I'd want to show it off if I was a local restaurant.

Josh: It does. For the first five, they may have been put there by CityVoter, but they have to be a legitimate business for us to find them and to feel like they belong. Once those five are in there, their competitors see them and say, why am I not here? They can join, which we encourage them to do because it's free for everybody. And the consumer comes and votes and says, how could you not have my favorite Thai restaurant? This site's a joke. The minute we see that e-mail, we add the Thai restaurant. It builds the efficiency for our database.

Andrew: At this point do I have any to e-mail you guys or say why isn't my favorite Thai restaurant in the system, or can I automatically add them by going to that big search bar, input bar at the top of each page?

Josh: Yeah. There's a write-in thing at the bottom. And you probably didn't see it because we only allow people who had voted multiple times to actually earn the ability to write into our system.

Andrew: I see. Interesting. Okay.

Josh: Get back after it.

Andrew: All right. What else? We talked about some of the big systems that you use to get people to engage and to vote. What else? What have I not asked about? What have I missed so far?

Josh: Well, 35 percent of our traffic comes from Facebook.

Andrew: Tell me about that.

Josh: And it is fascinating. That was something that I didn't see coming. It was sort of snowballing, and then it just had like this hockey stick effect. What's happening now is consumers are actually being more advocates for the business than the business is being an advocate for themselves.

What the gaming stuff did and what Twitter did is it gave consumers a new way to speak and a reason to speak. Like, oh, the more I do this the better I look. We gave them a bunch of tools to do that. What we're seeing is that people are actually recruiting their friends to vote in a prolific fashion. 35 percent of our traffic is much more than Google, and that was never the case before.

Andrew: What's the message that people tweet when they click the button on the right side of each business's page?

Josh: It's a campaign slogan almost. It says, "Help Joe's Win." I just voted for Joe's. Help Joe's win.

Andrew: Okay. There we go. I thought our video is just pausing here for a moment and good, everything's back. Okay. It's help Joe's win. Have you tested other copy in there and found that this is the one that works?

Josh: Not formally, not formally. I think that we certainly tried to appeal to people's altruistic or good nature or vote local, buy local, shop local. We're really trying to engage with that.

Andrew: Okay. What about the Facebook message? What's the action actually when they click the Facebook button on the right side of each merchant page? What happens there?

Josh: They get taken right to that merchant's page where they can vote.

Andrew: The fan page.

Josh: Yeah.

Andrew: That you created, your fan page not the merchant's actual fan page that they created on their own. It's the CityVoter fan page that you create for every merchant.

Josh: That's right. Yeah. And we're thinking of ways where we can take the people who vote and help the merchant make those fans. That would be the reciprocal relationship that would work well.

Andrew: How do you do that? How do you have a fan page created for every merchant in your system? You've got a lot of merchants.

Josh: We have over 400,000. They have a self-service curation tool. They've got a business center, and the business center allows them to go in and update photos, change their business listing, add location, download, print signs. The business center has become its own entity over the last six years, and there's a lot of stuff they can do in there.

Andrew: Oh, you mean the merchant does it?

Josh: Yeah. The business owners do that, so the 23,000 number that I gave you, all the merchants do that.

Andrew: Can you give me that number again now that I understand how significant that is?

Josh: Yeah. It's 23,000 merchants that are using a user name and password and logging into CityVoter to compete.

Andrew: And each one of them has a Facebook fan page. It's a CityVoter Facebook fan page?

Josh: Yeah.

Andrew: Interesting. Now, why would I as a merchant want to create a CityVoter Facebook fan page when I have my own fan page for my own business? Why would Joe's...

Josh: You don't have to. We have a Facebook app. You can put it on your own Facebook page which is our ballot in your Facebook page.

Andrew: Gotcha. Okay. But if I as a user, if an end user clicks the Facebook button, they're becoming fans of the local merchant's fan page or the CityVoter fan page for the local merchant?

Josh: All they're really doing when they click Vote on CityVoter is they're helping them win an eight week contest. At the end of that eight weeks we stop tallying votes, and we say this is the winner. So they're doing that in addition often to being fans to that business on their Facebook page because we're in a bet. We have a start, and we have an end.

Fanning on a Facebook page is kind of something that lasts in perpetuity, but we have a start and a finish. And we're building that intimacy between the business and the consumer during that period of time.

Andrew: Okay. I interviewed an entrepreneur about online deals who has... What was the name of it? Christian Owens. He has Mac Bundle Box where he offers a bundle of discounted Mac apps, and I said him, why does he offer his discounts for one week at a time. He said he tested one day discounts. He thought it would create more urgency. It didn't work. He tested longer. It didn't create enough of an urgency. One week was the deadline.

All that long explanation is my way of asking why do you limit your contest to as long as you do, not have it run forever and have people keep voting or shorter or any other amount of time?

Josh: Because we want to create a CityGuide, and the way to do that is to time stamp this thing, which is to say, every year it's really after the CityMagazine model. Every year you look forward to the edition. Every year you look forward to the competition. Every year you look forward to the results.

If you're a business owner and you lost last year, you want another shot. If it's a rolling thing, it loses its importance and really loses the engagement.

Andrew: I see.

Josh: We've tried it for 12 weeks. We've tried it for six. It works okay with six weeks, but really the perfect timing is to eight.

Andrew: Okay. In researching this interview, I'm not stalking you. I'm researching. I heard you on a local radio station. I think it was in the Bay area in San Francisco. You were encouraging people to vote for the deejay who had you on the air which was kind of cool that the deejay would have you on to get more votes for himself. I thought I heard you say, if people vote they have a chance to win, I think, maybe \$10,000. The prize, where

does that come from, and how much of an impact does that have on getting people to vote?

Josh: It's relatively new. We have little giveaways. We gave away a HDTV when we were getting started in 2007, and that was stuff that our media partners provisioned. So they got like, a television set. Then they gave it away. What we found was that everybody who voted entered the giveaway. They're already registering, so why not try to win a TV?

But as we watched that behavior over time, we tried to make those prizes bigger, and we tried to make them more local because we figured we have a very qualified local audience. Why not give them something they can experience in their area?

In Seattle this year, it sort of blew our mind. We had 200,000 people vote in eight weeks, and of those 200,000 people, 20,000 registered to win a gutter system for their house. I was like, what? A gutter system for your house? 20,000 people? And that was the tipping point for me. I'm like, we've got a lead gen business here, sitting right next to our voting business.

We need to be thinking and being more thoughtful about this, and that's when we pursued Gilt and RueLaLa and all these other deal sites to do something interesting. Gilt's the one that you heard me talking about on the radio.

Andrew: Right, right. Okay. Before I get to that, I've got so many notes to come back and talk to you about other topics. But I haven't brought them up yet because I don't want to get side tracked.

Let's ask one more way that you grew your voters, that you got more people to vote and come to the website.

Josh: One more way. Well, Search Engine Optimization helps enormously when you have evergreen content. Local content is great content. I think a lot of people find us through Google. We did do a lot of stuff with mobile. Mobile's sexy and now that there's more SmartPhones, we put QR codes and short codes on the signs that businesses put up and say that we've been nominated.

We already knew that they were hanging up those signs, so we wanted to see if putting a mobile short code on there would help. We had over 300,000 people vote on the mobile in the last six months. We're just leveraging the channels that we already have.

Andrew: I like to prepare. I went to your website, and I saw a big image of an iPhone app. I said, I got to get that. I didn't see a way to click from there to the app store to download it. So I went directly on my phone to the app store, and I typed in CityVoter, couldn't find it in there. What was I doing wrong?

Josh: It's what we did wrong. We didn't build a good app. We didn't build a read/write app. We built an app that displayed the winners. Our idea was that this was going to be our City Magazine, that you were going to carry it around, that it was just going to have the winners. The sophistication of the mobile user, the app user, has just blown us away.

You just can't show them who's winning and not let them review and not let them make a reservation and not let them... And it was just too early for us to invest that heavily in mobile. So we waited a little bit longer for the SmartPhones, and now our mobile experience is really immersing on the mobile web.

Andrew: Okay. So it's not an app, it's the mobile web.

Josh: That's right.

Andrew: All right. But I went to CityVoter on my iPhone then, thinking maybe you would detect that I was on an iPhone and offer me the ability to download the app or do something. It wasn't customized at all for mobile. How do I get to the mobile site?

Josh: Once you're on a mobile phone, we should know you're on the mobile phone.

Andrew: You're saying, it's just not where it should be yet but it's working there. Josh, am I a pain in the butt to bring up all these little details?

Josh: What's that?

Andrew: Am I a pain in the butt here with all these little details?

Josh: No, but if you're going on to CityVoter on the mobile, on a SmartPhone, you should be going to our mobile site. If you're not, that's not good. We pumped it on the whole app thing, but you should be having a mobile experience.

Andrew: Okay. One more nitpicky thing.

Josh: Yeah.

Andrew: Then, we'll go back to being friends. I registered and I saw that there were a few fields that were required. And I knew they were required because you had an asterisk next to them. An experience, by the way, if anyone doesn't know it, you find the local merchant that you like, you click the vote button. It's very easy. A light box comes up that asks for your e-mail address, that asks for your password, and those are required and then one or two other things, birthday not required. I left it out; I hit submit. It said, hey, that birthday's not valid. I had to fill it out.

If you're getting two million registered people and that little mistake is going on in there, it makes me feel like, to get to two million you have to be so... You have to optimize every field and every part of the process, and every part didn't look optimized except for that. I'm wondering, do I go through the process the way that most people do, or can you get to two million people without being as supremely optimized as I imagine. Or is there something else going on here that I can't figure out?

Josh: Wow. Those are a lot of questions. That shouldn't happen. We are seeing that a large percentage of our sign-ups are happening through the buttons on the right, so Twitter, Facebook and using social networks to log in. That's why you see on our site most of the people that are voting have photos. The only way that we would have a photo of them is if they used a social network to create their account.

We're getting an optimized registration process through Gigya which does the integration with the social networks, but your experience is not a good one if that's how we're dropping some people in the registration process.

Andrew: How do you optimize your registration process? It is very well done. What do you do?

Josh: It's been over time. Even if you had that little snafu, it was a lot harder in the past. We wanted gender. We wanted all the things the advertising networks were asking us for. They were like, what's the household income? We were trying to think, how can we get that? Do we ask them if they have kids?

Because you're voting, we're actually connecting you to the places you love. And that gives us a zip code proximity. It gives us some information

about whether or not you have kids. If you're voting for maternity clothes or you're voting in the wedding category or you're voting for arts and entertainment, I learned certain things about you. I don't need to ask that much upon registration, and that's the luxury of having a site that actually gathers information about you as you go along.

Andrew: Okay. All right. Let's get side tracked now with all the little notes I wrote when you were talking earlier. When you talked about the San Francisco Chronicle relationship and Bay List and Fox, you said and I wrote this down as a quote, "Sad to say no longer working with them." What happened?

Josh: Well, it's the question you asked me earlier about whether or not media companies are going to continue to pay for services like this. I think what's happening is that they look at a site like ours, and they say, how do I make money off of this site. What's happening is the local models are converging so quickly that now if you go to all the sites, and I challenge you to find a local publisher that doesn't have a daily deal site.

They're either working with TownHog. They're affiliated with Groupon. They're working with Living Social, something like that. There's a lot of confusion on their part as to how strategic that is and what they put in the bag of their sales teams. And there's just a ton of confusion.

We amplify that confusion a lot because like, who owns the relationship of the merchant? Why can't our sales people call on them? What are we selling them? CityVoter's free and it becomes sometimes too complicated for the local broadcasters and the local publishers to figure out.

Andrew: I see. Okay. So, they've decided they want to go off on their own and partner up with a local deal site, if anything.

Josh: I think there's that, and I think that there's a tremendous amount of churn at all the media businesses. These are people that hold these jobs for two years and they're out. So I think the strategy is always in flux. I think everybody who comes in has a new idea of how they're going to do local online. And the biggest challenge is that the sales forces at these local media companies are stilling the traditional advertising products.

Andrew: Okay. All right. One more question, and then we'll understand the pivot that you took recently. I made a promise to the audience in the beginning of the interview that we would talk about how you got 23,000

merchants when, as you said, it's very hard to get merchants. They're busy. They don't want to be engaged. How did you get them to register on your site, on CityVoter?

Josh: So this is really where, I think, most people think that you can throw a lot of VC at local are wrong because this is time, and I'll get off my soap box really quickly, hopefully. We knew when we started this business we were going to be running a very long process to build a database so we didn't take a lot of capital upfront. We really did a low burn, slow burn kind of approach because the first year you engage with the merchants, they're very skeptical. They don't believe this thing is going to be around, and they don't do anything.

The second year they're like, oh that was fun last year. I remember that thing, and they play a little bit. The third year they're like, I'll be damned if I lose this thing again. That's ridiculous, and they're ready. They're engaged and they're hooked. And those 23,000, if you really look at the cities that they come from, they're in our five and five year cities, and they've built over time. That's the brand. That's the cultivation. That's the trust that you build with the local merchants.

Andrew: So it's just by being there over time, establishing that relationship with the process that you talked about earlier, with the e-mail contact, the e-mail contact follow-up, that whole system.

Josh: And giving them really easy tools to use. If you're trying to teach them about search engine marketing and search engine optimization, you don't understand what the local business owner is doing. You've got to talk to them the way they expect to be spoken to. Here's a chance to promote your business. Your customers are here voting. Put a great deal in front of them.

They don't want to know that this increases their click through rate and that this is going to give them search engine optimization in the organic search result. They could give a shit. They could give a...they wouldn't care.

Andrew: They just want to know more sales and not more sales and not more flair on their Facebook page.

Josh: Right. And make it easy. Let them get in and let them get out.

Andrew: I see. At least, 23,000 merchants have created accounts on your site and done what beyond creating the account?

Josh: We have a lot of data that shows that they're printing signs to put up in their place of business. We have a lot of data that shows they've increased the number of photos in their account. We've got over 10,000 videos linked to YouTube, so they've already got a commercial made or they've got something else. So they're putting that video on that site. In a nutshell, that's really what we want them doing.

Andrew: Okay. All right. So you have been pivoting. You have been adjusting the business as locals getting more attention and getting more sophisticated. Tell me about that pivot.

Josh: Well, I think ever since we started the business, we've always been about voting for your favorite local business. That was the hook. Once we had that hook, we were really in a great place because that gave us the longevity for the model. That model's been around for decades, having a best of list in the city is not new.

What helped us enormously was Groupon, without a doubt. The jokes that they call every local merchant in the country is probably not far from the truth. Between them, Living Social, BuyWithMe, Tippr, everybody, there's a huge amount of education going on in the SMB space. As soon as the SMBs hear about something new, they turn to who they trust, and we're in that trust position. You've been there for a few years now.

Maybe, they don't try the Living Social thing. Maybe, they've worked with the CityVoter first or, maybe, they read my blog to find out what's going on in this space. If we can continue to be in that position of looking to us for trust, then it's not so much of a pivot as it is an extension of what we're doing.

Andrew: And so, you're not sourcing deals from other sites like Living Social or the White Labels. You're getting them yourself directly from the merchants. And are the deals only available now after users vote, or is there another way that you promote the deals?

Josh: Well, we started by partnering with BuyWithMe back in May, and then we added a partnership with Tippr back in August. We want to see how the daily deal model worked with our audience. That is still a possibility,

and if that becomes an opportunity for us, we will likely work with a daily deal provider.

What we're offering is the loyalty deal which is very different. I explained it. It's right after you vote. And if you present it as a thank you for voting, it's that loyalty... it's like the sandwich card. When you walk into the deli, you get nine sandwiches and you get your tenth one free. It's that mind set that we're connecting to. It's not like, hey, we're going to blast this out to 10,000 people, and I hope you get your customers.

Andrew: I see. If you blast it out to 10,000 people, a very small percentage of them will take up the deal. If you offer it only to people who vote, one out of three of them will take the deal and go into the store and get the discount.

Josh: It's incredible, and it's the same exact technology. It's a voucher. It's the same technology that all the daily deal guys are using.

Andrew: What about this though that if you're going to someone who has voted, you're reaching a customer that's already a customer and already more likely to buy from you versus a Groupon or Living Social or any of the other deal sites that are recruiting new customers who are, hopefully, going to come back?

Josh: Well, first of all, what you just said is a hypothesis. Those sites are actually reaching new customers.

Andrew: I see.

Josh: A lot of people are skeptical that that's happening. Now, I don't have the data, and I don't have the opinion to know that, but what I can tell you is that a merchant is much more excited to get somebody they know loves them, is helping them win a contest, back in their store to spend more money. I know that connection exists. I don't know how well those other things bring in new customers, but I do know that our system works to bring your local ones back.

Andrew: Okay. Before I move on from this topic, you obviously know much more about the local deal space than I do and more than just anyone in my audience. After studying it...

Josh: We talked to Andrew for an hour.

Andrew: Andrew Mason?

Josh: Yeah.

Andrew: It's true. I know a little bit. I think you know even more because you've heard my interview with him, Andrew Mason, the founder of Groupon, and you've been studying the space. Most people in the space understand a little bit about it. What are we missing? What have you noticed that's going to blow our minds about the local deal space? What have you seen that's different for us that we haven't heard?

Josh: Yeah. I think there's a huge opportunity to turn the deal space into a media company. What I mean by that is QVC, the whole deal space, I think, there's entertainment here. I think there's entertainment in finding out like the evening magazine programs on television. They have the local vignettes of the local businesses. You hear more about the local business owner. You hear how they started their company, and then you tie that into a flash sale.

I think everybody's so bent on scaling their sales force and getting into all of these markets that no one's stopping to say, how do we enrich a market with media? I think that's a really exciting opportunity, especially for the traditional media companies.

Andrew: I see. Make it more of an entertainment, more of getting to know the local merchant and not just about the big percent sign, the 40 percent off or the 50 percent off.

Josh: Sure.

Andrew: I see. Okay. Living Social, of course, and Groupon get most of the attention in the space today. Who knows? By the time I post this up tomorrow, the whole thing could be different. From what you've seen, who else is out there who's doing really well in this business that most people aren't aware of? Is it BuyWithMe?

Josh: No. I would say that it's more like... If you haven't talked to Jim Moran at YiPPiT, a lot of people know about him because he publishes a lot of research on his blog, but I highly recommend him. He's an aggregator. I'm not sold on the aggregation model, but he's a really smart guy. I would take a look at those guys.

I also believe that the companies that already have brands, like GiltCity and RueLaLa, that already have big e-mail databases, they're very interesting because they already have a relationship with the inventory. They already have something that's a lot more tangible than these other guys that are just cloning the Groupons.

Andrew: Okay. One of my notes is to come back and talk to you about Gilt. Have you got a partnership with them? What's that partnership about?

Josh: Yeah. They, like Tippr and like all of these other deal sites, need to acquire new customers in the market, and what I was looking to do, what I wanted to get from the partnership was you put models in front of your investors that say we've got an engaged audience. But as soon as you get paid for acquiring that audience, it puts a whole other spin on it. It's like, oh these people really do monetize.

What the Gilt giveaway has allowed us to do is to really show that the same number of e-mails that we acquired for LeafGuard and others have a dollar value associated with them and can be monetized as very strong leads as businesses try to extend their reach within markets. And I think there's a great opportunity for that.

Andrew: Okay. All right. I'm looking at my notes. Everything that I've asked you in service to my audience you've given me. You told me about how to get members. You told me about how to get merchants. I want to do the same for you. Brag a little. Let's tell people what you're working on.

Josh: Well, we're working on really just optimizing the model. I think all the things you've asked me I've touched on all the different pieces of our model. In isolation they're not that interesting. There's a lot of cost per acquisition models out there. There's a lot of daily deal models out there, a lot of voting sites and a lot of directories.

I think what we continue to work on is pulling those things together so that nobody else can touch that asset. We will be having competition come in at all of those different angles, but we want to be the unique story that says we do it all together and it's an integrated experience.

I don't know that we're in a position to brag. We feel really good about 2011. 2010 was our biggest year ever, and we reduced costs during that year. So we feel like we're really on pace to have a very exciting year.

Andrew: Is CityVoter profitable?

Josh: It's not. We raised \$6 million to date, and the company's been in business six years. So that gives you some sense of how efficient the company is. It is in a very interesting position right now. I think with everybody investing in the local space and throwing money at it, they're overlooking the hardest part, which is the engaged local audience. And I think we feel pretty good about that.

Andrew: Have you paid for members or paid for votes at all?

Josh: Never.

Andrew: Have you paid for advertising that led to votes?

Josh: Never.

Andrew: Never.

Josh: Look at my marketing budget. It's kind of sad. [laughs]

Andrew: It's actually very impressive if anything. It looks actually like you get paid to market, and you get paid to grow your registration base. That's why I wanted to focus on that in this interview. Then, where does the bulk of your expenses go?

Josh: Really just my staff.

Andrew: We're talking about developer staff or sales staff?

Josh: Well, we only have 11 people. So, it's just the staff.

Andrew: I see. Right.

Josh: Yeah. It takes a lot of time to convince media companies to do stuff. I think the greatest efficiency is when your experience is under one brand. It's not all branded in every different market, that there's a huge efficiency to be gained from that. Until that happens, we continue to talk and work with every local media company to make sure that we've got a really strong presence in that market. And that takes a lot of time.

Andrew: All right. I want to give people a page where they can go and check out your site and get a sense of what you're about. Should I send them to cityvoter.com? Is that where they need to go?

Josh: It's a safe bet. If you go to cityvoter.com, we always have our featured contests. Pick a market, dive into it and if it's a featured contest it means voting is going on. So you'll get a pretty clear understanding of what's happening.

Andrew: Okay. And one last question. Let's give people one action step that they could take at the end of this interview. If they want to use what you've learned or one thing that you've learned to grow their registration base, to get more people to vote or to somehow get new people engaged with their site, what's one piece of advice that you could give them?

Josh: I would say, do the hard work. And what I mean by that is take the time upfront to build something that's unique that nobody else has. If you do that, then that's your activation engine. If you go out and you license data to try to get your site out there or if you buy users that somebody else has, you're really duplicating something that already exists.

If you think you have a good idea and you think that you have something that's unique, build it. Build it from the ground up, and that will be your foundation for activating your site.

Andrew: All right. So, again, the website is cityvoter.com. I'm looking at the site right now. Josh, thanks for doing the interview.

Josh: Andrew, I really appreciate it, and I love what you're doing.

Andrew: Thank you. Thank you all for watching. Bye.