

# INSIDE YAHOO PANAMA

*Reprise Media's in-depth examination of the 'new' Yahoo Search Marketing system and its impact on marketers*

## Executive Summary

In March 2007, Yahoo completed a long awaited update to their search engine marketing system. This update, known throughout the industry as "Project Panama," was an attempt to improve the overall usability of the system and bring Yahoo's capabilities in line with market leader, Google.

While most of the market has focused on Yahoo's financial performance in the wake of the release, the changes to Yahoo's infrastructure may have a more significant impact on the search marketing community.

The following report is an extensive review of Yahoo's new Panama upgrade, including scores for nearly every aspect of the system.

In short, while it was found to be a significant upgrade over the previous Yahoo DTC (Direct Traffic Center) system (especially for enterprise-grade clients), there are several challenging aspects of the Panama upgrade that may impede Yahoo's ability to access the long tail of the market.

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# Evaluation Criteria

## Campaign Management

<b>Campaign Setup &amp; Management</b>	How are campaigns structured and managed? How easy is it to set up new accounts? What account management structure does Panama support? How are bid changes handled? How easy is it to set and change budgets?
<b>Ad Creative</b>	How have creative specifications and limitations changed since the Panama launch?
<b>Contextual Advertising</b>	How are contextual ads tracked and managed?
<b>Geo-targeting</b>	How do Panama's new geotargeting options compare to Google and MSN?
<b>Reporting</b>	What reporting options and tools does Panama offer?
<b>Performance</b>	Have we seen any short-term changes in performance - in terms of campaign spend, ROI, bid inflation, etc?

## User Interface

<b>Data Organization</b>	How is data sorted? How easy is it to navigate? What search tools are available?
<b>Load Time</b>	How quickly does data load?
<b>Terminology</b>	What terminology does Panama use and how does it compare to other systems?
<b>Visual Elements</b>	How helpful are Panama's new visual elements? Do they speed up or slow down the process?
<b>Production Sheets</b>	How intuitive are Panama's production sheets? Are they easy or difficult to use?
<b>Account Transition</b>	How well did Yahoo prepare our team for the transition to Panama?
<b>Support</b>	How helpful/available is Yahoo's support staff for technology-related issues?
<b>Editorial Review</b>	How does Panama handle editorial reviews, errors, and rejected terms?
<b>Tools</b>	What new tools has Yahoo added to the User Interface? How helpful/easy to use are they?

## Technology

<b>Convergence</b>	How easily can Panama be integrated with other data sources? How does it compare to other industry campaign structures?
<b>API Implementation</b>	Is the API built on open standards? How difficult is it to implement Panama's API?
<b>API Management</b>	How must developers handle Panama's Web Services Definition Language (WSDL)? Are there any developer tools available?
<b>Programming Model</b>	What programming model does Panama follow?
<b>Data Reliability</b>	How reliable is Panama's performance data? How often does report data need to be rechecked?
<b>Quotas</b>	How stringent are Yahoo's API quotas, and how easy is it to request quota increases?
<b>Reporting</b>	How comprehensive and customizable are Panama's data reports? How easy is it to request data, and how much time/bandwidth is required?



# Introduction

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After two years of rumors, announcements and a series of delays, Yahoo's new search marketing platform, codenamed "Project Panama", finally launched on February 5th, 2007.

Although the Panama update is unlikely to significantly impact campaign performance in the short term, it represents an immediate upgrade for Yahoo's paid search offering. Analysts predict that Panama will increase Yahoo's search advertising revenue by at least 20 percent in 2007 to nearly \$600 million. More importantly, Panama is expected to help Yahoo slowly close the gap on Google as it relates to their ability to monetize searches.

At its core, Project Panama completely overhauls the way in which Yahoo ranks paid search ads. Rather than ranking ads based solely on bid price, Yahoo's new system now factors in the quality of each ad. This creates a win-win-win situation for Yahoo, its advertisers and end-users. Ideally, more relevant ads deliver better results for searchers, which in turn mean better clicks for advertisers and more revenue for Yahoo and the publishers in its network. As such, the update brings Yahoo's ranking of paid search ads in line with similar methodologies used by Google and MSN.

Though most reviews of Panama focus on this quality-based bidding system, nearly every facet of Yahoo's paid search platform has undergone some degree of change. From the way Panama structures campaign data to the tools used for performance reporting, these changes have a significant and lasting impact on advertisers. As marketers adjust to the new intricacies of Panama, we sought to establish which upgrades would impact advertisers the most.

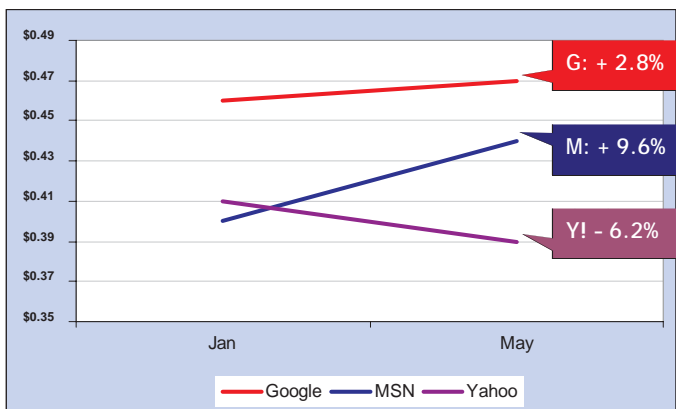
Reprise Media undertook an internal cross-functional study of Yahoo's new paid system from a search marketer's perspective, the findings of which are detailed here. This study examines the change that Panama brought about in day-to-day campaign production, optimization and reporting, from both front-end and back-end process perspectives. While we will mention similarities to MSN's adCenter program, most comparisons in this report center around Google AdWords, given its position as the dominant player in the market and de facto industry standard.

# Performance Impact

In an effort to evaluate the effectiveness of Yahoo's recent Panama launch, the most obvious place to begin is campaign performance. By evaluating shifts in key campaign indicators such as Cost Per Click (CPC), Click through rate (CTR) and conversion rate, we can begin to understand the true impact of the changes on the system.

## How has Panama impacted Yahoo's CPCs relative to the rest of the market?

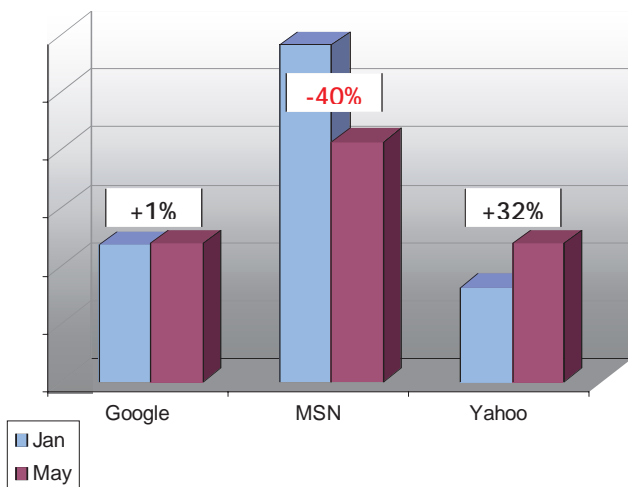
Fig. 1: Percent Change in Average Campaign CPC on Google, Yahoo and MSN, Jan and Mar 2007



Yahoo was the only engine whose CPCs decreased over the time surrounding the launch of Panama. These results confirm the conclusion that quality based bidding along with more sophisticated and granular campaign structure is allowing us to improve the Yahoo account performance which ultimately results in lower CPCs.

## How has Panama impacted clickthrough rates on Yahoo Search Marketing ads?

Fig. 2: Percent Change in Average Campaign Click Through Rate Between January and March 2007

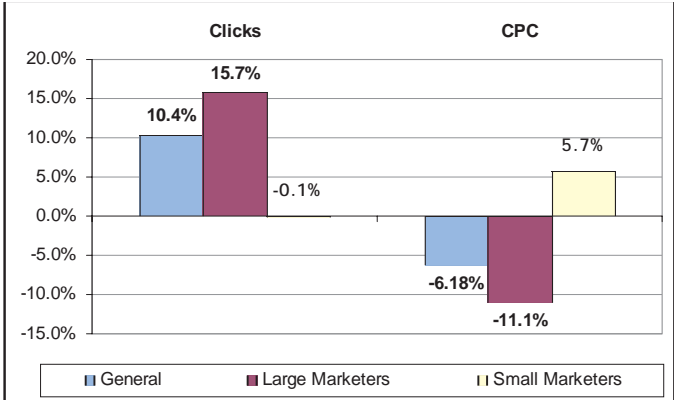


Yahoo Search Marketing enjoyed a much higher increase in clickthrough rate, bringing it in line with our average Google CTRs. These results demonstrate that the ability to better target our audience through more direct creative, geo-targeting and a separation of search and contextual campaigns are providing us with more qualified ads which are driving the higher click through rates.



# How did Panama affect CPCs for Large Marketers & Smaller Marketers differently?

Fig 3. Percent change in average number of clicks and CPC for Marketers at different spend levels, compared to average changes



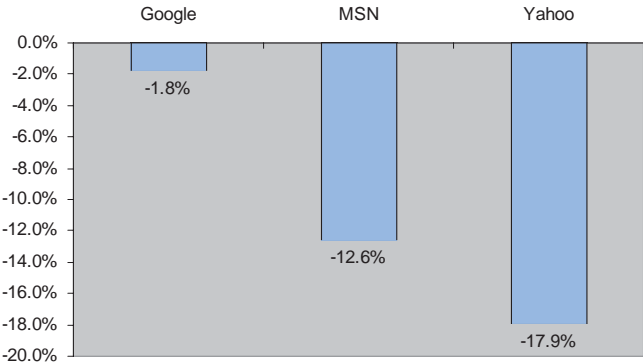
tion benefits and may actually see decreases in performance because they are competing against others who have been able to increase performance.

Generally speaking, marketers with larger monthly spends (\$40,000 or more) received more clicks, at a lower CPC than those with small budgets. (<\$40,000) Contrary to the general trend, CPCs for campaigns with smaller budgets actually increased by 5.7%

This comparison of CPCs and clicks is an example of how the increased complexity of Yahoo Panama will not necessarily help all marketers in the long term. Large marketers and agencies that have expertise in properly using all the campaign structure features provided are benefiting from the upgrade. Smaller marketers who either don't have the budget to properly use these features or who are not taking advantage of the hierarchical account structures will not see these campaign optimization

# Did the launch of Panama impact the cost of branded terms on Yahoo?

Fig. 4: Percent Change in Average CPCs for Branded Terms Between Jan and Mar 2007

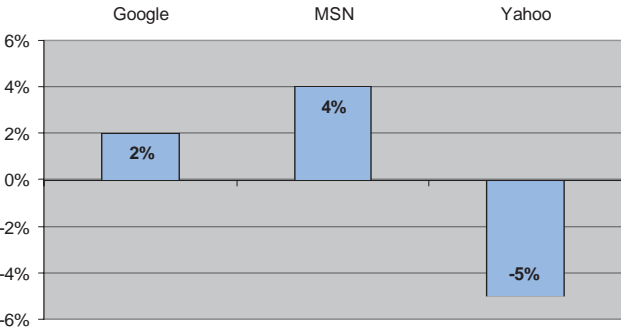


Companies purchasing their branded terms saw a 17.9% decrease in CPC, as compared to 1.8% decrease on Google and 12.6% on MSN.

These results further strengthen the conclusion that quality based bidding, targeted creative, and a more granular campaign structure has allowed us to significantly improve the performance on our branded keywords, which are frequently the highest traffic driving terms in a client's SEM campaign.

# How did Yahoo Panama Impact the Conversion Rates of Campaigns?

Fig. 5: Percent Change in Average Campaign Conversion Rates Between January and March 2007



While campaign conversion rates were improved on both Google and MSN, Yahoo's conversion dropped off 5%. In other words, while perceived ad relevance may have improved, the truly important metric in the campaign suffered somewhat.

This may be due, in part, to the fact that with improved targeting and ad matching/ranking the distribution profiles of these sites has changed somewhat. In this situation, sites that had been converting at a high level no longer make the relevance cut off as defined by the engines. However, at a 5% variance, there is the possibility that this data is just noise - the normal variance that occurs based on a host of other external factors.

# Campaign Management

By imitating Google’s organization of data, Panama helps establish industry-wide campaign management standards that will benefit agencies and enterprise-level search marketers. Many of Panama’s most useful new features, such as bulk uploading, dynamic keyword insertion, flexible editorial guidelines, geo-targeting, contextual tracking and remote campaign management, are intended to alleviate scalability issues that arise with large-scale campaigns. These efficiencies, however, make Panama complex, and consequently time consuming. In many ways Panama falls short of Google in terms of ease of use, degree of flexibility and reporting options. In general, we find Panama’s handling of data vastly better than Yahoo’s previous Direct Traffic Center (DTC) platform, but still inferior to Google AdWords.

“Panama improves Yahoo’s handling of large-scale campaigns”



## Campaign Setup and Management

Large-scale campaigns have become easier to optimize post-Panama because advertisers can now set up and manage multiple remote campaigns under a single account. Panama allows users to shift keywords between campaigns, to pause select campaigns within an account, and to set up campaigns with distinct targeting options – all tactics that can help improve a campaign’s productivity. Thanks to strict daily caps and daily budget allocation (DTC’s ‘daily’ budget cap was based on a weighted 30-day budget), budget management is easier and more accurate. Overall, Panama improves Yahoo’s handling of large-scale campaigns, but those improvements are no better than similar features already offered by Google and MSN.

In the old DTC, campaigns were organized into three levels: Account > Category > Keyword. Panama, mirroring Google, has incorporated an additional “Ad Group” level just above “Keyword” that allows advertisers to manage keyword



groups in bulk. The process for making changes, however, is extremely time intensive because edits must be done manually. Google, on the other hand, clusters campaign editing tools together to allow for faster optimization. In short, though Panama's campaign structure is an improvement, its user interface has a number of pitfalls that make it unnecessarily complex – this and other usability issues will be discussed in the “User Interface” section of our report.

### Ad Creative

Panama adopts ad creative specifications that are already shared by Google and MSN, but has not fully addressed some of the details that its competitors have. For example, creative is limited to a single line of 70 characters, while Google and MSN each use two separate lines of 35. While the character limits are technically the same, many Google ads incorporate the line break as a character. As a result, many Yahoo creative assets must be completely rewritten. Furthermore, abbreviations and exclamation points are allowed in ad creative. Keywords can be dynamically inserted into both the title and description, but they only display as lowercase. Panama allows advertisers to simultaneously run several creatives for testing and optimization, but it doesn't yet report on the performance of creative variations. Because of subtle issues in the implementation of new ad creative tools, Panama is quite labor intensive. Again, this is more of a usability issue than a lack of sophisticated editing options.

### Contextual Ad Tracking

On Yahoo's old platform, contextual ad campaigns had to be run as an element of paid search. Ads were matched to landing pages based solely on the keywords they were associated with, and tracking for content was rolled into a single overhead report. As a result, it was impossible to measure the effectiveness of contextual targeting (unless the advertiser set up an additional tracking system for referring URLs).

Panama, however, lets advertisers run stand-alone contextual ad campaigns. By measuring contextual's performance directly, advertisers can finally see the effectiveness of paid search and contextual as separate campaign units. Furthermore, ads are matched to landing pages based on not only the keyword, but also the ad and landing page text. This improves ad relevance and traffic quality, and will likely bring in new revenue for Yahoo as advertisers begin realizing the benefits of contextual as a separate channel.

### Geo-targeting

In order to reach specific local audiences, Panama allows advertisers to geographically target ads by City, DMA, or Region. Thanks to more sophisticated targeting mechanisms and helpful UI features like interactive maps, Panama's geo-targeting arguably surpasses similar systems in Google and MSN. As such, geo-targeting will make Yahoo a more attractive advertising venue for local advertisers, and will encourage national advertisers to spend more money on geographically targeted campaigns.

### Reporting

Save for some usability changes (like the addition of graphs and charts for data visualization), there appears to be little difference between Yahoo's old and new reporting systems. As such, Yahoo's reporting is slow and relatively inflexible compared to Google. Google allows reporting on ad creative performance, report customization, and report scheduling. Panama offers “same day” reporting, but unfortunately it is not based on real-time data.

### Performance

Following Google's implementation of Quality Score, Panama introduces a quality-based bidding platform. As such, ads are ranked based on:

- 1) The perceived relevancy of the keyword, ad copy and landing page
- 2) Campaign performance history
- 3) Bid Price










One advantage of Yahoo's new system over Google is that it does not force advertisers to pay higher minimum bids in order to show up beside search results. Though Yahoo technically holds a higher minimum bid than Google (\$.10 as against \$.01), Google inactivates ads with low “quality” ratings, while Yahoo lets all remain live.

It's still too early to properly assess the lasting impact of quality ratings on Yahoo's performance. In the short-term, we've observed a slight decrease in pricing and competition. Because the lack of transparency in a quality-based bidding market negates potential bidding wars, our older, more “qualified” ads have experienced a drop in price. Meanwhile, new campaigns experienced an increase in cost per conversion due to a lack of performance history. Overall, ad costs have gone down - and we anticipate that trend will continue over the long term. Whether the traffic will be more qualified traffic, however, remains to be seen.

# User Interface

In order to create a platform that would scale with Panama's back-end updates, Yahoo overhauled their user interface. By implementing new organizational systems, new terminology, and new production sheets, Panama created a platform better suited to enterprise-level campaigns. Though the new UI doesn't fully streamline campaign management, it does a good job of establishing more intuitive processes. Furthermore, because Panama's UI structure mimics Google in many ways, it creates operational standards for the search marketing industry.


“Unlike Google, Yahoo does not force advertisers to increase bids in order to stay active”

User Interface		
	<b>Data Organization</b>	Panama mirrors Google's data structure, making management and optimization much easier
	<b>Load Times</b>	No progress has been made on reducing load times - Yahoos system still lags far behind Google's
	<b>Terminology</b>	Yahoo has made a definitive move towards adopting industry-standard labels
	<b>Visual Elements</b>	New charts, graphs and maps are valuable additions to the user experience
	<b>Production Sheets</b>	Production sheets have grown incredibly complex, with specifications that are undocumented thus far
	<b>Account Transition</b>	Account representatives were proactive and helpful in transition, but lacked post-launch knowledge
	<b>Support</b>	Account representatives were eager to help, but weren't adequately trained on Panama interface
	<b>Editorial Review</b>	Revised editorial policy allows faster campaign launch
	<b>Tools</b>	Simplified navigation and visual tools are positive changes, but system still presents challenges

## Organization of data

A recent study by Piper Jaffray estimates that search marketing is currently a \$15.8 billion industry, and is expected to grow to \$44.5 billion over the next five years. As advertisers invest more money in paid search, buy more keywords and get savvier about optimization, campaigns have become increasingly complex. One of the major differentiators between search advertising platforms, thus far, is the organization of data. Panama represents a significant shift in this regard - Yahoo's new campaign structure now mirrors Google's, making it more logical and familiar to seasoned search marketers. As a result, Panama's new user interface makes campaign management and execution more efficient.

Some new features include: The ability to set up remote campaigns and move keywords within a single account, to make mass bid changes, to manage contex-



tual as a separate channel, and to sort keywords in alphabetical order for clicks, spend and impressions. Thanks to a simpler navigation structure, bulk management tools, and a more intuitive organization of data, Panama gives advertisers better control over creative, bids and budgets. This helps advertisers optimize campaigns at any scale.

### **Load Times**

Despite (or perhaps because of) Panama's sophisticated organization of campaign data, load times are exceptionally slow. Data uploading is not only slower than that of Google, but is arguably worse than DTC. The additional time required to load campaign information detracts from the usability of Panama's otherwise efficient interface.

### **Terminology**

Yahoo has made a conscious effort to change their campaign nomenclature to match that of Google. For example, "Search terms" are now "Keywords"; "Categories" are "AdGroups", and so on. For search advertisers, this is a welcome change towards industry standardization. Advertisers dealing with different engines no longer need to be trained with different terminology.

### **Visual Elements**

Panama uses graphs and maps to visually represent geo-targeting data. These visual aids provide a valuable snapshot of geographic reach and performance trends, to help marketers quickly identify target markets. This is one of Panama's few unique features that doesn't merely adopt, but improves upon Google's system of organization.

### **Production Sheets**

Panama is the first system to use ID values as a means of 'tagging' data. Each keyword, Ad Group, etc, has a given ID number associated with it for tracking purposes. When moving a keyword to a new Ad Group, advertisers must now move the ID value with it - essentially doubling the time required to make campaign changes. As a result, production sheets have increased from eleven columns to thirty one. Production sheets in Panama are not only time consuming, but excessively complex. Marketers without strong familiarity with the system or quick access to a Yahoo account representative may find Panama's production

sheets overwhelming.

Nevertheless, Panama allows bulk uploading into production sheets - a feature that was previously only offered by Google.

### **Account Transition**

One of the major difficulties with Reprise Media's transition to Panama was the lack of information provided by Yahoo. Though our account representatives were in close communication, they were only trained to provide overhead support. Yahoo provided little help for situations beyond the "ideal" method of account transfer - which in our experience, was rarely sufficient.

### **Support**

Because Panama is so radically different from DTC, few account representatives have been trained beyond account transition. Though willing to help, our representatives are not familiar with the new interface and often need to seek out answers from elsewhere in the organization. This greatly increases turnaround time for support requests.

### **Editorial Review & Reporting**

Panama speeds the editorial review process by allowing terms to launch automatically. Because advertisers no longer need to wait for editorial approval (with the exception of branded terms), time to go live has been reduced from days to a matter of hours.

### **UI Tools**

Panama's user interface is a significant improvement over DTC. As previously discussed, Panama's best new features include: visual navigation elements, remote campaign set-up, bulk uploading, sorting tools, "standard" terminology, and automatic editorial review. These features make campaign performance easier to visualize and control.

Additional complexity, however, requires additional time. Changing rejected keywords, filling out production sheets, and bulk-uploading data are all time consuming processes that stunt Panama's campaign management. Until Yahoo creates workarounds for these activities, they will detract from Panama's overall usability.

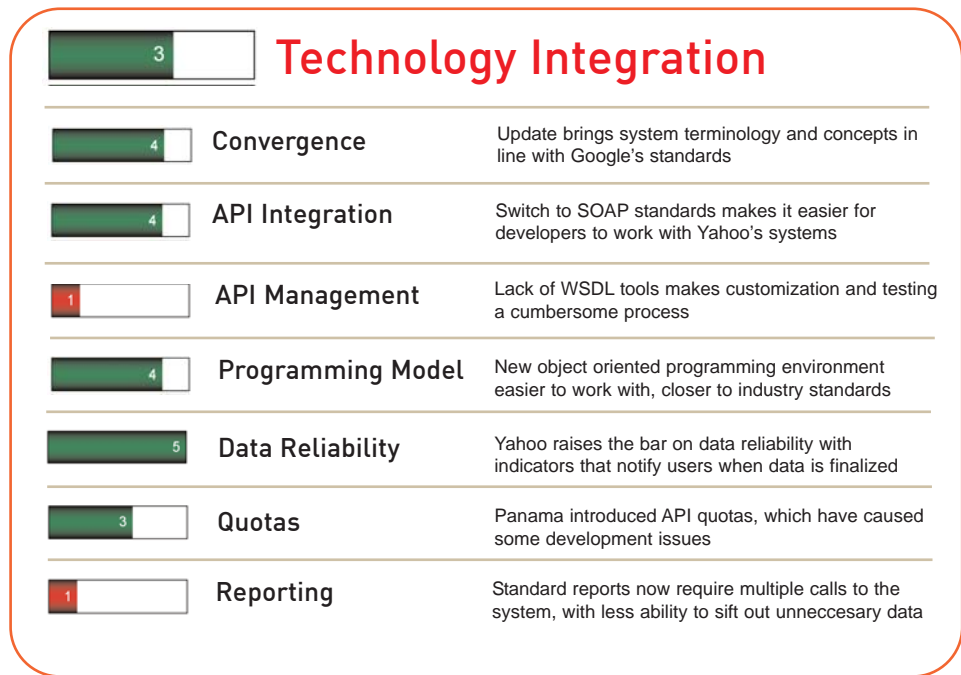


# Technology Integration

Panama's technology gives large-scale marketers the ability to more easily request and move around massive amounts of data. For that reason, Yahoo's new API protocols may have the most significant impact of any changes made.

Under Yahoo's old Direct Traffic Center (DTC), API integration was unwieldy for advertisers. The system was built using a proprietary language, and as such, wasn't easy for developers to integrate with. Panama brings Yahoo in line with Google's standardizing tools, system, structure and meta data, to create an industry standard where it was previously lacking. While many of the updates will make a developer's job easier, there are several changes that actually increase the amount of heavy lifting required with the API, because of inefficient communication with the system's back end.

“Panama brings Yahoo in line with Google... creating an industry standard where it was previously lacking.”



## System Convergence

One of the most significant, recurring themes surrounding Panama is that it brings Yahoo's system closer in line with that of Google, and consequently, the rest of the industry. This is most apparent in the ways that Yahoo refers to and structures data. Panama adopts many of Google's concepts and terminology (i.e. "Ad Groups") so that the relationships between keyword, ad group and creative become industry standards. This is an advantage for developers seeking to use Yahoo data with existing systems, because Yahoo no longer requires unique attention.



## API Integration

As mentioned above, Panama's application programming interface, or API, was retooled to be much closer to industry standards set by Google. This represents a big step forward for agency-level developers. Yahoo's old Direct Traffic Center (DTC) API was built using a proprietary language that required developers to start from scratch when integrating Yahoo's data to an existing system. As a result, troubleshooting and support documentation was difficult to find.

Panama, on the other hand, uses SOAP (Simple Object Access Protocol), a frequently-used set of standards for APIs. This change brings the system in line with Google's AdWords API, and gives engineers the ability to focus development on system functionality and logic instead of basic integration.

## API Management

All APIs are governed by a language called the Web Services Definition Language (WSDL), which is essentially a contract between system and client. The WSDL lays out the functionality and data points available to any applications that access the API. As developers work with an API, it is often necessary to make changes to the WSDL to accommodate unique functionality. These changes are typically made in a tools interface provided by the owner of the API.

This toolset is one area in which Yahoo's Panama falls short. Panama offers developers no standardized tools for changing the WSDL, instead requiring each development team to download and modify it manually. Additionally, there are separate WSDL's for Yahoo's testing and live environments, forcing developers to execute "untested" code against live production data.

In contrast, all of the functionality surfaced in Google's API can be manipulated using a programs interface for the WSDL. To the best of our knowledge, Google has never required developers to manually modify the WSDL.

## Programming Model

Some of Panama's upgrades change the way in which applications that access the API can be built. Yahoos old DTC-XML API followed what is called a procedural programming model, in which applications contain a series of independently constructed processes that are then stitched together into a cohesive whole.

Under Panama, developers now deal with an object-oriented-programming (OOP) environment, in which all data is pre-defined and can be manipulated in relation to other in-

system data. OOP is generally thought to be an easier programming language because it's easier to conceptualize. Popular programming languages such as Java and .Net are built using OOP for this specific reason.

## Data Reliability

There is a substantial amount of data drift inherent in Search Marketing. Over time, as network partners report their data, instances of click fraud are detected and removed from the system, both Google and Yahoo's reported impressions and clicks drift. Because clients are rarely notified of these changes, multiple calls must be made to the API to check and recheck the validity of data.

Yahoo has made a big improvement in this area. Panama reports present an indicator which describes whether the data in the report has been finalized or not. While it's too early to make a definitive claim on the accuracy of this indicator, the fact that Yahoo has provided it at all is significant. Google still provides no information about their data drift, forcing partners to constantly double check their data.

## Quotas

One potentially negative aspect of the Panama launch is the imposition of API quotas. Quotas limit the number of times an application may invoke a particular portion of functionality, and are typically integrated to prevent system overloads and crashes. Yahoo's old DTC system had no quota restrictions, allowing partners to make as many calls as they wanted to the system.

Under Panama, Yahoo has imposed fairly frugal quota allocations. While Yahoo has been fairly accommodating thus far with increasing these allocations, responses have taken up to three days. This results in broken tool functionality at best, application down time at worst. This type of scenario runs counter to the purpose of an API, which is to provide benefit to both engine and client by allowing automated systems to take care of work that would otherwise be time consuming and repetitive.

## Reporting

The process of pulling campaign report data has taken a step back during the launch of Panama. Whereas DTC allowed programs to pull complete data reports with a single call to the system, Panama has broken this data out into several different calls. Essentially, these changes force users to work inefficiently, making more frequent calls to the database and transferring larger files

# At A Glance

Data on all three major areas of the new Yahoo Search Marketing system are combined here for review.



## Campaign Management



### Campaign Setup

Better campaign structuring and budgeting tools are a clear upgrade over the old YSM



### Ad Creative

Move towards industry standard listing length is positive, but many creative specs are still different



### Contextual Tracking

Advertisers can now easily run and track stand-alone contextual campaigns



### Geo-targeting

Better targeting tools and helpful features like interactive maps make Yahoo's geotargeting a winner



### Reporting

Despite cosmetic upgrade, Yahoo's reporting is still slow and inflexible compared to Google.



### Performance

Launch of quality-based bidding has already decreased price and inflationary competition



## User Interface



### Data Organization

Panama mirrors Google's data structure, making management and optimization much easier



### Load Times

No progress has been made on reducing load times - Yahoo's system still lags far behind Google's



### Terminology

Yahoo has made a definitive move towards adopting industry-standard labels



### Visual Elements

New charts, graphs and maps are valuable additions to the user experience



### Production Sheets

Production sheets have grown incredibly complex, with specifications that are undocumented thus far



### Account Transition

Account representatives were proactive and helpful in transition, but lacked post-launch knowledge



### Support

Account representatives were eager to help, but weren't adequately trained on Panama interface



### Editorial Review

Revised editorial policy allows faster campaign launch



### Tools

Simplified navigation and visual tools are positive changes, but system still presents challenges



# Technology Integration



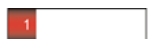
### Convergence

Update brings system terminology and concepts in line with Google's standards



### API Integration

Switch to SOAP standards makes it easier for developers to work with Yahoo's systems



### API Management

Lack of WSDL tools makes customization and testing a cumbersome process



### Programming Model

New object oriented programming environment easier to work with, closer to industry standards



### Data Reliability

Yahoo raises the bar on data reliability with indicators that notify users when data is finalized



### Quotas

Panama introduced API quotas, which have caused some development issues



### Reporting

Standard reports now require multiple calls to the system, with less ability to sift out unnecessary data



# Overall Rating

While the launch of Project Panama represents a significant step forward for the Yahoo Search Marketing platform, it does not yet address all of the requirements of the market. Though the system makes strides towards establishing industry standard campaign structure, terminology and API access, it often finds itself under-delivering on the actual execution of these new features.

That said, Panama is brand new. Like any enterprise-level software product, it needs time to find its footing and refine its offering. We are confident that, with time, Yahoo's new system will represent a very positive change for paid search advertisers.



# Conclusion

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## **Panama Increases Competition at the Top**

Based on the improvements outlined within this document, it is clear that Panama will have a positive impact on Yahoo's competition for search marketing dollars. Many of the updates, such as quality-based bidding and Yahoo's advanced targeting options will improve performance. The industry standards created by the adoption of Google's methodology will encourage marketers to run multi-engine campaigns and, consequently, spend more money with Yahoo. Additionally, because Panama's campaign process affords greater flexibility, its interface is more complex. Though added complexity detracts from user experience, it also allows for more sophisticated campaign optimization.

For SEM agencies and large marketers, Panama is a welcome upgrade that brings Yahoo in line with the other major engines. For small and medium sized businesses, however, the complexities of Panama's UI and reporting features may actually deter spending. The margin for error in many aspects of the system as they currently exist are extremely large. As a result, we anticipate that Panama will increase revenue from their high-budget clients, but will also miss a significant opportunity by unintentionally alienating the long tail of the search industry.

## **Better Targeting Options Will Drive Revenue**

Panama's sophisticated geo-targeting options and separate contextual tracking are two significant sources of potential new revenue. Visual elements, like performance trend maps, help advertisers identify target markets. The separation of search and contextual, meanwhile, will help marketers better understand the value of contextual as a standalone entity. Both geo-targeting and contextual tracking encourage advertising spend by increasing awareness of two under-served paid search markets. Local advertisers will find Yahoo a more attractive venue, while national advertisers will be more inclined to spend money on "niche" targeting.

## **Panama Establishes Industry Standards**

By adopting Google's terminology, organization of data, and quality-based bidding, Panama reinforces certain industry standards. These standards will encourage advertisers to shift more of their budget to Yahoo. For agencies, Yahoo's adoption of SOAP API standards decreases the work required for data integration.

## **Indirect Effect: Better Conversions for Big-Money Clients**

As quality-based bidding, new targeting options and the introduction of industry standards improve the system's efficiency, Yahoo will gain "currency" to begin competing for lucrative syndication deals. Many of Panama's upgrades, furthermore, will improve efficiency for large-scale campaigns. The combined effect of better conversions and better scalability will attract high-budget and agency clients, who we believe will drive the bulk of Yahoo's new revenue.

Panama may have the indirect effect of alienating small-budget marketers who can't afford to outsource, but don't have the time to deal with more complex processes. Google has made a lot of money by appealing to small and medium sized businesses - suggesting that Yahoo's unintentional alienation of a lower-budget audience may hurt their overall profits.



## About Reprise Media

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Reprise Media, the largest independent SEM services firm in the industry, offers clients a complete managed solution for their search marketing needs focused exclusively on improving their return on advertising investments. The Company delivers services and technology that enable advertisers to manage and optimize their customer acquisition programs through all search, auction-based and category targeted digital media.

Reprise Media was named "2006 Agency of the Year Best Search," by OMMA Magazine and has been ranked among the 30 fastest growing private companies in the country for the past two years by Entrepreneur Magazine. Reprise Media's clients include USA TODAY, Guess? Inc., Harper Collins Publishing, Martha Stewart Omnimedia and CapitalOne.

The Company is headquartered in New York City, with offices in San Francisco and Boston. SearchViews ([www.searchviews.com](http://www.searchviews.com)), the Company's award-winning blog, provides daily news and commentary on the Search Engine Marketing industry.

Reprise Media is a subsidiary of the Interpublic Group (NYSE: IPG)

For further information about this analysis, or help in launching and managing your own campaign on Yahoo Panama, please contact us at 1-800-218-9746 or on the web at

## Suggested Reading Material

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- "Annoying Differences Between Yahoo Panama and Google AdWords"  
GotAds?, 5/28/07
- "Preliminary Scorecard: How Effective Is Yahoo's Panama Upgrade"  
Search Engine Land, 4/3/07
- "Panama's Indirect Impact: Will We Finally See A Two Horse Race"  
SearchViews, 3/1/07
- "Yahoo Panama - Pros and Cons"  
Search Engine Guide, 3/1/07
- "Panama On Your Minds"  
MediaPost, 3/1/07
- "Review of Yahoo's Panama: The First Week"  
Conversational Marketing, 2/13/07
- "What Yahoo's Panama Update Means For Searchers"  
Search Engine Land, 2/6/2007
- "Industry Feedback - Yahoo's Panama Migration"  
WebProNews, 1/29/07