

2022

Part 1. SmartPlace Solutions: Growth Drivers for Offline Businesses



EXECUTIVE SUMMARY



SmartPlace Solutions

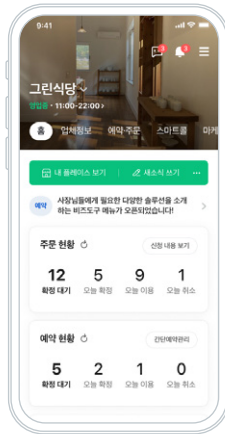
NAVER offers an array of location-based services such as Integrated Search, SmartAround, Maps, and Navigation that allows users to explore and discover restaurants, beauty salons, lodgings, and other offline stores. Between the user and offline store comes SmartPlace, a cost-free digital platform that enables nearly 2.27 million offline businesses, as of December 2022, to manage and personalize their store profile displayed on NAVER's location-based services.

SmartPlace is an effective alternative to websites, as offline businesses can easily share information about their stores with NAVER's users. Since their store profiles appear on NAVER's Integrated Search, SmartAround, Maps, and Navigation, SmartPlace functions as a free marketing channel for offline businesses. Through SmartPlace, offline businesses can digitally connect to users by posting their store address, photos, menus, and other updates. At the same time, [SmartPlace solutions including SmartCall, TalkTalk \(messaging service\), Booking, Order, Place Ads, and Local SME Ads help businesses operate their stores more efficiently.](#)

The D-Place Report is part of NAVER's initiative to assess and understand the social and economic impact of its location-based services such as SmartPlace on local and offline businesses. The D-Place Report 2021—the first of the series—and Part 3 of the D-Commerce Report 2020 respectively highlighted the economic benefits and marketing effects of SmartPlace. According to the D-Place Report 2021, SmartPlace generated KRW 46.1 trillion in economic value, driving KRW 33.2 trillion in sales for local and offline businesses and helping them save up to KRW 12.9 trillion in advertising and operating costs. As the second volume of the report series, the [D-Place Report 2022 further looks into the economic impact of SmartPlace, examining how specific solutions such as Booking, TalkTalk, SmartCall, Place Ads, and Local SME Ads affect customer acquisition, conversion, and sales for offline businesses.](#) The report also overviews [businesses' usage of and satisfaction with SmartPlace solutions.](#)

This report was prepared by Professor Jiyoung Kim and his research team at Sungkyunkwan University. The analysis is based on empirical and survey data.

SmartPlace Solutions



NAVER SmartPlace

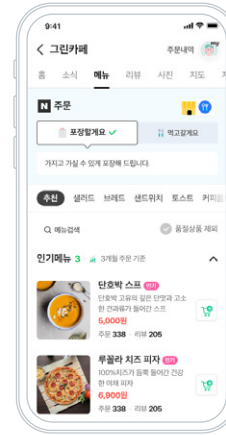
Offline businesses manage their store profile that appears on NAVER's various services

* Currently used by 2.27 million businesses (As of December 2022)



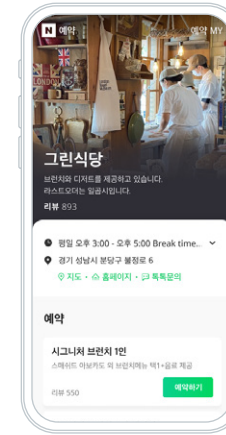
NAVER TalkTalk

Message customers directly, without the need of an app or friend request



NAVER Order

Upload digital menus, receive orders and payments online



NAVER Booking

Accept mobile reservations and payments



NAVER SmartCall

Manage customer service via a virtual phone line (050)



Place Ads

Appear in relevant search results (based on area, type of store or place, etc.) using cost-effective search advertising



Local SME Ads

Promote your business through display advertising for local SMEs

Improving Business Performance

In this study, we analyzed whether and how the use of SmartPlace solutions such as SmartCall, TalkTalk, Booking, Place Ads, and Local SME Ads affects sales performance of offline businesses. Our findings show that **restaurants that use at least one solution experience sales 3x greater than that of restaurants that use none.** The effect is even more pronounced among beauty salons: compared to stores that do not use SmartPlace solutions,¹⁾ those that do experience a 31x increase in sales.

- Regarding specific solutions, **restaurants that use Booking and Place Ads experience a 6x increase—for each solution—in sales compared to those that do not use these solutions.** Beauty salons that adopt Booking experience a 30x increase in sales compared to those do not use the solution, while **beauty salons offering In-Store Payment receive 10x more sales than salons without the offer.**

As a result, **if all businesses on SmartPlace were to use at least one solution, this would generate an additional KRW 3.3 trillion in annual sales.**²⁾



¹⁾ Refers to businesses on SmartPlace that do not use solutions as well as businesses that are not on SmartPlace. This applies to both restaurants and beauty salons.

²⁾ To assess the amount of sales generated from using SmartPlace solutions, the research team used a regression model to calculate the acquisition-to-conversion rate (conversion determined by Booking statistics), then estimated sales based on Booking reservations for businesses that use solutions and those that do not.

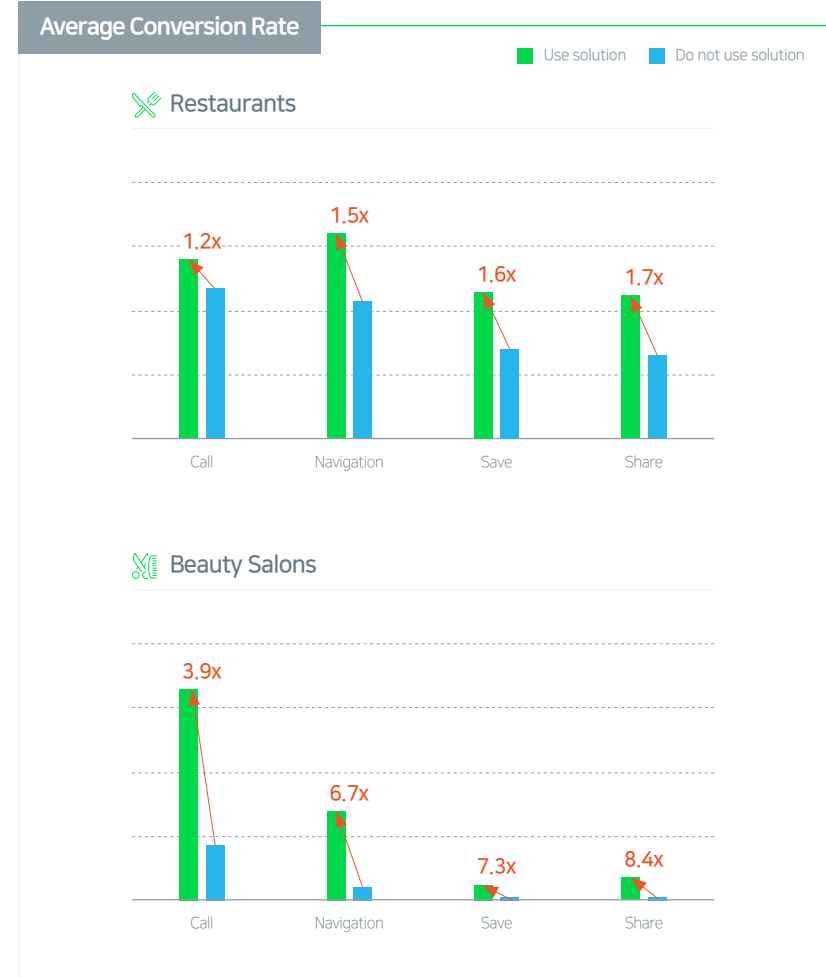
Attracting New Customers

To assess the effect of SmartPlace solution use on business performance, we compared acquisition and conversion rates of offline businesses that use SmartPlace solutions to those of offline businesses that do not.

The results show that offline businesses using at least one SmartPlace solution had higher acquisition (based on page views) and conversion rates than those using none. In particular, restaurants and beauty salons that adopted more than one solution experienced, respectively, a 1.5x and 12.9x increase in acquisition compared to those that did not adopt solutions. In addition, restaurants with SmartPlace solutions had 1.2x more calls, 1.5x more Navigation clicks, 1.6x more saves, and 1.7x more shares than those without the solutions. Furthermore, beauty salons using solutions had 3.9x more calls, 6.7x more Navigation clicks, 7.3x more saves, and 8.4x more shares than those not using SmartPlace solutions.

- Businesses that used Booking had 3.1x higher acquisition (PV) rates and received 2.3x more calls, 2x more Navigation clicks, 1.8x more saves, and 2.4x more shares than businesses that did not use Booking.
- Businesses that used SmartCall had 1.2x higher acquisition (PV) rates and received 1.03x more Navigation clicks, 1.3x more saves, and 1.1x more shares than businesses that did not use SmartCall.
- Businesses that used TalkTalk had 2.2x higher acquisition (PV) rates and received 1.4x more calls, 1.4x more Navigation clicks, 1.3x more saves, and 1.5x more shares than businesses that did not use TalkTalk.
- Businesses that ran Local SME Ads had 3.1x higher acquisition (PV) rates and received 2.0x more calls, 2.6x more Navigation clicks, 2.7x more saves, and 3.1x more shares than businesses that did not run Local SME Ads.
- Businesses that ran Place Ads had 2.5x higher acquisition (PV) rates and received 1.4x more calls, 2.5x more Navigation clicks, 3.6x more saves, and 3.5x more shares than businesses that did not run Place Ads.

Attracting New Customers



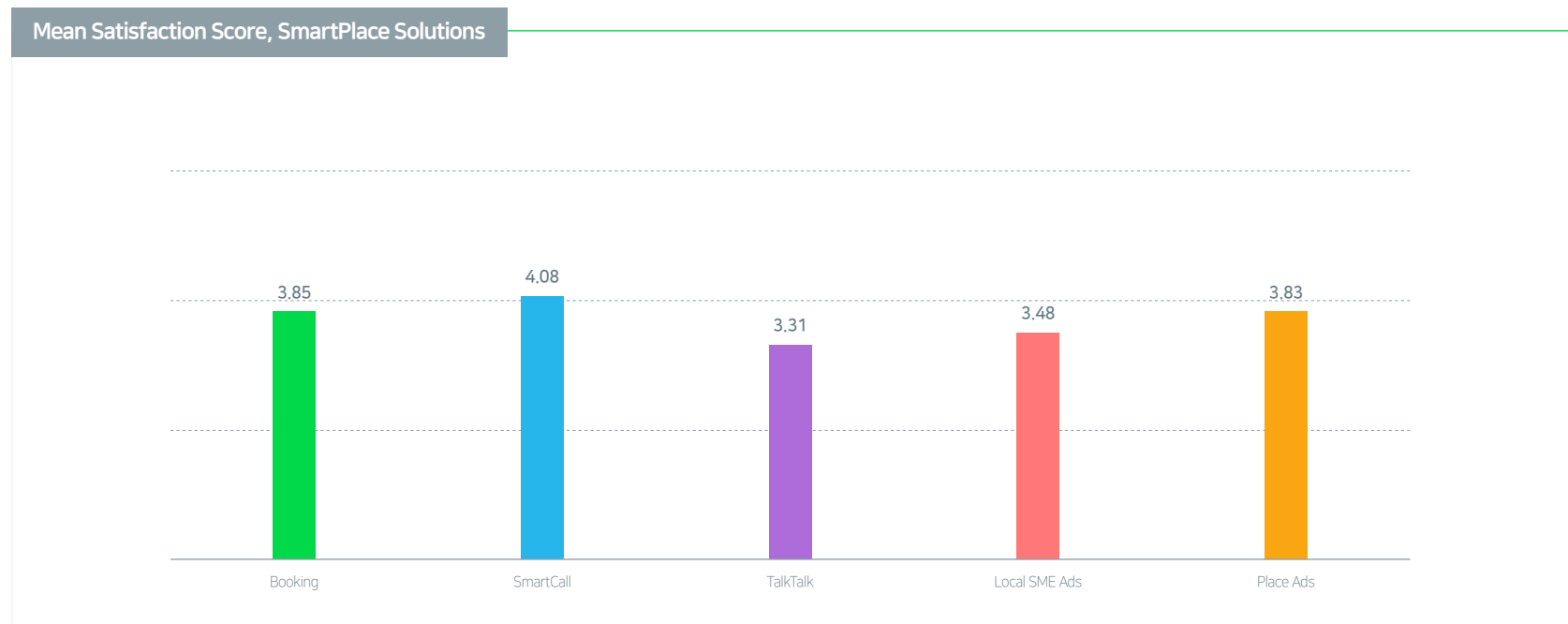
Usage and Satisfaction

(Usage) Based on survey results, businesses on SmartPlace use 3 to 4 different solutions, among which Booking, SmartCall, TalkTalk, and Place Ads are most popular. Among restaurants, the most popular solution is SmartCall, followed by Booking and Place Ads. On the other hand, beauty salons commonly use Booking, TalkTalk, and SmartCall in order of popularity.

(Frequency of Use) Restaurants most frequently use SmartCall, followed by Booking, then Place Ads. Beauty salons use Booking, SmartCall, and TalkTalk in order of frequency of use.

(Reasons to Use SmartPlace Solutions) When asked why offline businesses use SmartPlace solutions, businesses cited "customer acquisition and management" as the primary reason, followed by "revenue growth," "advertising," and "efficiency in store management."

(Satisfaction) Overall, businesses using SmartPlace solutions rated SmartPlace higher, in terms of satisfaction, than businesses not using solutions. In particular, businesses were highly satisfied with each SmartPlace solution; they rated, out of 5.0, Booking at 3.85; SmartCall, 4.08; TalkTalk, 3.31; Local SME Ads, 3.48; and Place Ads, 3.83.



Word Cloud Analysis: Assessment of SmartPlace Solutions

Reason for Satisfaction



"Our store profile automatically appears on search results, helping us reach more customers."

"We can manage our customers through SmartPlace solutions. These solutions are also effective for advertising and marketing."

Recommended Solution



"Operating a restaurant, I would recommend Booking, Ads, and SmartCall."

"Operating a beauty salon, I would recommend Booking and SmartCall."

"Since SmartCall and TalkTalk send auto replies to customers during closed hours, it makes customer management much easier."

Reason for Solution Choice



"Booking is easy to use."

"Order and SmartCall are helpful tools for operating a restaurant; they are also effective solutions for advertising and marketing."

"Call and Booking make operating a beauty salon more convenient and help facilitate communication with customers."

Additional Comments and Expectations



"We appreciate how helpful SmartPlace is for SMEs."

"[SmartPlace] has helped me stay competitive and increase sales."

Conclusion

Based on our empirical analysis of SmartPlace data, we found that using SmartPlace solutions such as Booking, SmartCall, TalkTalk, Place Ads, and Local SME Ads drives an increase in customer acquisition and impression (i.e. Call, Navigation, Save, and Share) and boosts sales. In addition, our survey of businesses that use SmartPlace solutions indicated a high satisfaction score for all SmartPlace solutions.

Previously, we discovered that using the SmartPlace platform has a positive impact on conversion rates (D-Commerce Report 2020) and helps businesses increase sales and reduce costs (D-Place Report 2021). Following the two previous reports, the newest D-Place Report 2022 confirms that the use of SmartPlace solutions, in addition to registering and utilizing the SmartPlace platform, enables offline businesses to improve their business and further generate economic value.

Considering the benefits of SmartPlace solutions, NAVER, as a leading technology platform, will continue to develop various easy-to-use solutions for offline businesses to connect and grow digitally, and support offline businesses to achieve sustainable growth in the digital economy.

SmartPlace Solutions: Growth Drivers for Offline Businesses

PART 1.

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JaungHyun Hwang, Kyeonghan Bae, Dongyoung Jeong, Jung Won Park

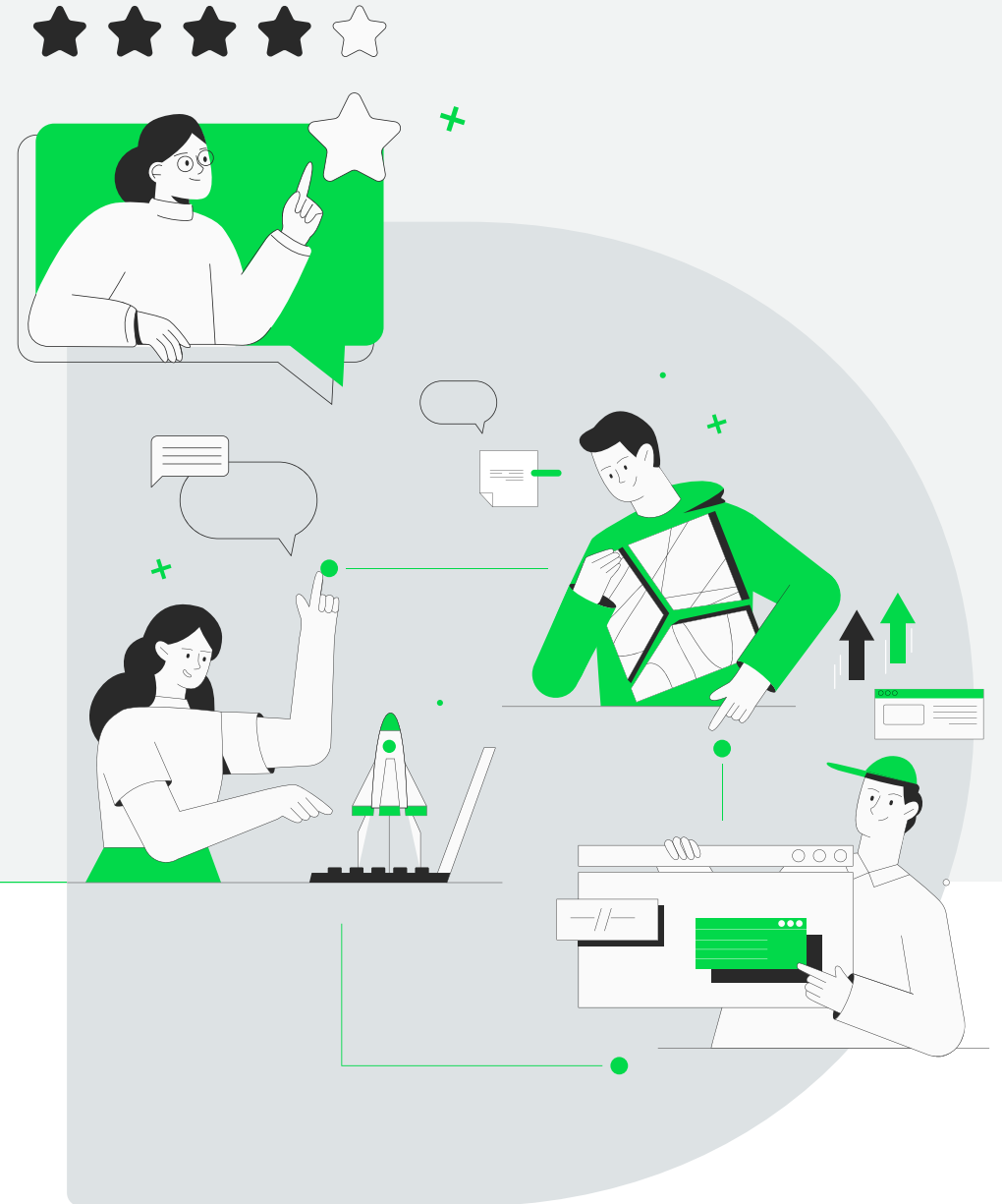


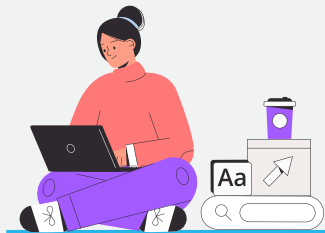
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Effect of SmartPlace Solution Use on Sales



This report has been published as an interactive PDF, allowing readers to move quickly and easily to pages in the report, and including shortcuts to the related web pages.

01. Introduction

1. Purpose of Study

The D-Place Report 2022 aims to assess the usage pattern and business impact of solutions offered through NAVER SmartPlace, a leading location-based service in South Korea. Currently, SmartPlace offers information on various types of businesses and stores, including restaurants, beauty salons, after school learning centers (or hagwons), and lodgings. For the convenience of NAVER Search users, SmartPlace offers solutions such as Call, Navigation, and Booking in addition to basic store profiles. Offline businesses can utilize SmartPlace solutions to acquire new customers, manage customer relations, and promote their businesses both on- and offline. Hence, we expect SmartPlace to have a profound impact on overall business operations.

In this research, our objective is to analyze the effect of SmartPlace solutions using empirical SmartPlace data, and understand offline businesses' experience and perception of these solutions through survey analysis.

Specifically, this report examines the following:

- 1** SmartPlace usage pattern of offline businesses
- 2** Reason for and experience with using SmartPlace
- 3** Effect of SmartPlace solutions on customer acquisition and marketing
- 4** Effect of SmartPlace solutions on sales growth

01. Introduction

2. Research Methodology

2-1. SmartPlace Data Analysis

Empirical data of SmartPlace businesses is used to calculate the effect of SmartPlace solution use on sales, acquisition, and conversion.

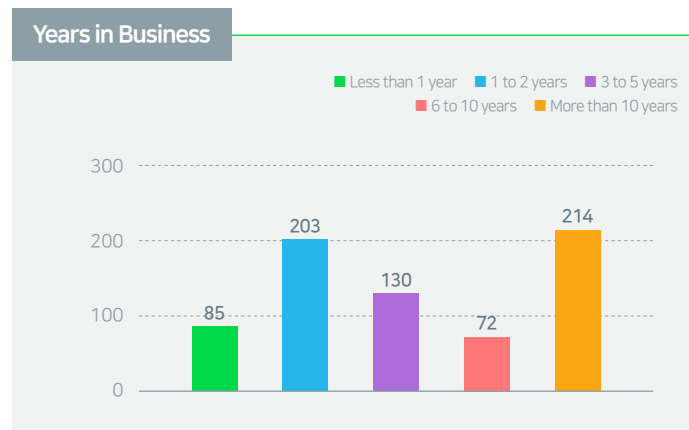
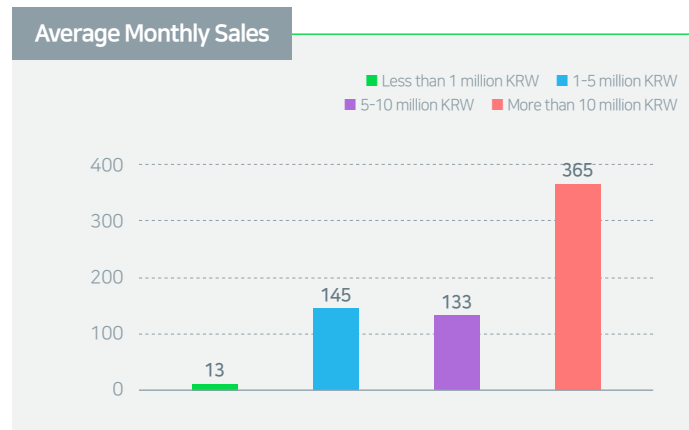
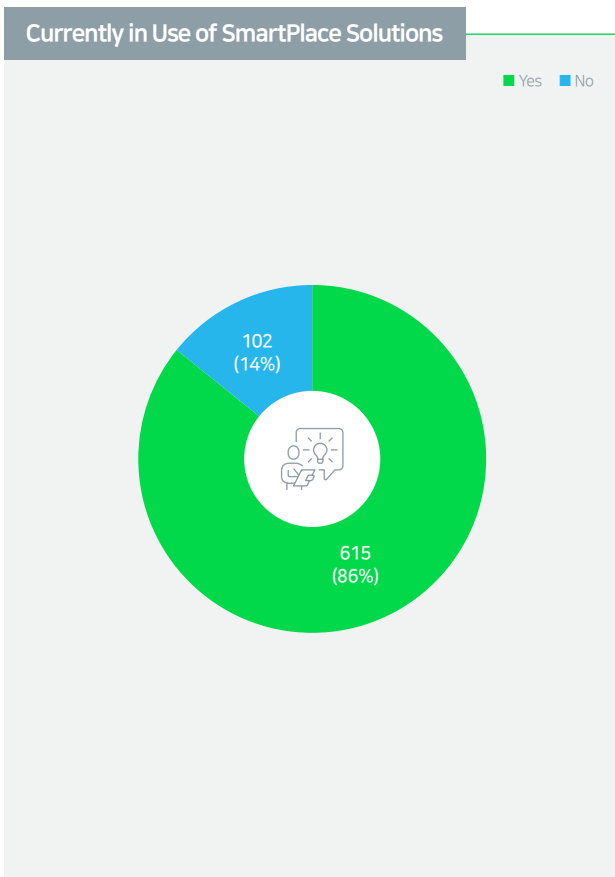
- Type of Business: Restaurants and beauty salons in Seoul that use SmartPlace
- Period of Analysis: April 1, 2021 – July 31, 2022 (487 days or 16 months)
- Data Sample: 164,146 restaurants, 21,021 beauty salons



01. Introduction

2-2. SmartPlace Business Users' Survey

- Survey Period: September 13 - October 7, 2022 (25 days)
- Respondents: 717 SmartPlace businesses (298 restaurants, 419 beauty salons)
- Topics: SmartPlace solution usage pattern, reasons for using SmartPlace, satisfaction, impression of SmartPlace



Survey Topics

- Business Type
- Business Subcategory
- Years in Business
- SmartPlace Registration Date
- Average Monthly Sales
- Average Daily Visitors
- Average Daily Customers
- Number of Visitors Prior to Registering on SmartPlace
- Change in Number of Visitors After Registering on SmartPlace
- Change in Number of Customers After Registering on SmartPlace
- Other Services/Platforms in Use (Excluding SmartPlace)
- SmartPlace Solutions in Use
- Share of Visitors that Use SmartPlace
- Solution Rank, by Frequency of Use
- Reason for Using SmartPlace Solutions
- Satisfaction Score for Each Solution
- Overall Satisfaction for SmartPlace
- Solution Rank, by Level of Satisfaction
- Most Recommended Solution
- Additional Desired Features
- Reason for Not Using SmartPlace Solutions



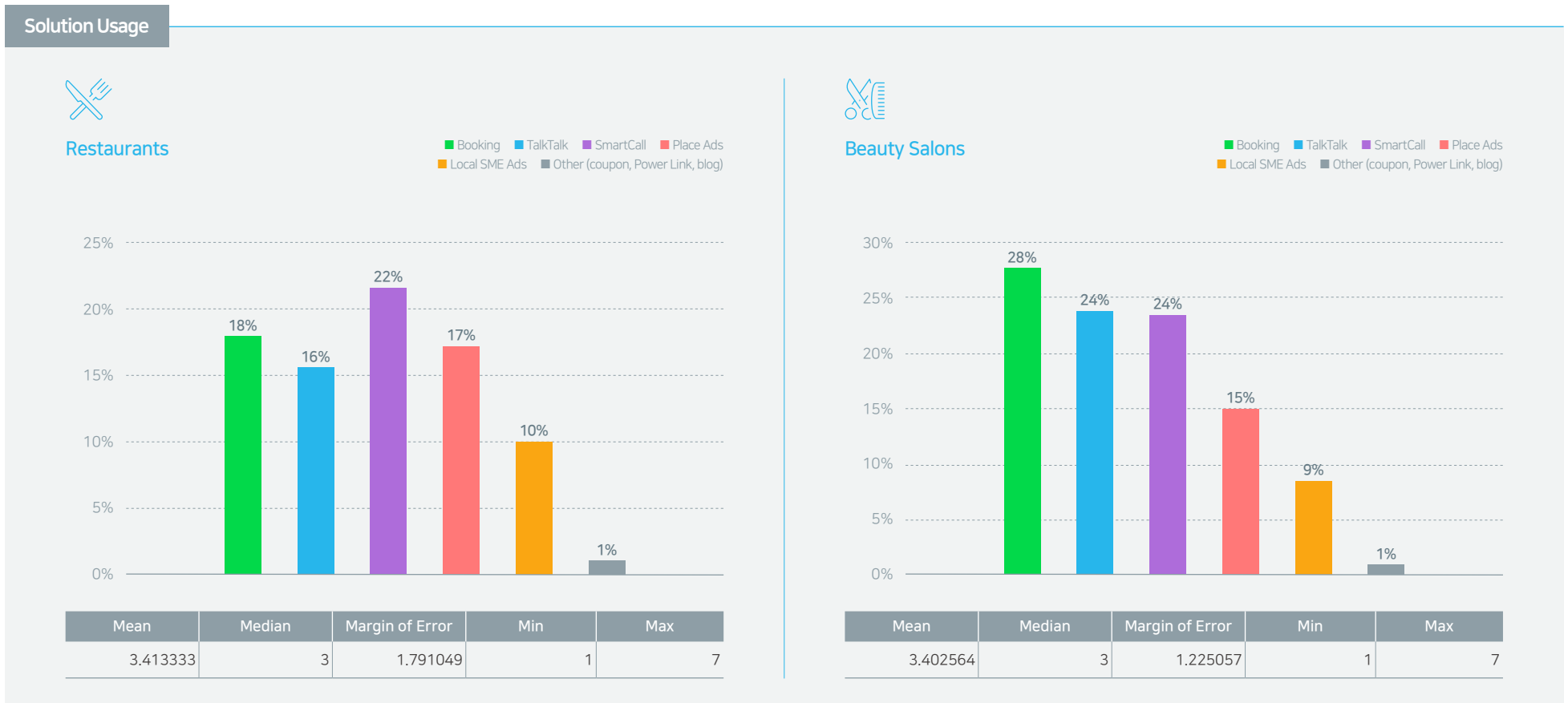
02.

SmartPlace Solutions Usage

02. SmartPlace Solutions Usage (Survey Results)

2-1. Solutions Usage

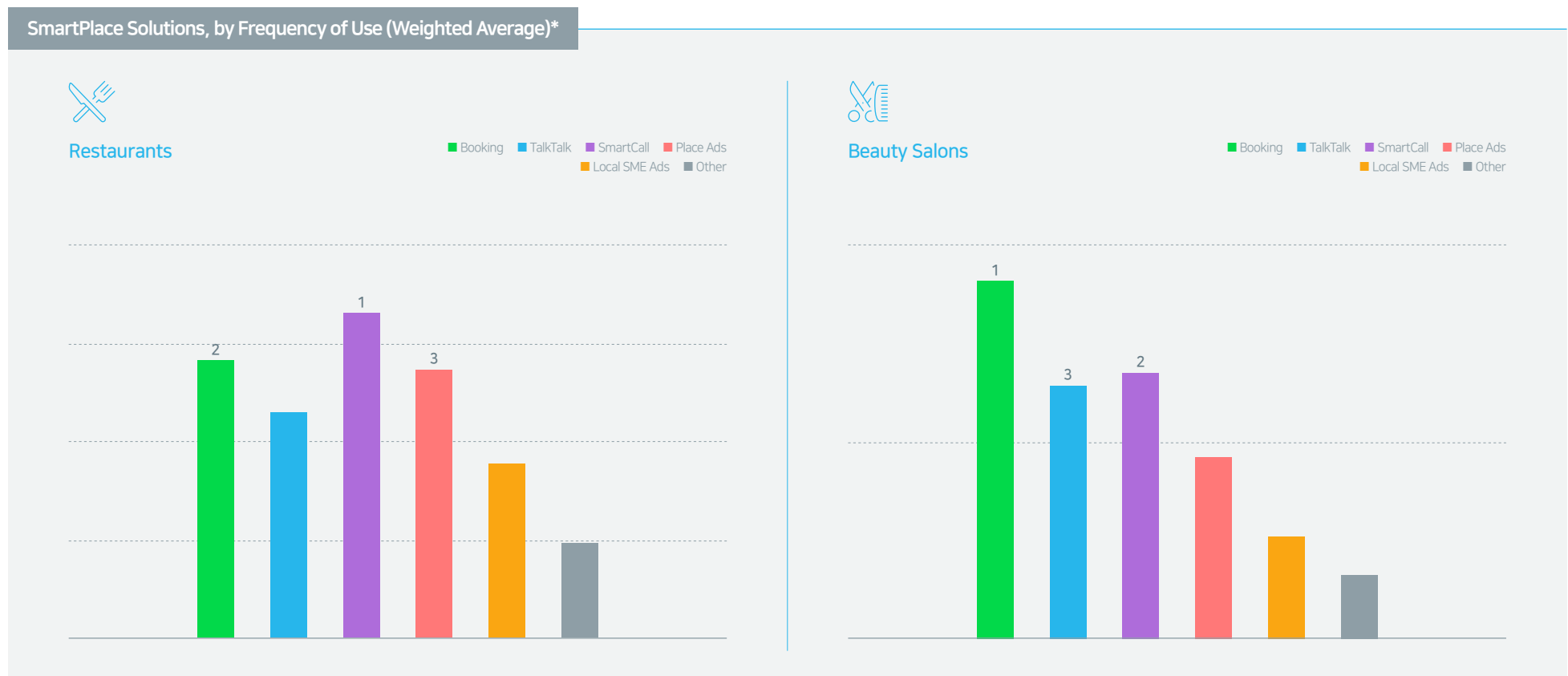
According to our survey results, businesses on SmartPlace use 3 to 4 solutions on average. Of the various solutions, Booking, SmartCall, TalkTalk, and Place Ads are most popular. Among restaurants, the most popular solutions are SmartCall, Booking, and Place Ads; among beauty salons, Booking, TalkTalk, and SmartCall are most popular.



02. SmartPlace Solutions Usage (Survey Results)

2-2. Frequency of Use

Among restaurants, the most frequently used solution is SmartCall, followed by Booking, and then Place Ads. In order of frequency, beauty salons on SmartPlace use Booking, SmartCall, and TalkTalk.



* Weighted average calculated based on rank order attributes according to usage level (i.e. Weight of Rank 1 data is 6; rank 2, 5; rank 3, 4...; rank 6, 1) which is then divided by the total 21.

02. SmartPlace Solutions Usage (Survey Results)

2-3. Reasons for Using SmartPlace Solutions

Based on survey results, offline businesses use SmartPlace solutions to acquire customers and manage customer relations, promote and advertise their business, increase sales, and improve operational efficiency.





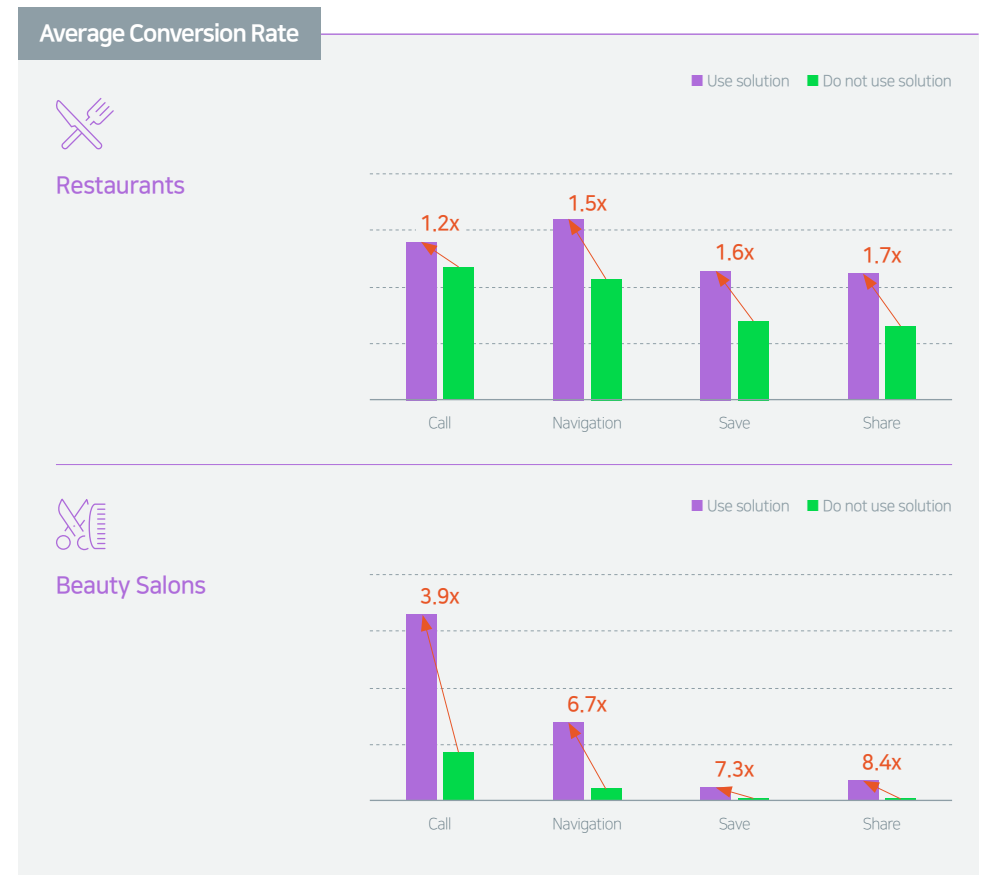
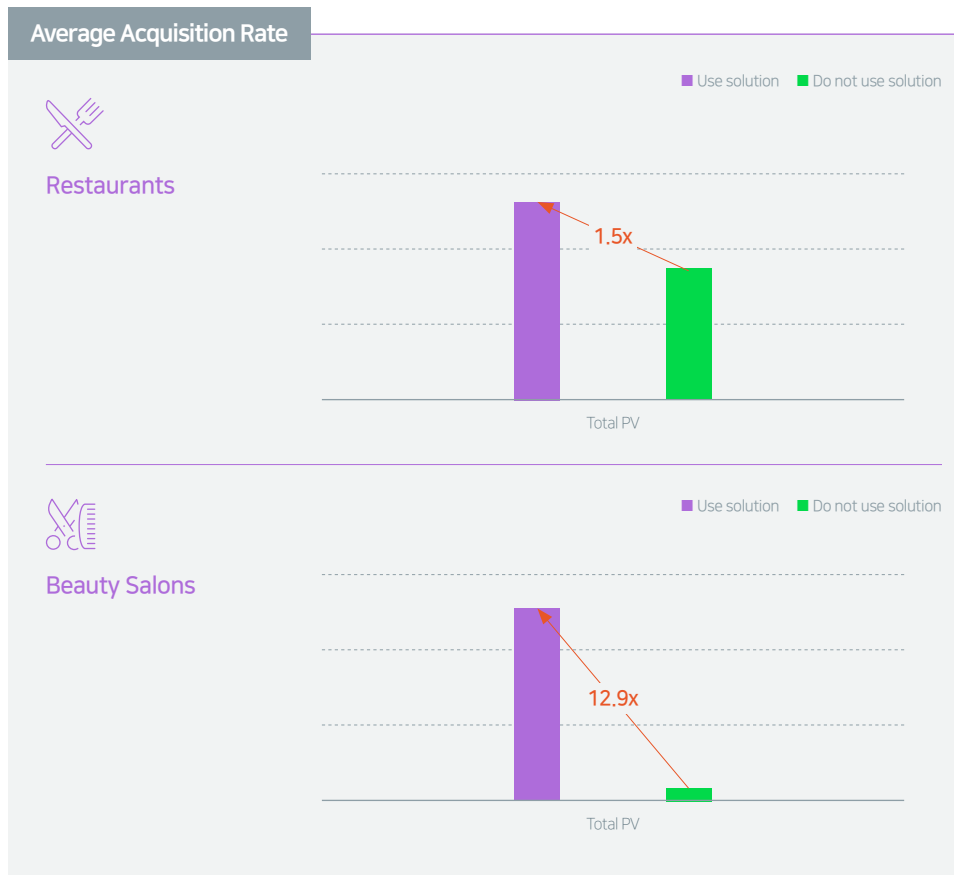
03.

Effect of SmartPlace Solution Use on Business Performance

03. Effect of SmartPlace Solution Use on Business Performance

3-1. SmartPlace Solutions: Increase in Customer Acquisition and Conversion Rates

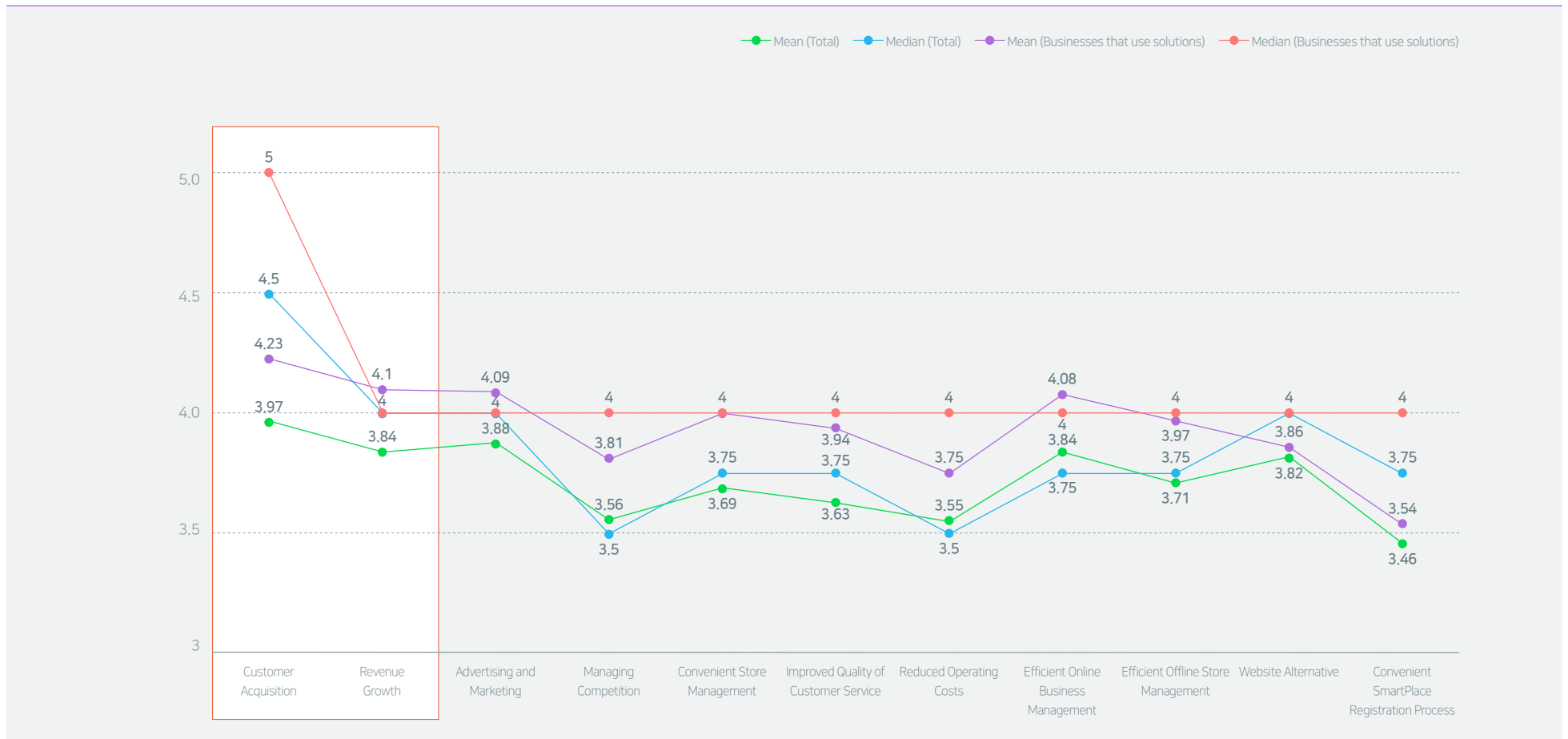
Our analysis of SmartPlace data shows that businesses that use SmartPlace solutions have higher customer acquisition and conversion rates compared to businesses that do not use the solutions. Restaurants and beauty salons that use solutions respectively have 1.5x and 12.9x higher acquisition rates than those that do not use these solutions. Using SmartPlace solutions also increases conversion rates by anywhere between 1.2 to 8.4x.



03. Effect of SmartPlace Solution Use on Business Performance

3-1. SmartPlace Solutions: Overall Satisfaction

According to our survey results, businesses that use SmartPlace solutions are more satisfied with SmartPlace compared to businesses that do not use the solutions. Businesses that use these solutions rate benefits related to “customer acquisition” and “revenue growth” higher than businesses that do not.



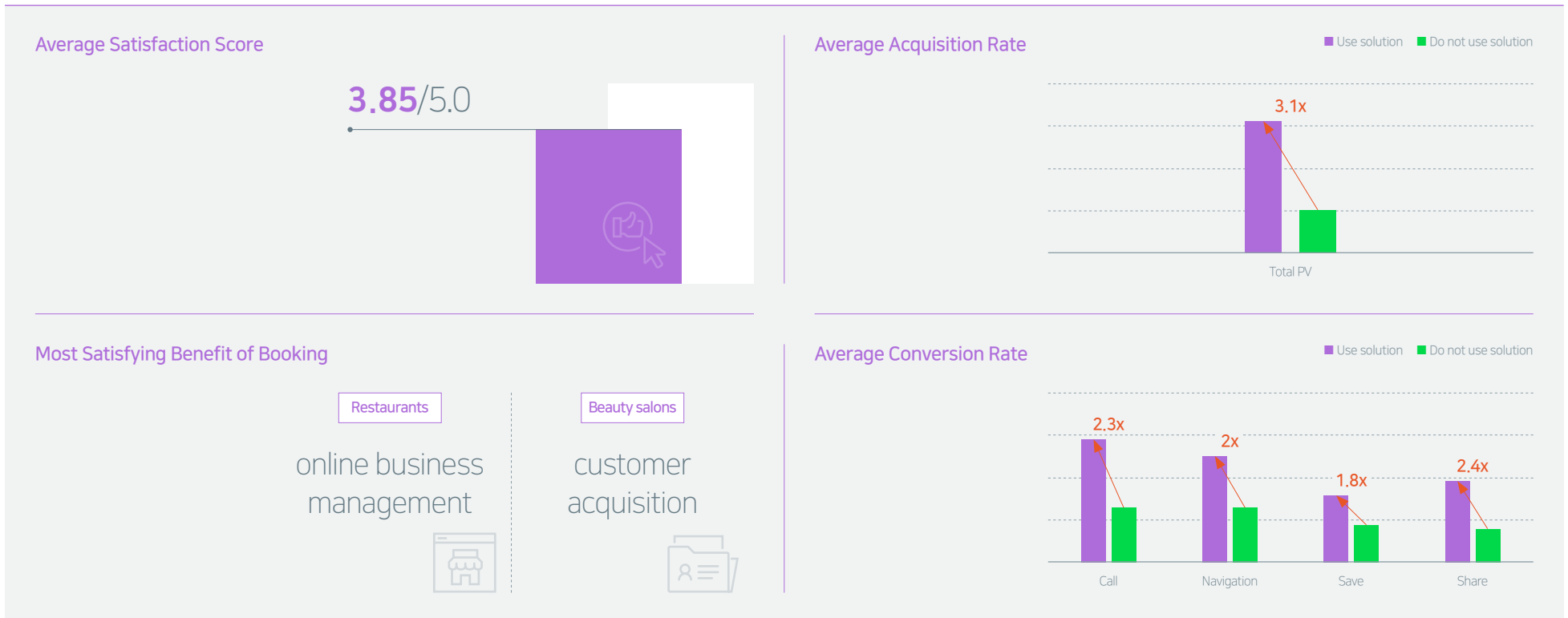
03. Effect of SmartPlace Solution Use on Business Performance

3-2. Booking

Businesses that use Booking on SmartPlace record higher acquisition and conversion rates than businesses that do not use the solution. In particular, their acquisition rates (based on page views) are 3.1x higher. Businesses using Booking also have 2.3x more calls, 2x more Navigation clicks, 1.8x more saves, and 2.4x more shares.

According to survey results, businesses on average rated Booking 3.85 out of 5.0. Restaurants seem to be most satisfied with how Booking helps them better manage their operations online, while beauty salons appear to be most satisfied with benefits related to customer acquisition.

In addition, 78.5% of restaurants and 91.4% of beauty salons currently using Booking note that they intend to continue using the solution.



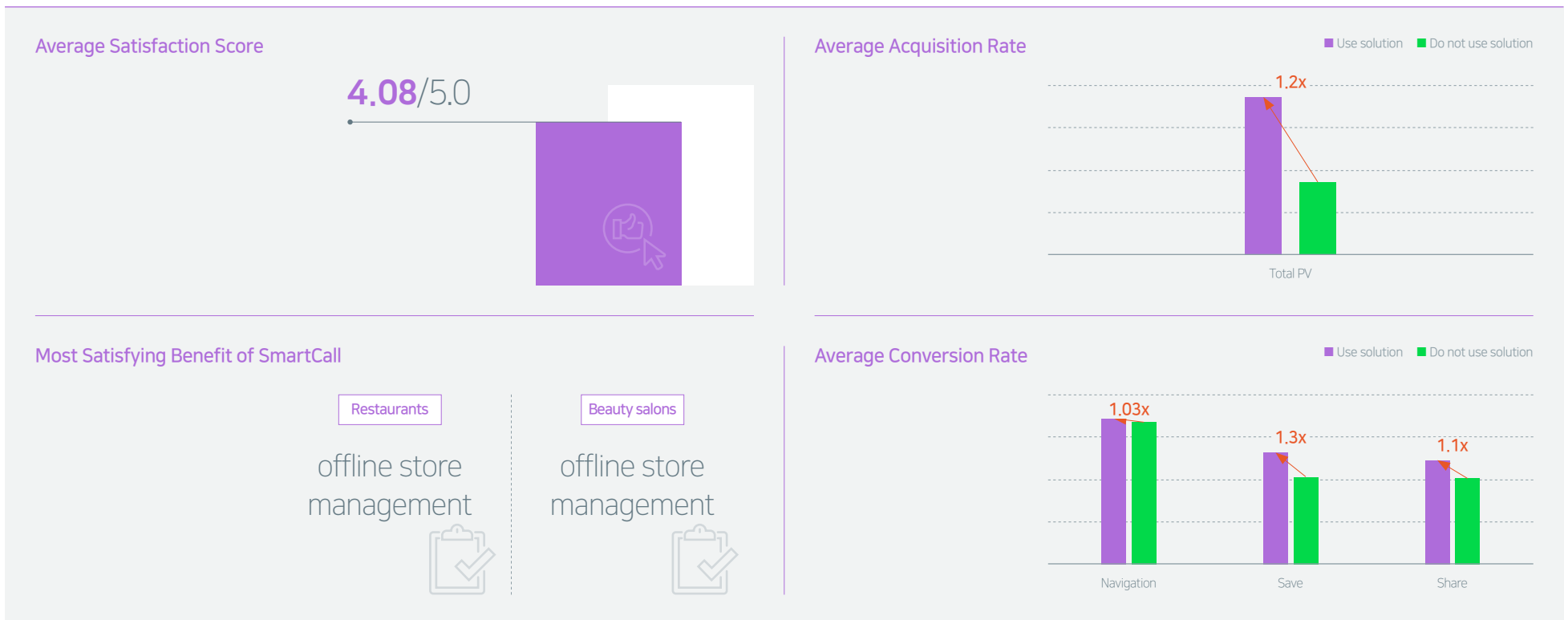
03. Effect of SmartPlace Solution Use on Business Performance

3-3. SmartCall

Businesses that use SmartCall on SmartPlace record higher acquisition and conversion rates than businesses that do not use the solution. In particular, their acquisition rates (based on page views) are 1.2x higher. Businesses using SmartCall also have 1.03x more Navigation clicks, 1.3x more saves, and 1.1x more shares.

According to survey results, businesses on average rate SmartCall 4.08 out of 5.0. Both restaurants and beauty salons seem to be most satisfied with how SmartCall helps them better manage their physical stores.

In addition, 82.6% of restaurants and 77.2% of beauty salons currently using SmartCall note that they intend to continue using the solution.



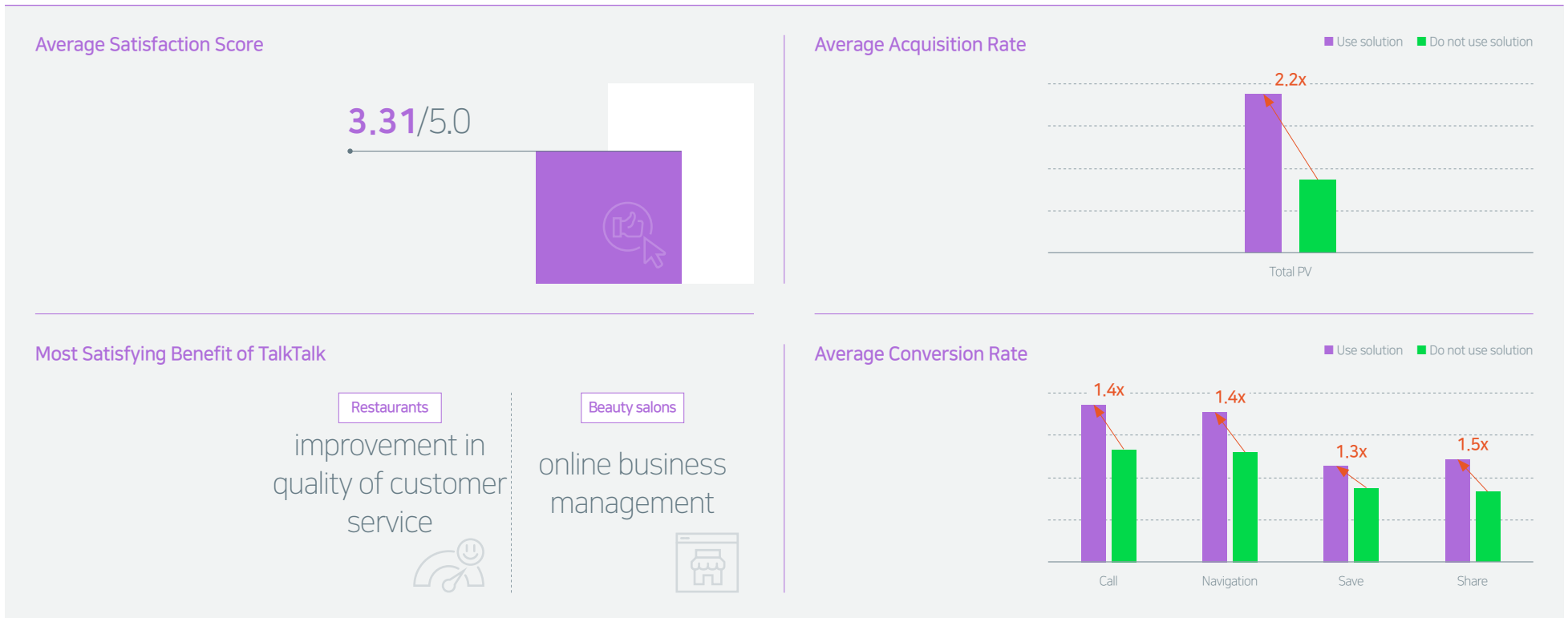
03. Effect of SmartPlace Solution Use on Business Performance

3-4. TalkTalk

Businesses that use TalkTalk on SmartPlace record higher acquisition and conversion rates than businesses that do not use the solution. In particular, their acquisition rates (based on page views) are 2.2x higher. Businesses using TalkTalk also have 1.4x more calls, 1.4x more Navigation clicks, 1.3x more saves, and 1.5x more shares.

According to survey results, businesses on average rate TalkTalk 3.31 out of 5.0. Restaurants seem to be most satisfied with how TalkTalk enables them to enhance the quality of their customer service, while beauty salons are most satisfied with how the solution helps them better manage their online business.

In addition, 53.8% of restaurants and 60.9% of beauty salons currently using TalkTalk note that they intend to continue using the solution.



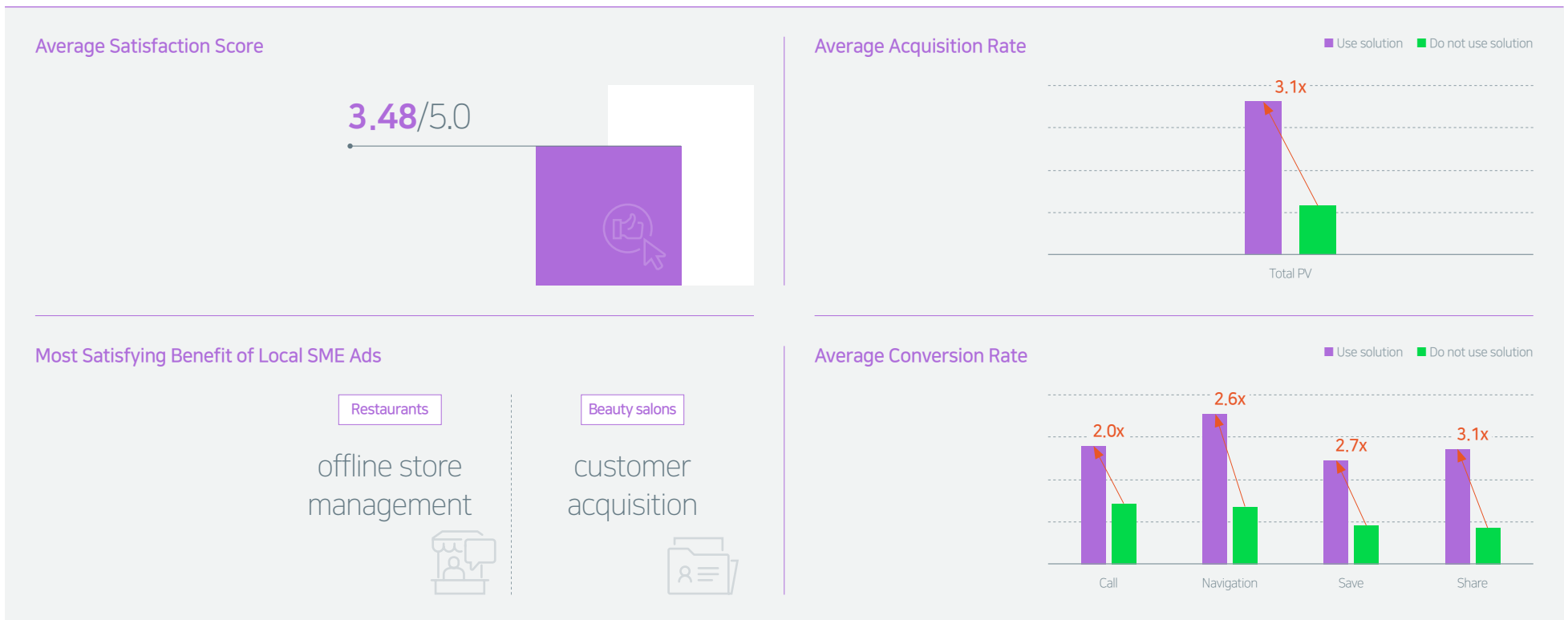
03. Effect of SmartPlace Solution Use on Business Performance

3-5. Local SME Ads

Businesses that use Local SME Ads on SmartPlace record higher acquisition and conversion rates than businesses that do not use the solution. In particular, their acquisition rates (based on page views) are 3.1x higher. Businesses using Local SME Ads also have 2.0x more calls, 2.6x more Navigation clicks, 2.7x more saves, and 3.1x more shares.

According to survey results, businesses on average rate Local SME Ads 3.48 out of 5.0. Restaurants seem to be most satisfied with how Local SME Ads help them better manage their physical stores, while beauty salons are most satisfied with how the solution enables them to acquire new customers.

In addition, 62% of restaurants and 60.2% of beauty salons currently using Local SME Ads note that they intend to continue using the solution.



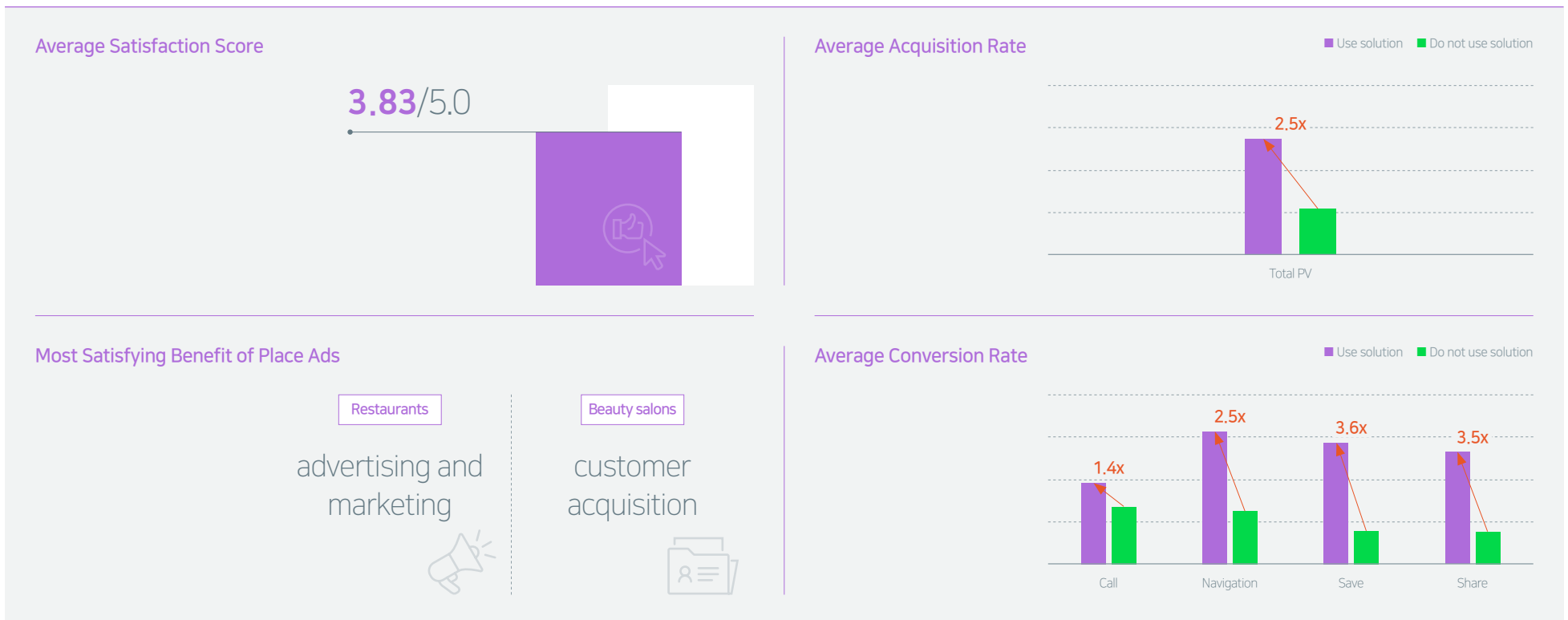
03. Effect of SmartPlace Solution Use on Business Performance

3-6. Place Ads

Businesses that use Place Ads on SmartPlace record higher acquisition and conversion rates than businesses that do not use the solution. In particular, their acquisition rates (based on page views) are 2.5x higher. Businesses using Place Ads also have 1.4x more calls, 2.5x more Navigation clicks, 3.6x more saves, and 3.5x more shares.

According to survey results, businesses on average rate Place Ads 3.83 out of 5.0. Restaurants seem to be most satisfied with advertising and marketing effects of Place Ads, while beauty salons are most satisfied with how the solution helps them acquire new customers.

In addition, 79.7% of restaurants and 74.9% of beauty salons currently using Place Ads note that they intend to continue using the solution.





04.

Word Cloud Analysis: Visualizing Businesses' Assessment of SmartPlace Solutions



05.

Effect of SmartPlace Solution Use on Sales

05. Effect of SmartPlace Solution Use on Sales

Assessing the Impact of SmartPlace Solution Use on Sales through Regression Analysis

- We used a panel regression model to analyze how customer acquisition on SmartPlace impacts Booking rates, controlling for business-specific effects (i.e. brand awareness, reputation, location, other operating channels) and time-specific effects (i.e. seasons and holidays, among others).
 - For every one unit increase in customer acquisition, Booking rates for restaurants and beauty salons increase by 0.5% and 1.1% respectively.
- Using these calculations, we estimated the increase in sales based on the expected number of Bookings, which then allowed us to compare the growth in sales of businesses using SmartPlace solutions and those not using the solutions.

	Dependent Variable : Booking			
	Restaurants		Beauty Salons	
	Coef.	S.E	Coef.	S.E
(Constant)	27.96***	5.49	62.04***	9.31
Independent Variable: Acquisition	0.005***	0.001	0.011***	0.002
Controls	Yes		Yes	
Fixed effect	Yes		Yes	
Adjusted_R²	0.37		0.58	

Notes: *p<0.1, **p<0.05, ***p<0.01
Standard error is cluster standard error

05. Effect of SmartPlace Solution Use on Sales

Assessing the Impact of SmartPlace Solution Use on Sales through Regression Analysis

- By applying the Booking conversion rate¹⁾ of average customer acquisitions of SmartPlace solution-using businesses and non-using businesses²⁾, unit price, and number of businesses using solutions, we were able to determine the estimated sales generated from Booking for both solution-using and non-using businesses.
- Comparing sales calculations of solution-using and non-using businesses, we found that restaurants using at least one SmartPlace solution experience sales 3x greater than that of restaurants that use none. The effect was even more pronounced for beauty salons: salons using at least one solution gain a 31x increase in sales compared to those not using solutions.
- Looking at each solution, restaurants that use Booking and Place Ads individually experience a 6x increase in sales compared to those that do not use solutions. Beauty salons using Booking experience a 30x increase in sales compared to those that do not use the solution, while beauty salons offering In-Store Payment receive 10x more sales than salons without the offer.
- If all offline businesses were to use at least one SmartPlace solution, each restaurant would generate KRW 4,363,723 additional annual sales, while each beauty salon would generate KRW 18,450,169 additional annual sales. This means that all restaurants and beauty salons on SmartPlace would generate a total of KRW 3.3 trillion³⁾ additional sales each year by using at least one SmartPlace solution.

	Businesses using SmartPlace solutions (O)				Businesses not using SmartPlace solutions (X)				Sales increase due to solution use
	①	②	③	④a = ① * ② * ③	①	②	③	④b = ① * ② * ③	④a-④b
	Average Acquisition	Acquisition-to-Booking Conversion Rate	Unit Price ⁴⁾	Sales Estimate (Monthly)	Average Acquisition	Acquisition-to-Booking Conversion Rate	Unit Price ⁴⁾	Sales Estimate (Monthly)	Sales Growth (Monthly)
Restaurants	4,182.12	0.5%	13,709*2people ⁵⁾	KRW 573,327	1,529.53	0.5%	13,709*2people ⁵⁾	KRW 209,683	KRW 363,644
Beauty Salons	4,865.86	1.1%	29,675	KRW 1,588,338	155.7	1.1%	29,675	KRW 50,824	KRW 1,537,514

¹⁾ Refer to previous page for regression analysis

²⁾ Businesses that do not use SmartPlace solutions include both businesses that are registered to SmartPlace but do not use specific solutions and businesses that are not registered to SmartPlace.

³⁾ KRW 3.3 trillion = KRW 4,363,723*number of restaurants using SmartPlace + KRW 18,450,169* number of beauty salons using SmartPlace

⁴⁾ For restaurants, refer to unit price from the previous year (Ministry of Food, Agriculture and Rural Affairs 2021, accessed on Statistics Korea).

For beauty salons, refer to the following calculations, based on Business District Analysis Report by Small Enterprise and Market Service (Sep 2022): Average sales of beauty salons in Seoul (KRW 10,965 million) / Average number of sales of beauty salons in Seoul (369.5) = Unit price (KRW 29,675.24)

⁵⁾ Restaurant sales estimated by multiplying the unit price by 2, the average party size of reservations

Conclusion

Results and Implications

This study analyzed the effect of using SmartPlace solutions such as Booking, TalkTalk, SmartCall, Place Ads, and Local SME Ads on business performance of offline businesses. Our analysis of SmartPlace and survey data found that the use of SmartPlace solutions increased customer acquisition (PV), conversion (calls, Navigation clicks, saves, shares), and sales, while businesses were highly satisfied with the solutions.

- Restaurants and beauty salons using SmartPlace solutions respectively experienced a 1.5x and 12.9x increase in acquisition compared to peer businesses not using solutions. The use of SmartPlace solutions also improved conversion rates by a minimum of 1.2x to a maximum of 8.4x. In addition, our analysis of the use effects of each solution (Booking, SmartCall, TalkTalk, Place Ads, and Local SME Ads) shows that all five solutions, when in use, increased acquisition and conversion rates.
- When we analyzed the effect of using SmartPlace solutions on sales, we found that restaurants using at least one SmartPlace solution experienced sales 3x greater than that of restaurants using none, while beauty salons using at least one solution gained a 31x increase in sales compared to those not using solutions. Survey results also showed that businesses using SmartPlace solutions, compared to those not using solutions, were more satisfied with SmartPlace overall. In particular, businesses using solutions were highly satisfied with benefits such as “customer acquisition” and “revenue growth” which are closely related to acquisition, conversion, and sales.
- If all offline businesses were to use at least one SmartPlace solution, this would generate KRW 4,363,723 additional annual sales per restaurant and KRW 18,450,169 per beauty salon, totaling up to KRW 3.3 trillion in economic value generated by using SmartPlace solutions.

The results above suggest that offline businesses can gain actual economic benefits and improve their business performance by using SmartPlace solutions. The previous D-Commerce Report 2020 found that using the SmartPlace platform improved conversion metrics, while the D-Place Report 2021 observed the effects of SmartPlace on driving sales and reducing costs. The newest D-Place Report 2022, building on the two previous analyses, shows that businesses can generate even more economic value using SmartPlace solutions, in addition to registering and using SmartPlace.

In the midst of a major wave of digital transformation, we hope that offline businesses will increasingly utilize digital features such as NAVER SmartPlace solutions to achieve sustainable growth. NAVER, as a leading technology platform, will continue to develop various solutions to help offline businesses thrive.

NAVER