Brand Doctor

Brand Check-up

Yahoo

As of May 7, 2024

Status: Needs attention

Yahoo still draws a large audience to Mail, Finance and News, but it lost its role as the internet's front door and now competes as one destination among many.

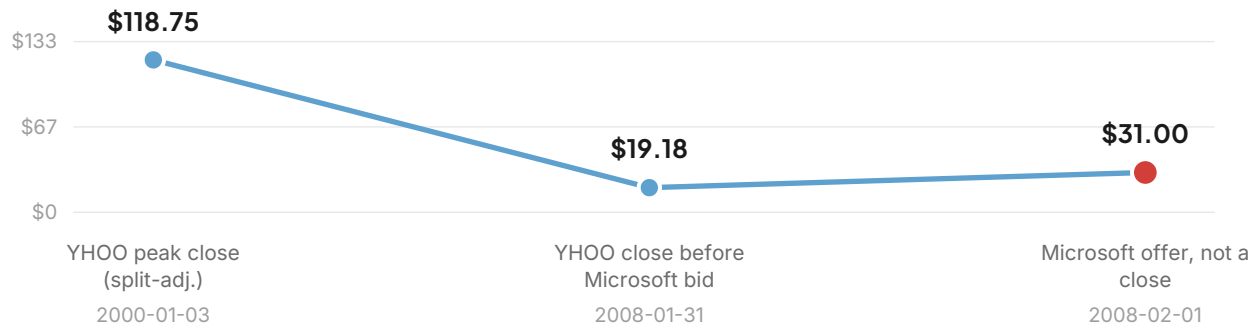
About this check-up

Brand Doctor reviews well-known brands the way we review a client's marketing: symptoms, diagnosis, treatment. This check-up uses public information available on May 7, 2024. It is brand and marketing analysis, not investment advice. Sources are listed at the end.

Vital signs

Share price

USD, at the dates shown [16, 17, 1]



Last deal price

$5 billion

Apollo funds' purchase of Yahoo and AOL from Verizon, closed September 1, 2021 ($4.25 billion cash plus $750 million in preferred interests; Verizon kept 10%). No listed shares since the YHOO ticker was retired in June 2017. [11, 12, 8]

Peak market value

More than $125 billion

January 2000, as a listed company (YHOO) [5]

Share price vs 2000 peak

About 84% lower

YHOO close of $19.18 on January 31, 2008, the day before Microsoft's bid, against the split-adjusted peak close of $118.75 on January 3, 2000 ($475 before 2-for-1 splits in February 2000 and May 2004) [1, 16, 17]

Rejected offer

$44.6 billion

Microsoft's $31-a-share bid of February 1, 2008; rejected by Yahoo's board on February 11, 2008 [1, 2]

Annual revenue

About $8 billion

Axios figure cited by Reuters, November 29, 2022; Yahoo is private and does not publish results [13]

Monthly users

About 900 million

Across Yahoo and its sister brands, including AOL, at Apollo's closing in September 2021; Yahoo alone reported more than 1 billion monthly active users in January 2016 [12, 6]

Timeline

2000–01	Yahoo's market value peaks at more than $125 billion. The same year it hires Google to power its search results. [5, 4]
2008–02	Microsoft offers $31 a share, about $44.6 billion. Yahoo's board rejects it on February 11, saying it substantially undervalues the company. [1, 2]
2009–07	Ten-year deal to run Yahoo search on Microsoft's Bing; Yahoo keeps 88% of search ad revenue on its sites for the first five years. [3]
2016–07	Verizon agrees to buy Yahoo's operating business for about $4.83 billion in cash. [6]
2017–02	Deal terms amended to share data-breach liabilities; price cut by $350 million to about $4.48 billion. [7]
2017–06	Verizon completes the purchase; the listed company, which kept the Alibaba and Yahoo Japan stakes, is renamed Altaba. [8, 6]
2018–12	Verizon cuts the goodwill value of its Oath media unit, home to Yahoo and AOL, by $4.6 billion. [10]
2021–09	Apollo funds complete the $5 billion purchase of Yahoo and AOL; Verizon keeps 10%. [12, 11]
2023–02	Yahoo says it will cut more than 1,600 jobs, about 20% of staff, including more than half of its ad tech unit, and plans to shut its Gemini ad platform. [14]
2024–04	Yahoo announces it has bought Artifact, the AI news app created by Instagram's co-founders. [15]

Symptoms

- Monthly users of about 900 million in 2021 across Yahoo and its sister brands, down from more than 1 billion for Yahoo alone in 2016.
- Search handed to a rival's technology in the 2009 Bing deal.

- Shares closed at $19.18 in January 2008, about 84% below the split-adjusted peak close of January 2000.
- A $4.6 billion goodwill write-down by Verizon in 2018.
- More than 1,600 job cuts announced in 2023, including more than half of the ad tech unit.

Diagnosis

1 Search handed to partners

Yahoo hired Google to power its search results in 2000. In 2009 it agreed to run search on Microsoft's Bing for ten years, when comScore put Google at 65% of U.S. search and Microsoft and Yahoo together at 28%. Finding things online, the job Yahoo started with, ran on someone else's technology. [4, 3]

2 Too many jobs, no lead job

The business Verizon agreed to buy in 2016 spanned search, communications, digital content and ad tech. Merged with AOL, it lost value fast: Verizon cut the goodwill of that media unit by $4.6 billion in December 2018, citing lower revenue and earnings than expected. [6, 10]

3 Trust damaged by breaches

Yahoo disclosed in 2016 that more than a billion accounts were hit in a 2013 attack, and in October 2017 Oath raised that to about three billion, every account at the time. In February 2017 the Verizon price was cut by $350 million as the companies agreed how to share breach liabilities. [9, 7]

Diagnosis, continued

4 Ownership churn

Yahoo went from listed company to Verizon unit in 2017 and to Apollo-owned company in 2021. Verizon spent about $9 billion buying AOL and Yahoo and sold both for $5 billion. [8, 11, 12]

Prognosis

As of May 2024, Yahoo is a private, standalone company with a large audience and well-known products in news, finance, sports and mail. Its owner has cut back in ad tech, struck a 30-year partnership with Taboola and bought Artifact to improve news. The brand is not failing, but it is no longer where people start. What to watch: whether monthly users hold near the 900 million reported in 2021, whether news and finance become daily habits on mobile, and whether Yahoo can say in one line why someone should choose it over the defaults on their phone.

Treatment

- Name one or two jobs Yahoo already does well, such as finance and news, and make the brand stand for them in plain words.
- Use the Artifact technology to make Yahoo News a reason to open the app each day, not a page people reach from elsewhere.
- Make account security visible and simple in Mail, so the breach years stop defining the name.
- Measure brand health by direct visits, app use and branded search rather than total reach.

Lessons for growing companies

Own your core job

Know the one thing customers come to you for and keep control of it. Yahoo let partners run its search, the job it started with.

Judge your position by direction

Yahoo turned down $44.6 billion in 2008 and sold its operating business for about $4.48 billion nine years later. Read your position from where the trend is going, not from the last peak.

Trust is part of the brand

A security failure in one product hurts the whole name. Treat data protection as brand work, not only IT work.

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About Brand Doctor

Brand Doctor is a marketing strategy consultancy founded by Cliff K. F. Lin. He has spent 17 years in marketing and managed more than $30 million in spend for SaaS, tech and lead-generation companies.

A Brand Check-up applies the method we use with clients to a well-known brand: the symptoms you can see from outside, the root causes behind them, and the treatment we would prescribe. For your own company, we look at six areas (positioning, messaging, customer journey, channel mix, budget and spend, and measurement) and rank what to fix first.

$30M+	135+	8×	17
In marketing spend managed	Campaigns treated	Growth achieved	Years in marketing

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