

# **Yellow Pages Value 2010**



**December 2010**  
(Revised 12/11/2010)

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The ultimate measure of a medium's success is its ability to deliver paying customers at a reasonable cost – as measured by the Return on Investment received by advertisers. Using extensive research from several studies (the Yellow Pages Metered Ad Study, the Yellow Pages Industry Usage Study, the TNS Intermedia Shopping Study, and the CMR Associates' Top Headings Reports), the Yellow Pages industry is able to develop solid estimates of the value delivered by Yellow Pages to its advertisers.

One of the best and most direct measures of value is "Sales ROI", i.e., the dollars of sales revenue an advertiser receives for every dollar spent on advertising. There are two methodologically sound ways to estimate Sales ROI. The first is a "bottoms-up" approach based on call tracking studies for individual ads (metered ad studies) which provides estimates of value for specific ad-types. The second is a high-level average across all ad-types calculated in a way that allows comparison across media.

**Both measures show that Yellow Pages deliver strong value to advertisers. The values estimated in 2010 are similar to the values estimated in 2009, indicating stability in value delivered to advertisers.**

#### **1. Directly-Measured Value by Ad Type**

The most direct method for estimating value delivered to advertisers is based on call-tracking (metered ad) studies. Metered-ad studies measure the number of calls generated by consumers responding to an ad. These calls are tracked by using a unique phone number in the ad (not found or used anywhere else). The 2010 Yellow Pages Metered Ad database<sup>1</sup> contains roughly 100,000 individual call-tracking studies collected over the past 4 years.

Table 1 shows the costs per customer contact in the U.S. for different ad types. The results are based on the top 210 Yellow Pages headings.

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<sup>1</sup> The Yellow Pages Metered Ad database contains ads primarily from 4 major US publishers.

**Table 1: Ad-Specific Estimates of cost-per-customer-contact<sup>2</sup>:**

|                            | <u>Median</u> |
|----------------------------|---------------|
| Local Display <sup>3</sup> | \$27          |
| Companion Display          | \$ 9          |
| Local Space                | \$12          |
| National Display           | \$22          |
| National Trademark         | \$ 4          |
| Internet YP                | \$ 9          |

Combining the cost-per-customer-contacts with data on sales conversion rates and consumer spending allows estimation of the Sales ROI for each heading. Analysis of data for the top 200 headings yields the following estimates (Table 2) of Sales ROI<sup>4</sup>:

**Table 2: Ad-Specific Estimates of Sales ROI (U.S.)<sup>4 3</sup>**

|                    | <u>Median</u>       |
|--------------------|---------------------|
| Local Display      | \$ <b>13 to \$1</b> |
| Companion Display  | \$ 42 to \$1        |
| Local Space        | \$ 37 to \$1        |
| National Display*  | \$ 22 to \$1        |
| National Trademark | \$111 to \$1        |
| Internet YP        | \$ 49 to \$1        |

\*The primary reason for differences between local and national ads is that national ads tend to include more locations in their ads, and ads with multiple locations tend to draw more calls than ads with single locations.

Estimates of value are calculated for each individual heading. The numbers presented above represent the “median” values across the top headings. Thus, **the typical local display ad delivers over \$13 of sales revenue for every dollar spent on the ad**, while the typical national display ad delivers about \$22 of revenue per dollar spent on the ad. (Of course, individual SROI values will vary considerably based on heading, ad size, ad content, and competition intensity. The values in the tables are simply the mid-points of a wide range of results).

In the past few years, calls dropped due to the recession and drop in consumer spending. Publishers have maintained value to advertisers through these difficult economic times through the use of discounts, promotions, and loyalty programs.

<sup>2</sup> Because the distribution of results by advertisers is highly skewed, the median is a better representation of what the majority of advertisers experience than the average. The “average” calculation is very sensitive to high values for calls or cost per call, whereas the median is more stable.

<sup>3</sup> A rate standard of 50% of posted rates is used to best reflect actual amounts paid by advertisers. The 50% rate standard is a better reflection of the “true” advertiser experience and value than a full rate standard.

<sup>4</sup> See Section 2: Guide to Top Heading Reports of the “Top Heading Reports-2010” by CRM Associates (available through YPA) for a detailed explanation of the value calculations.

## 2. Top-Down, Aggregate Value Measure

A second, high-level estimate of Yellow Pages value can be obtained based on completely different data sources (which allows for a good test of the reasonableness of both estimates).

The Yellow Pages industry tracks total spending by advertisers for each of the top headings. The industry also estimates the number of “active buyers<sup>5</sup>” that use and are influenced by Yellow Pages through the Intermedia Shopping Study conducted by TNS. Combining these data along with customer spending estimates from Burke and Simmons allows us to construct this second estimate of Sales ROI:

$$\text{Sales ROI} = (\text{Avg. purchase amount}) / (\text{cost/buyer influenced by YP ads})$$

$$\text{Cost/buyer Influenced} = (\text{Total Heading revenue}) / (\text{number of buyers influenced by Yellow Pages ads})$$

Because it is based on total heading revenues, this measure represents the average value across all types of ads (display, in-column, paid and free listings, national, local) used by advertisers. Discounts are automatically factored into the measure. This value estimate represents a true “average,” or representative, value delivered by the medium to advertisers because it combines total heading spending with estimates of the total number of active buyers that used and were influenced by ads in the heading.

This same methodology can be used to provide a standardized way for comparing value across media. Estimates of total spending on each medium for each heading/category are obtained from TNS Media Intelligence. Estimates of the number of active buyers using and influenced by each medium are obtained from the Intermedia Shopping Study (by TNS).

A weighted average SROI is then calculated for each medium across the headings<sup>6</sup>.

Table 3 shows the median costs per customer influenced based on the top 210 Yellow Pages headings for each medium. Figure 1 shows the costs per customer values graphically.

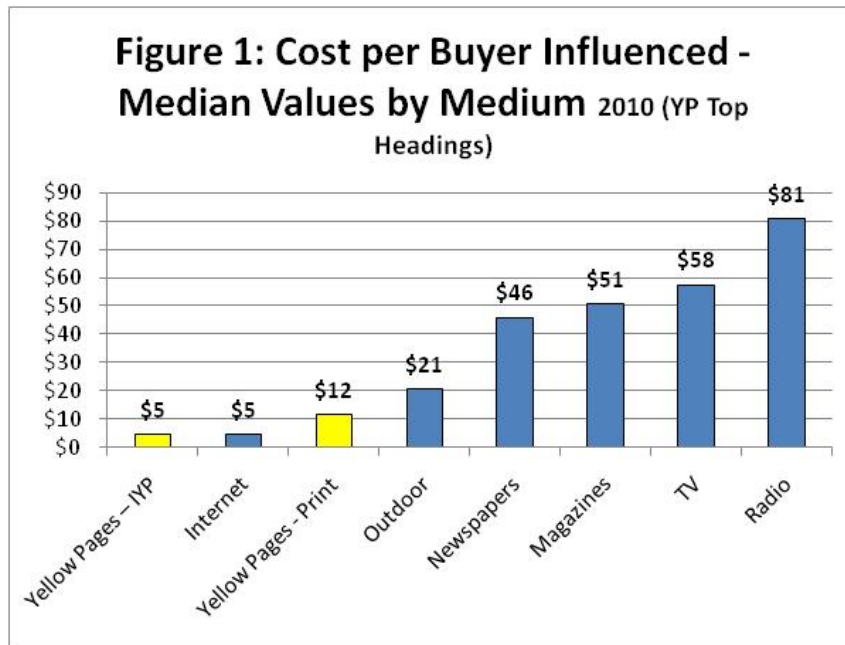
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<sup>5</sup> “Active buyers” are considered to be all those who make a purchase from an industry within a year’s time.

<sup>6</sup> This is a change from previous years. In the past, the median value across all headings was reported. This year, a weighted average is used, where each heading SROI value is multiplied by the heading revenues, and then the sum divided by total revenues. This method is arguably better because it gives greater weight to the SROI values in headings with the most revenue.

**Table 3: Cost per Customer Influenced (all ad-types) by Medium (U.S.)<sup>7</sup>:**

|                      | <u>Median</u> |
|----------------------|---------------|
| Yellow Pages - Print | <b>\$11</b>   |
| Yellow Pages – IYP   | <b>\$ 5</b>   |
| Newspapers           | <b>\$46</b>   |
| Magazines            | <b>\$51</b>   |
| TV                   | <b>\$57</b>   |
| Radio                | <b>\$81</b>   |
| Internet             | <b>\$ 5</b>   |
| Outdoor              | <b>\$21</b>   |



Combining the costs per customer influenced with estimates of consumer expenditures allows estimation of the Sales ROI for each heading. Analysis of data for the top 210 headings for Yellow Pages and other media yields the following estimates (Table 4 and Figure 2) of Sales ROI:

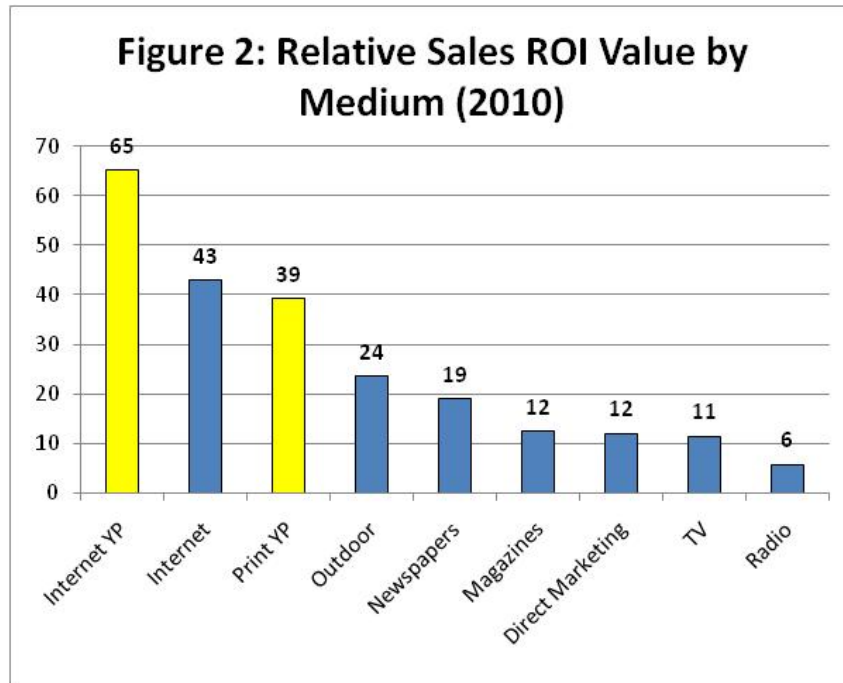
<sup>7</sup> Cost per Customer and ROI estimates are only calculated for a medium when the percent of customers influenced is greater than 1% and a medium's share of ad expenditures for an industry is greater than 1%. Cost-per-customer estimates are capped at \$250 for all media and Sales ROI are capped at 100 to 1 in order to avoid large-number "skew" of the calculations. Not all media are used for all 210 headings. For example, Internet is only relevant for 115 of the headings.

**Table 4: Sales ROI (all ad-types) by Medium (U.S.):**

|                      | <u>Weighted Avg.</u> |
|----------------------|----------------------|
| Yellow Pages - Print | <b>\$39</b> to \$1   |
| Yellow Pages – IYP   | <b>\$65</b> to \$1   |
| Newspapers           | <b>\$19</b> to \$1   |
| Magazines            | <b>\$12</b> to \$1   |
| TV                   | <b>\$11</b> to \$1   |
| Radio                | <b>\$ 6</b> to \$1   |
| Outdoor              | <b>\$24</b> to \$1   |
| Internet             | <b>\$43</b> to \$1   |
| Direct Marketing**   | <b>\$12</b> to \$1   |

\*\* Direct Marketing’s estimate is based on the DMA’s data from “The Power of Direct Marketing 2008-2009”.

Note that the estimate of returns for Yellow Pages in Table 4 lies within the range of ad-type Sales ROI estimates in Table 2. Since the estimates in Table 4 represent all ad-types, this suggests at least a degree of consistency and reinforcement between the two sets of measures.



These high-level measures are the best measure for comparing Yellow Pages with other media, since they present a standardized approach to estimating “average value delivered” based on the actual mix of products used for each medium. (For example, newspaper advertising can be a mix of ROP display ads, classified ads, inserts, Sunday magazine ads, etc.). The value of these measures is that they are based on a true “cost per result” and ROI rather than the popular “cost per impression” or “cost per click” or “cost per lead” measures in the marketplace today.

The results in Table 4 and Figure 2 are based only on industries represented in Yellow Pages’ top headings, the majority of which are in the service sector. No comparison has been made of media values for industries not covered by the top Yellow Pages headings.

**Commentary:**

Value realized by advertisers from Yellow Pages varies dramatically across headings and even within headings, based on differences in ad size, color, ad content, rate discounts, competition, and so on. The value estimates presented in this paper are averaged across the top headings for purposes of intermedia comparisons and overall positioning of the value potential of Yellow Pages for its advertisers. No individual business is “guaranteed” of achieving these specific results.

It is highly recommended that presentations to individual advertisers utilize the heading-specific value estimates found in the Top Headings reports or in publisher- and market-specific variations of these estimates.

**References and Data Sources:**

“Yellow Pages Top Headings-2010,” December 2010, CRM Associates, available through YPA

“Yellow Pages Metered Ad Study-2010,” August 2010, CRM Associates, available through YPA

“Intermedia Shopping Study,” Q1-Q3, 2010, TNS, available through YPA  
TNS Media Intelligence 2010, New York.

"2009 Local Media Tracking Study," Burke, April 2010