

2005 Yellow Pages Metered Ad Study

Executive Summary

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The Yellow Pages industry routinely conducts ad tracking studies to determine the effectiveness of ads placed in Yellow Pages directories. Unique phone numbers are placed in Yellow Pages ads and monthly call volumes from customers are tracked for each ad. The studies allow advertisers to know exactly how many customer contacts they receive through their Yellow Pages ads.

Each year the industry commissions an independent vendor, CRM Associates from Boulder, CO, to aggregate all studies conducted by major publishers across the U.S. in order to gain better insights into the value received by advertisers from ads in the Yellow Pages. In the past 7 years, the Yellow Pages industry has invested over \$80 million in call tracking studies, resulting in one of the largest databases of tracked customer-contacts of any medium for measuring ad effectiveness.

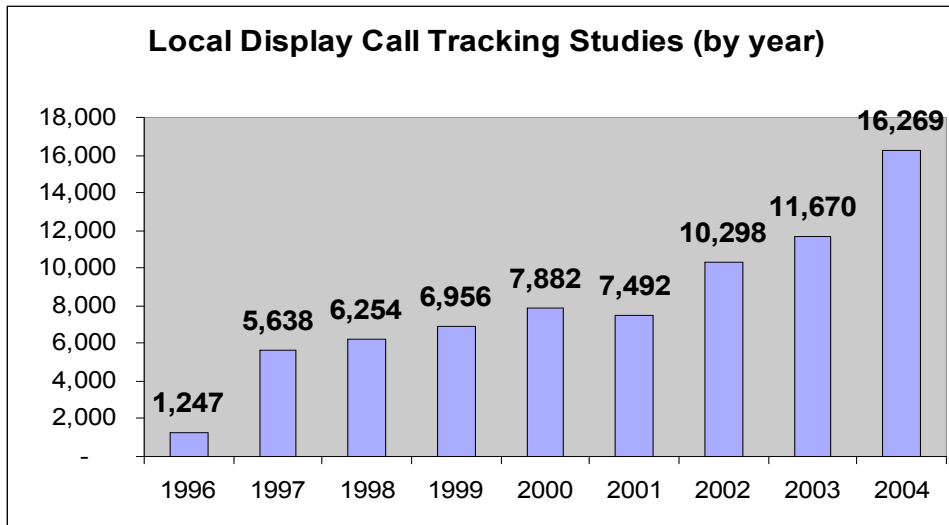
This report provides a summary of key results from the 2005 Yellow Pages Metered Ad Study. Perhaps the most significant observation from this year's study is that average call volumes for both display and space ads remained strong, indicating that value to advertisers from Yellow Pages remains quite strong.

About the 2005 Metered Ad Study

The 2005 Metered Ad study incorporates studies conducted with both local and national advertisers. The 2005 Metered Ad Study aggregates the results of over 82,000 separate advertiser studies. Approximately 7% of studies were removed as outliers (see discussion below), leaving 76,848 valid studies (an increase from 67,127 in 2004, 54,937 in 2003, and 42,056 in the 2002 study) as the basis for this year's results. The distribution of studies by categories is as follows:

Local Display	66,656
Local Space	2,670
Local Leader Ads	1,230
Local Listings	58
Tabs	371
Covers	596
Coupons	11
White Pages	263
Others	42
Hispanic Directories	309
National Display	2,908
National Trade	1,350
National Space	252
National Listings	143
Total Studies	76,848

The industry has significantly increased the number of call tracking studies over time. The distribution of local display ad studies by year is as follows (only data from 1998 through 2004 are included in the 2005 study):



Data are available for 1,484 headings. These have been grouped into 582 heading categories to allow for sufficient data to generalize results.

Results Summary

Key observations from the data include:

- The average local display ad in Yellow Pages generates 852 calls per year at a cost per call of \$29. The average size ad among the 66,000 display studies in this study was a THC (6 QCs). The average local display ad for the top 135 headings generates 994 calls per year at a cost per call of \$25.66.

Individual results vary widely on a heading-by-heading basis from a few hundred calls per year to several thousand calls per year. Call costs range from a dollar or two to \$100 or more.

- The cost per call for local space ads is \$10 per call, one third of the cost for local display ads. Space ads deliver 422 calls per year on average – about half the volume of calls delivered by display ads. The cost per call for national space ads (\$8.58) is less than half the cost for national display ads (\$17.87).

While space ads cost less per call than display ads, display ads tend to draw more calls (850 vs. 420) and, consequently, generate more sales revenue – particularly from new customers.

Space ads benefit from the alphabetical structure of incolumn ads and are mostly used when consumers have specific names in mind. Display ads are used for shopping and decision-making. In general, businesses spend up to five times more to attract new customers than to retain existing customers. The differences in cost efficiency between space and display ads are reflective of the differences in the cost of acquiring new customers versus the cost of retaining existing customers.

- National display ads draw more calls per similar size ad than local ads (over three times as many calls for similar size display ads). The fact that national ads feature more locations per ad than local ads accounts for most, but not all of the difference. Multi-location national display ads draw calls at a higher rate than multi-location local ads, which may be the result of greater brand awareness. The cost per call of national display ads (\$17.87) is 40% lower than the cost per call for local display ads.
- Trade and Trademark ads offer one of the strongest value opportunities in Yellow Pages. Trade ads generate almost as many calls (2,605) as national display ads, but at one third the cost (\$5.19).

At \$5.19 per call, Trade ads offer incredible value. Trade and trademark ads combine the benefits of brand awareness with the search efficiencies of Yellow Pages. The high value of these ads clearly proves the synergy of combining a Yellow Pages program with other media advertising. Other media advertising builds a brand bias, and Yellow Pages allows an advertiser to capitalize on that brand bias when the consumer is shopping and ready to make a purchase.

- Ads containing multiple-locations perform significantly better than ads with single locations.
 - Local multi-location ads generate 91% more calls than single-location ads, resulting in lower costs per call (\$25 vs \$30).

National ads show more dramatic differences for multi-location ads. Multi-location national display ads draw more than five times as many calls as single-location ads and cost less than 50% of the cost of single location ads (\$12 per call vs \$25 per call).

National companies tend to have more locations than local companies. Over half (56%) of national company studies had multiple locations. National companies with multiple locations average 7 locations per ad. Only 7.6% of local display ads had multiple locations, and those businesses averaged 2.4 locations.

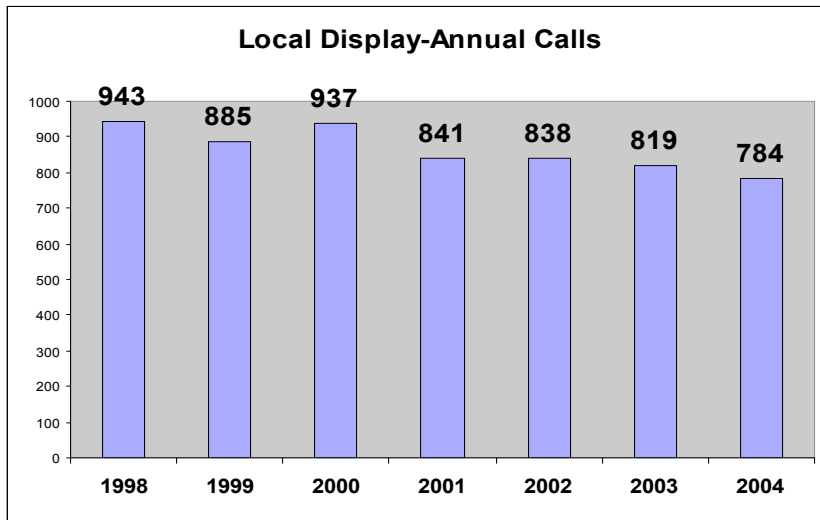
Expected calls for national ads increase by 85% of the calls received by a single location ad for each additional location in the ad. For local ads, each location adds about 45% of the calls received by a single location ad (for the same size ads).

The fact that multi-location ads draw significantly more calls is due to consumers generally shopping close to home. A business that has more than one location will have locations closer to a greater number of consumers and thus generate more calls.

Trends in Call Volume

The charts below show average annual calls for local display and space ads. Averaged across all 1482 headings, calls in 2004 were about 4% lower than in 2003 (however, calls to ads in the top 150 headings increased 2.1% on average). Statistically, for the past 8 year time period, call volumes for local display ads are dropping by 2.9% per year.

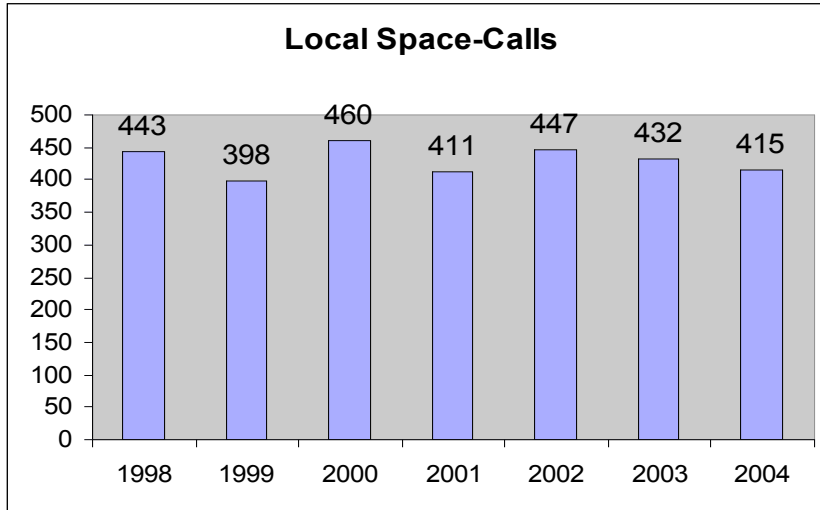
Figure 1.



While most tests with advertisers last only for the life of a single directory, the metered ad database contains studies with 897 advertisers that had the same size ad (same UDAC) in the same market for two successive years between 2002 and 2004. 56% of these advertisers saw increases in call volumes in the second year, with an average increase of 16%. The sample provides strong support for the conclusion that calls to Yellow Pages ads are holding strong over time.

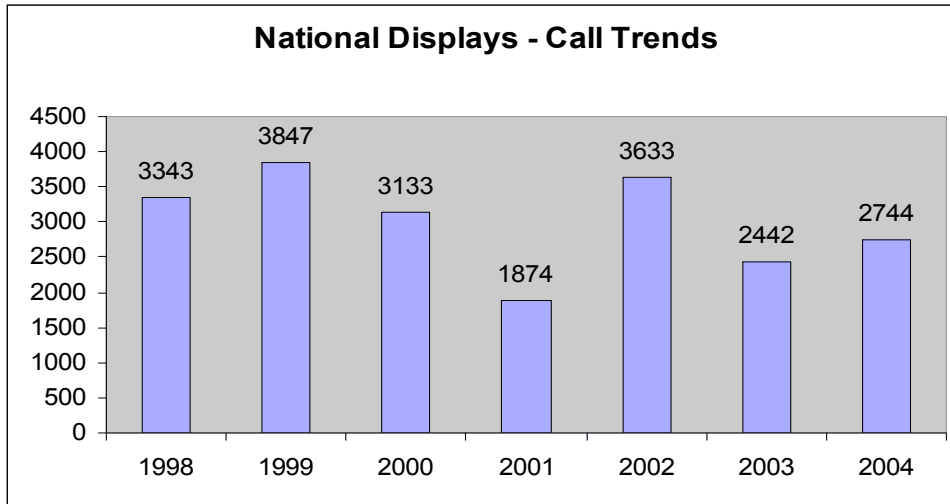
Figure 2 shows local space ad call volumes by year for the past 7 years. Local space call volumes have remained strong and stable during this period. Call volumes in 2004 were down 3.9% from 2003, but were within 3% of the average for the past 7 years.

Figure 2.



The figure below shows national display ad call volumes over the past several years. The number of ads on the national side is considerably smaller than for local display ads and so the variability in call volumes is much higher. Overall, call volumes are remaining consistently strong. Call volumes in 2004 were 12% higher than in 2003.

Figure 3:



Top Heading Call Trends

Across the top 150 headings:

- Calls on average were 2.1% higher in 2004 than in 2003.
- 42% of these headings had higher call volumes in 2004 than in 2003.
- 52% had positive growth over the past 5-year period, with an average increase of 2.2% per year.

Twelve percent of the top 100 headings had higher call volumes in 2004 than in any of the past 7 years.

Over the past 5 years, 31% of headings saw over 5% growth in calls per year, 23% saw a decline in calls of over 5% per year, and 46% of headings held fairly steady.

Heading Rankings

The tables in file “Heading Rankings 2005” list headings ranked by average number of calls per ad for local display ads and for national display ads. The top 15 headings for local and national calls are listed below along with their average annual call volumes:

Rank	Top Headings for Local Calls	Annual Calls per Advertiser	Top Headings for National Calls	Annual Calls per Advertiser
1	Auto Parts & Supls - Used	7,349	Auto Parts & Supplies - New	36,868
2	Taxicabs	5,781	Tax Return Preparation & Filing	24,641
3	Auto Rentals	3,048	Pizza	23,224
4	Pizza	3,006	Auto Renting & Leasing	11,356
5	Auto Wreckers & Used Parts	2,999	Travel Agencies	8,612
6	Books	2,972	Cellular & Wireless	8,208
7	Auto Engine Rebuild	2,893	Hotels	7,948
8	Casinos	2,703	Office Supplies	7,386
9	Fishing Information	2,676	Copy & Duplicating Service	7,340
10	Costumes	2,549	Sporting Goods	6,773
11	Travel Agencies	2,207	Lumber Retail	6,465
12	Auto Dealers - New	2,204	Insurance	6,010
13	Hotels	2,183	Books	5,990
14	Appliances Supplies & Parts	2,050	Window Tinting & Coating	5,655
15	Pet Shops	1,981	Computer Equip Repair & Svce	5,476

Special Studies: Keys to Achieving Greater Value from Yellow Pages

Benefits of a Combined Display and Space Ad Program

- Display ads and incolumn/space ads accomplish two different, complementary functions for advertisers. Each ad type presents a targeted advertising opportunity, with separate target audiences. People that know the business they are looking for or that are searching for a specific brand use incolumn space and trade ads predominantly. Incolumn ads are an efficient search vehicle. Incolumn ads serve to remind these customers of the value of the business or product, to invite those customers back, and to provide key information that makes it easy for customers to reach the business or purchase the product.

People that are driven by life events or other out-of-the ordinary activities are more likely to be shopping (no strong a priori brand preferences) and to be new customers to the businesses or products they select. These customers are looking for information and go to display ads because of the greater content available in those ads. These customers are looking to gain a quick education about the category, to have their questions answered, and to find reasons why to contact one business over another – or, similarly, to purchase one brand over another.

While both incolumn and display ads provide strong, positive ROI on a stand-alone basis, having one type of ad without the other limits the benefits an advertiser gains from the Yellow Pages. A program combining both types of ads can be far more powerful than just an incolumn ad or just a display ad because it allows the advertiser to reach two distinct audiences with different shopping behaviors.

The 2005 Yellow Pages Metered Ad Study strongly supports the value of a combined display and incolumn advertising program. Four hundred sixty-one companies were identified that had both a display ad and a space ad in the same heading. Combining space ads with display ads had a strictly additive impact on calls, i.e., neither ad diluted the effectiveness of the other.

In percentage terms, moving from a space-only ad to a display-only ad increased calls by an average of 83%. Moving from a display-only ad to a combination display-plus-space ad increased calls by an additional 85% percent on average. Moving from a space ad to a display plus space combination has an expected increase in calls of 183%. For example, if a space ad receives 400 calls, a combined space and display ad program would be expected to receive 1,132 calls.

These results support the value of a combined display and space ad program. Combining the two types of ads has little or no dilution on the effectiveness of either ad because of the different types of shopping behaviors by users of the heading. The combined set of ads can significantly increase the number of calls

received by advertisers and the resulting business returns and growth realized from their Yellow Pages program.

Benefits of Multiple Display Ads in a Heading

- Some sophisticated advertisers purchase multiple display ads in well-developed headings. The metered ad study has tests for 1,465 advertisers that purchased 2 display ads in the same headings and had calls from each ad tracked separately using different numbers.

These studies cover 191 different headings. Twenty-five well-developed headings account for 65% of the 1,465 tests.

On average, the second ad is half the size of the first ad, and about 8 display positions later in the heading. The second ad contributes an additional 60-75% more calls compared with the larger original ad. For example, an advertiser may have a full page ad that receives 1000 calls. Adding an additional half page ad in the heading would be expected to deliver an additional 600 to 750 calls per year. (The magnitude of results varies by heading.)

Trademark vs. Tradename Ads

- There are 14 split-run tests comparing calls to Trademark ads with calls from Tradename ads. The ads appear in 12 different directories across the country. Trademark ads outdrew Tradename ads in 12 of the 14 tests. On average, Trademark ads received 92% more calls than Tradename ads.

More broadly, there are 25 Tradename ads with keyed numbers. These ads averaged 280 calls per line in the ad. There are 565 Trademark ads with keyed numbers. These ads averaged 610 calls per line in the ad, a factor of 2.2 more than for Tradename ads. These results are consistent with the split-run results and further confirm the stronger drawing power of Trademark ads compared with Tradename ads.

White Pages and Specialty Products Results:

The Yellow Pages industry also sells several additional specialty products for advertisers. Performance of these products is summarized below:

White Pages

- White Pages space or incolumn ads deliver an average of 251 calls per year at a cost per call of \$13
- White Pages display ads deliver an average of 327 calls per year at a cost per call of \$44.
- White Pages listings deliver about 365 calls per year at a cost of \$0.60.
- White Pages Banner ads deliver about 223 calls per year at a cost per call of \$32.60.
- White Pages cover or tab ads deliver about 598 calls per year at a cost of over \$67 per call.

Covers

- Outside Back Covers provide the strongest returns of the cover-ad family, with an average of 934 calls per year – comparable to about a half page display ad. The ads average about \$72 cost per call – significantly higher than the \$29 per call cost for local display ads.
- Inside Front Cover ads deliver about 404 calls per year at an average cost of \$106 per call. Inside Back Cover ads deliver about 475 calls per year at an average cost per call of \$46 per call.

Cover ads provide a different type of advertising vehicle than display and incolumn ads. Covers can attract more attention and provide a much larger number of

“impressions” than in-heading ads. As such, these ads are similar to magazine ads. These ads are excellent vehicles for building brand awareness, image, and market position. The purpose of these ads, therefore, is broader than simply generating calls, and their value must be judged differently than in-heading ads. These ads are not for all advertisers.

Tabs

Tabs attract about 1,140 calls per year at a cost per call of \$72. Similar to cover ads, tabs serve a different purpose than in-heading ads. Tab ads serve to build brand awareness and market position (similar to an Outdoor ad), but are not as effective in generating direct-response as the display and incolumn-ads. Because of their high cost per call relative to traditional in-heading ads, these ads are useful to businesses with high purchase amounts, high profit margins, or high sales volume, or to businesses with a long-term investment commitment to building brand and image.

Conclusion

The Yellow Pages Metered Ad Database is one of the Yellow Pages industry’s strategic advantages relative to other media. In a time when advertisers are increasingly holding agencies and media accountable for providing measurable results, Yellow Pages has a database of over 76,000 ads with measured call responses.

The data in this database solidly support two conclusions: Yellow Pages ads deliver strong response to businesses, and, that response is holding strong over time, with little or no decline. The bottom line, the database proves that Yellow Pages are highly relevant to advertisers’ businesses and that advertisers achieve substantial value from Yellow Pages products.