



# **2011 Yellow Pages Metered Ad Study**

(General Version)

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## Executive Summary

What does the 2011 Metered Ad Study teach us?

- Calls to Yellow Pages ads increased in 2010 by 10%, following a 3% increase in 2009.
- At current amounts paid by advertisers for ads, all ad types deliver strong value in terms of sales and return-on-investment.
- Additional local lines in ads are the most consistent drivers of additional calls.
- Local lines receive significantly more calls than 800 lines when used singly in the ad.
- National ads receive more calls than local ads because they typically have more lines per ad. There is no discernable "brand effect" on call volumes, however.
- Calls typically increase about 30-35% when ad size is doubled. Content is the biggest single driver of calls.
- Calls per ad by heading are unrelated to heading usage.
- Calls increase about 15% for every doubling of market size / distributions.
- Color is a tool, not a value element. Properly used, color can significantly increase calls. White knockout plus color delivers the highest call volumes.
- About 93% of display ads receive enough calls to at least breakeven at 50% rates.
- Companion/plus directory ads receive about 40-50% as many calls as core directories.
- Space ads deliver about half as many calls as display ads, but at a third the cost per call. They reach a different audience than display ads (existing customers and referrals), and so are not a substitute for display ads.
- IYP ads deliver about 60% as many calls as display ads, at a cost per call of about 60% of the display ad cost per call.
- Awareness ads deliver reasonable call volumes, but typically at a cost per call 50-100% higher than in-heading display ads.

## Summary View

The table below provides a quick summary of the results of each of the key product types.

	# Ads	Annual Calls	\$/call (50% rates)	SROI (50% rates)	Norm SROI	% Breakeven
Local Display Ads (09-10)	147,611	148	\$ 32.1	14.4	14.4	93%
Single-line ads	126,553	142	\$ 30.9	15.2	14.9	93%
Multi-line ads	20,158	194	\$ 42.7	10.4	10.4	89%
Naitonal Display (09-10)	5,511	238	\$ 28.8	14.1	19.1	89%
National Trade (09-10)	1,375	86	\$ 7.3	27.6	97.2	95%
Local Space (09-10)	27,872	72	\$ 11.1	35.0	55.9	98%
National Space (09-10)	1,637	78	\$ 9.6	34.8	55.6	99%
Companion/Plus Space (09-10)	379	47	\$ 3.9	147.1	127.1	100%
Local Leader Ad (09-10)	2,629	111	\$ 28.8	19.5	18.8	89%
Naitonal Leader Ad (09-10)	118	123	\$ 24.0	19.1	21.6	95%
Local Listings (07-10)	341	114	\$ 2.9	112.9	152.9	100%
Companion Local Display (09-10)	5,536	86	\$ 11.5	47.3	40.9	98%
Companion National Display (09-10)	195	129	\$ 10.1	44.3	73.4	100%
BTB Display (07-10)	395	48	\$ 146.4	3.4	4.3	58%
Hispanic Display (08-10)	433	101	\$ 33.0	14.7	14.4	87%
IYP (09-10)	5,379	86	\$ 19.6	20.3	19.9	83%
<b>Awareness Ads (07-10)</b>	<b># Ads</b>	<b>Annual Calls</b>	<b>\$/call (50% rates)</b>	<b>SROI (50% rates)</b>	<b>Norm SROI</b>	<b>% Breakeven</b>
Coupons	340	130	\$ 16.3	21.5	NA	94%
Tabs	591	229	\$ 57.4	11.8	NA	84%
Edge	274	127	\$ 36.5	17.4	NA	90%
Tip On Magnetic	92	351	\$ 45.1	16.7	NA	89%
Tip On Paper	133	186	\$ 45.2	15.6	NA	91%
Outside Back Cover	445	142	\$ 76.0	16.0	NA	93%
Inside Front Cover	251	103	\$ 59.8	13.6	NA	75%
Inside Back Cover	127	101	\$ 44.8	12.2	NA	80%
Spine	150	159	\$ 111.1	4.9	NA	72%
Front Cover Banners	234	155	\$ 87.4	10.9	NA	91%
Front Cover Spot	93	106	\$ 47.5	14.2	NA	82%
White Pages	500	97	\$ 9.3			

## 2011 Metered Ad Study Scope and Conventions

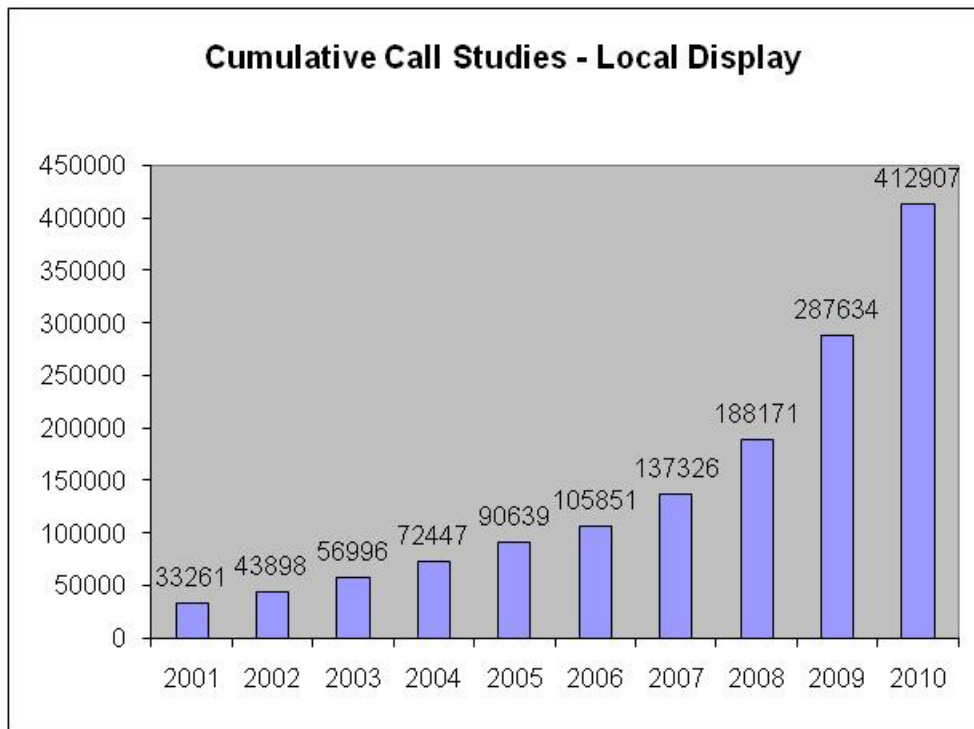
The 2011 Metered Ad study incorporates studies conducted with advertisers both locally by publishers (AT&T, Supermedia, DexOne, Yellow Book, and Local Insight Media) and nationally in cooperative efforts between CMRs, LSA, and publishers.

The 2011 Metered Ad database contains over 300,000 separate advertiser studies (400,000 measured lines) conducted in the past 10 years. To insure relevancy to current markets, the 2011 Study uses only ads that appeared in the past 2 to 4 years for all ad types. Approximately 2.5% of studies were removed as outliers, which left **roughly 200,000 ads and 250,000 measured lines** as the basis for this year's results. The distribution of measured lines by product types is as follows:

Local Display	188,565	National Display	14,086
Local Space	29,293	National Space	2,817
Local Leader Ads	2,949	National Leader Ads	151
Local Listings	398	National Listings	139
		National Trade	1,839
Companion Display	7,190	Internet Yellow Pgs	5,567
Companion Space	430	Hispanic Display	971
Companion Leader Ads	480	BTB Directories	558
Companion Listings	30		
Companion Awareness	79		
	Guides	145	
	Tabs	901	
	Covers	2,168	
	Coupons	437	
	Edge	302	
	Tip-ons	3,074	
	White Pages	1,257	

Differences in results are observed between local and national ads and between display, space, trade, and listing ads. Consequently, each type of ad is grouped and analyzed separately. Results are available for 1,890 headings that have been grouped into 757 broader categories.

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:



Study results are summarized in this document. Detailed results by category and heading are presented in separate Excel files. The end of this report defines each of the accompanying files. Results from this study will be incorporated with additional heading and industry information to provide a more comprehensive usage and value story for the top 200 headings in the “Yellow Pages Top Headings – 2011” reports due to be published by LSA and CRM Associates in fall 2011.

### Study Conventions

Results are reported for all product types that have at least a few dozen studies. Several conventions are followed throughout the study in the reporting of results:

- a) The report focuses on “median” rather than “average” results. The reason for this is that median results are closer to the experiences of more advertisers than average results.
- b) Reporting of ad rate, cost per call, and SROI uses a standard for rates of 50% of listed rates from the January 2011 YPA Rates and Data database. Discounts, promotions, bundling, and loyalty programs have become an increasingly common way of doing business within the industry. Because of this, 50% of posted rate is a better approximation of actual rates paid by advertisers, although it still errors on the “conservative” side (the harsh economic conditions have mostly likely resulted in increased “deal-making”).
- c) The first row of data in each table indicates the year range used for the estimates in the table. All estimates provided in this report use two to four years of data (i.e., results from 2007 through 2010). Local display results and a few other products use only 2 years of data (2009 and 2010).

d) Comparison of SROI results (Sales Return on Investment - \$s of revenue per dollar spent on the ad) can be strongly influenced by the mix of headings and the consumer expenditure amounts for those headings. To account for differences in this mix, two estimates of SROI are reported. The first reflects the actual mix of headings for the tests used. The second (Norm SROI) normalizes results to the overall median consumer expenditure of \$852 across all tests.

e) Because of the stability of the median, only 2.5% of studies are removed as outliers in this study.

## Results and Key Insights

### A. DISPLAY Ads

The table shows the results for display ads – local and national “core” directory ads, Companion/Plus directory ads, BTB directory ads, and Hispanic directory ads.

	Core Directories		Companion/Plus			Hispanic	
	<u>Local</u>	<u>National</u>	<u>Local</u>	<u>National</u>	<u>BTB</u>	<u>Local</u>	<u>National</u>
Years	09-10	09-10	09-10	09-10	07-10	08-09	08-09
Studies	147,611	5,511	5,536	195	395	433	31
Lines Measured	188,565	14,086	7,190	958	469	638	333
<i>Avg. Lines per ad</i>	1.3	4.5	1.3	4.9	1.2	2.0	10.7
<b>Annual Calls - Median</b>	<b>148</b>	<b>238</b>	<b>86</b>	<b>129</b>	<b>48</b>	<b>101</b>	<b>112</b>
Min	3	2	4	5	6	3	3
Max	26,052	55,752	6,888	24,430	3,222	4,496	2,657
<b>Cost/Call-Median (@50% rate)</b>	<b>\$ 32</b>	<b>\$ 29</b>	<b>\$ 12</b>	<b>\$ 10</b>	<b>\$ 146</b>	<b>\$ 33</b>	<b>\$ 36</b>
<b>SROI Median (@ 50% rate)</b>	<b>14.4</b>	<b>14.1</b>	<b>47.3</b>	<b>44.3</b>	<b>3.4</b>	<b>14.7</b>	<b>12.3</b>
<b>SROI Normalized</b>	<b>14.4</b>	<b>19.1</b>	<b>40.9</b>	<b>73.4</b>	<b>4.3</b>	<b>14.4</b>	<b>14.8</b>
Customer \$ Spend	852	629	986	514	680	871	707
<b>% Breakeven</b>	<b>93%</b>	<b>89%</b>	<b>98%</b>	<b>100%</b>	<b>58%</b>	<b>87%</b>	<b>80%</b>
BE Call ratio - median	7.6	5.0	15.0	17.4	1.6	5.1	4.6
Units (QC) - Median	3.0	6.0	6.0	8.0	4.0	6.0	8.0
Distributions (000) - Median	186	214	258	300	248	455	203
Rate (@50%) - Median	\$ 4,434	\$ 6,016	\$ 961	\$ 1,369	\$ 7,015	\$ 3,729	\$ 2,644
Calls per 1000 Distributions	0.8	1.2	0.4	0.5	0.2	0.4	0.6
Calls per Line	132	121	74	60	43	78	21
Calls per (QC) Unit	39	38	13	16	12	19	10
Calls/unit/000 distributions	0.20	0.18	0.05	0.06	0.04	0.08	0.10
Calls/unit/000 distributions/line	0.18	0.09	0.04	0.03	0.04	0.06	0.02

#### 1a. Local Display Ads

**Local display ads** in 2009 and 2010 generated **about 150 calls per year (12 calls per month)** – **about seven times more** than needed to reach “breakeven” for most advertisers. **93%** of advertisers received more calls than breakeven (at 50% rates).

The median ad size among the 147,000 local display studies was a TQC (3 QCs). The median cost per call was **\$32 per call** at 50% rate.



Call volumes to local display ads ranged from as few as 3 calls per year to over 26,000. Individual results vary widely on a heading-by-heading basis. Call costs range from less than a dollar to \$350 or more.

The typical SROI (Sales Return on Investment) at 50% rate is **14.4 to 1**. Returns are slightly higher for the top headings.

### **1b. National Display Ads**

**National display ads** in 2009 and 2010 typically delivered **240 calls per year – about five times more** than needed for “breakeven”. 89% (nine out of ten) of the advertisers received enough calls to at least break even on their investment.

National ads generally contained more lines per ad (4.5 on average) than local ads (1.3 on average), a fact that accounts for most of the higher call response compared with local ads. Call volumes for National display ads range from 2 to over 55,000 calls per year.

The cost of national display ads is **\$29 per call** at 50% rate. The median SROI for the national ad was 14.1, but if we normalize national and local ads for differences in customer spending, the SROI would be **19.1 to 1**<sup>1</sup>.

### **1c. Companion/Plus Directory Local Display Ads**

The average **Companion/Plus directory local display ad** in 2009 and 2010 delivered **86 calls per year** at a cost per call of **\$12**. The call volume was **58%** of that of the “core” directories, which represents a significant opportunity for advertisers to increase their overall call volumes in a market.

Most Companion/Plus directories are priced at 10-15% of the core directory rates, which accounts for their low cost per call. Calls to Companion/Plus directory local display ads range from 4 to over 6,000 per year.

The typical SROI (Sales Return on Investment) is **47 to 1**. Companion/Plus ads receive about **15 times more calls** than needed to “break even,” and **98%** of advertisers received more calls than their breakeven point.

### **1d. Companion/Plus Directory National Display Ads**

The average **Companion/Plus directory national display ad** in 2009 and 2010 delivered **129 calls per year** at a cost per call of **\$10**. National ads received more calls per year than local due to the fact that national ads averaged more than three times as many lines per ad as local

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<sup>1</sup> The median consumer \$ spent for local display ads was \$852 compared with \$629 for national display ads. The difference is due to the mix of headings. Since SROI estimates are directly proportional to the average expenditures by consumers, normalized estimates of SROI are provided at a consumer spend level of \$852. This allows a better comparison of the effectiveness of each type of ad and each segment.

directories. Calls to Companion/Plus directory national display ads range from 5 to over 24,000 per year.

The normalized SROI (Sales Return on Investment) for national Companion/Plus display ads is **73 to 1**. Companion/Plus ads receive about **17 times more calls** than needed to ‘break even,’ and **100%** of advertisers received more calls than their breakeven point.

### **1e. BTB Directory Display Ads**

Local Display ads in BTB directories deliver about **48 calls per year**, with calls ranging from 6 per year to over 3,000.

The median cost per call is **\$146** at 50% rates. While the cost per call is higher than for the main directories, business purchase amounts are generally much higher. The majority (58%) of B to B advertisers reached their breakeven point.

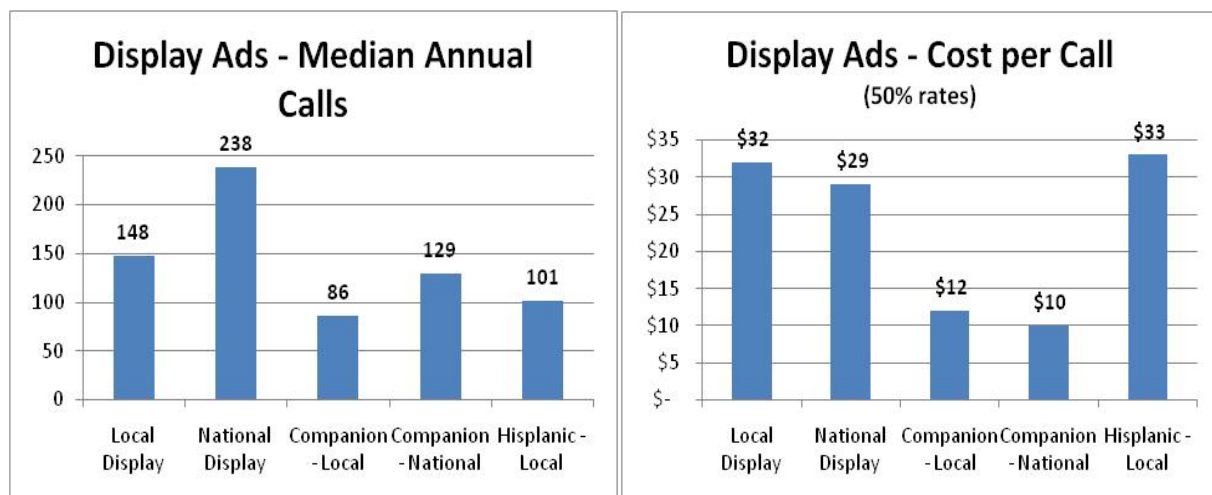
The median normalized SROI at 50% rate is **4.3 to 1**.

### **1f. Hispanic Directory Local Display Ads**

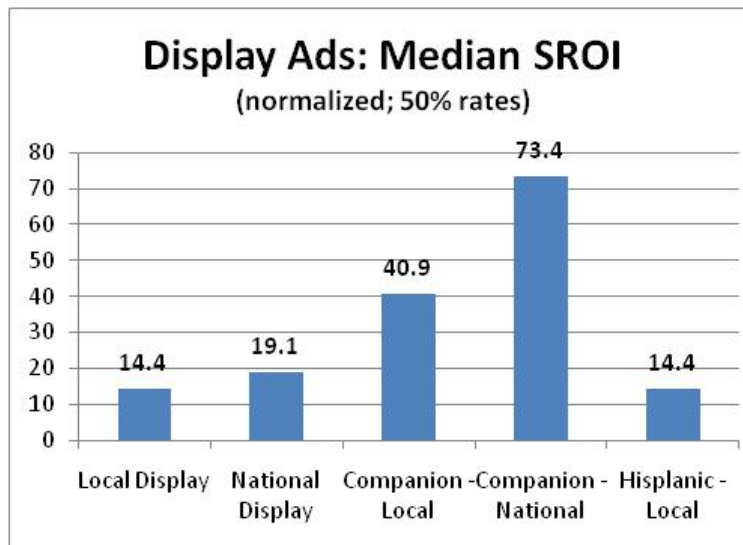
Local display ads in Hispanic directories deliver about **100 calls per year** at a cost of **\$33 per call** at 50% rate. Call volumes range from 3 to 4,500 per year.

The typical SROI is **14 to 1**. The average local display ad receives about 5 times more calls than needed to breakeven. 87% of advertisers received enough calls to at least break even on their ads.

The charts below show the relative calls, cost per call, and SROI performance of the different types of display ads.



*Based on 147,611 local display, 5,511 National display, 5,536 local companion, 195 national companion, and 433 Hispanic ads in 2009-10.*



*Based on 147,611 local display, 5,511 National display, 5,536 local companion, 195 national companion, and 433 Hispanic ads in 2009-10.*

### **1g. Outliers**

For a variety of reasons, a small percentage of advertisers experienced extremely high costs per call for each type of ad considered in this study. Outliers in this study are defined as the highest 2.5% of studies, measured by cost per call (all of these ads are removed from the 2011 study). Display outliers are more likely to come from larger ads: the median ad size for the outliers is 12 QCs compared with 3 for the full study - four times larger. Similarly outliers are more likely to be found in larger directories: the median distribution size for outliers was 311,000 compared with 186,000 for the full study - almost twice as large.

## 2. Importance of Multiple Lines / Locations

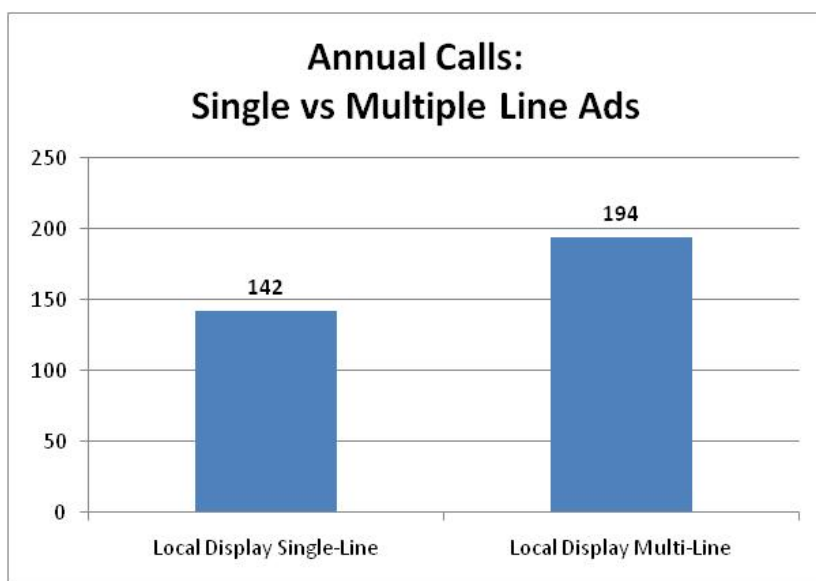
The most important factor that affects calls is the number of local phone lines listed. The table below shows the dramatic influence of multiple lines on results.

	Local Display <u>Single</u>	Local Display <u>Multi-Line</u>	National Display <u>Single Line</u>	National Display <u>Multi-Line</u>
Years	09-10	09-10	09-10	09-10
Studies	126,553	20,158	2,644	2,332
Lines	126,553	62,012	2,644	11,442
<i>Avg. Lines per ad</i>	<b>1.0</b>	<b>2.9</b>	<b>1.0</b>	<b>8.9</b>
<b>Annual Calls - Median</b>	<b>142</b>	<b>194</b>	<b>159</b>	<b>500</b>
Min Calls	3	12	2	7
Max Calls	26,052	24,213	33,704	55,752
<b>Cost/Call-Median (@50% rate)</b>	<b>\$ 31</b>	<b>\$ 42</b>	<b>\$ 36</b>	<b>\$ 17</b>
<b>SROI Median (@ 50% rate)</b>	<b>15.2</b>	<b>10.4</b>	<b>11.2</b>	<b>20.1</b>
<b>SROI Normalized</b>	<b>14.9</b>	<b>10.4</b>	<b>15.2</b>	<b>27.2</b>
Customer \$ Spend	871	852	629	629
<b>% Breakeven</b>	<b>93%</b>	<b>89%</b>	<b>87%</b>	<b>93%</b>
Actual to Breakeven calls ratio	8.0	5.4	4.0	7.1
Units - Median	3.0	6.0	4.0	8.0
Distributions (000) - Median	177	245	178	272
Rate (50%) - Median	\$ 4,092	\$ 7,883	\$ 5,023	\$ 8,435
Calls per 1000 Distributions	0.8	0.8	0.8	2.1
Calls per Line	142	76	127	106
Calls per (QC) Unit	40	32	27	66
Calls/unit/000 distributions	0.22	0.12	0.15	0.25
Calls/unit/distr/line	0.22	0.05	0.15	0.06

Ads containing **multiple lines** receive significantly more calls than ads with single lines (see the figure on the next page).

**Local multi-line ads** average **37% more** calls than single-line ads. Multi-line ads tend to be larger than single line ads. The typical local ad with multiple lines contains 2.9 lines.

**Multi-line national display ads** draw **three times more calls** than single-line national ads and have a cost per call that is about one-half of the cost of single location ads. 47% of national ad studies had multiple lines compared with 14% of local ad studies. National ads with multiple lines average 8.9 lines while local ads with multiple lines average 2.9 lines.



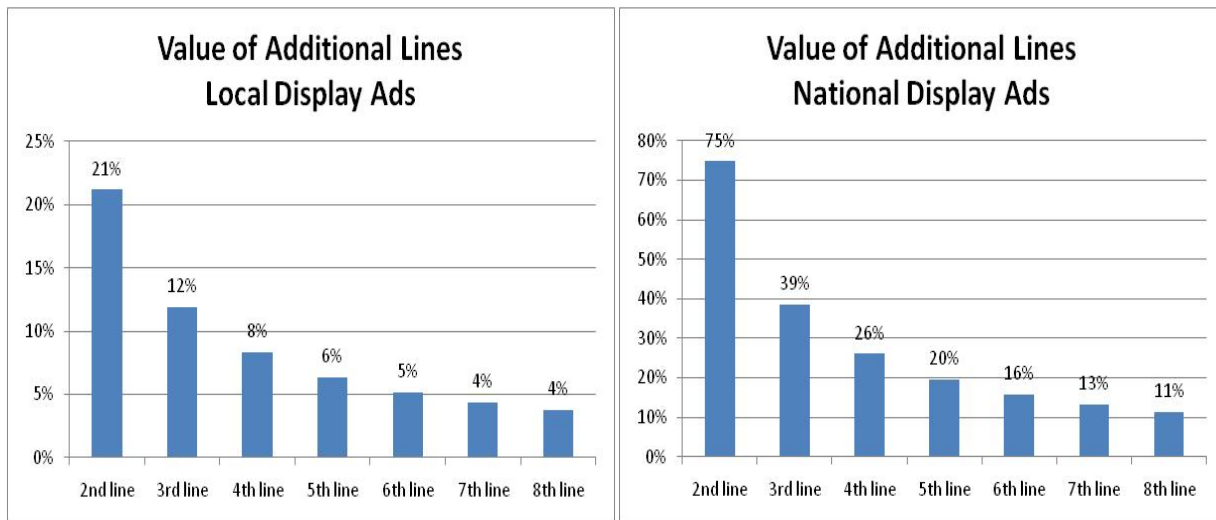
*Based on 126,553 local single-line and 20,158 multi-line ads; 2,644 national single-line and 2,332 multi-line ads*

**When both local and national ad types are normalized for ad size, directory size, and number of lines, the ads draw calls at similar rates.** There is no measurable “national brand” benefit (at least at the aggregate level) for display ads<sup>2</sup>. This observation is consistent with the usage data that suggest that “shoppers” use the display ads, and the “content study” data that suggest that the content of the ads are critically important to influencing consumer decisions.

A statistical analysis of the data shows that each additional line contributes a declining percentage increase in calls. The two charts below show the percentage increase in calls expected for additional lines for local display ads and for national display ads.

- For local ads, adding an additional line increases calls by 21%. Adding a third line increases calls an additional 12%, and a fourth line increases calls by 8%.
- For national ads, adding an additional line increases calls by 75%. Adding a third line increases calls an additional 39%, and a fourth line increases calls by 26%.

<sup>2</sup> Because these are aggregate results, this observation does not rule out a brand impact within individual headings. Each heading has a different “shopping” dynamic.



Based on 126,553 local single-line and 20,158 multi-line ads; 2,644 national single-line and 2,332 multi-line ads

Percentages are relative to call volumes for an ad with one single line.

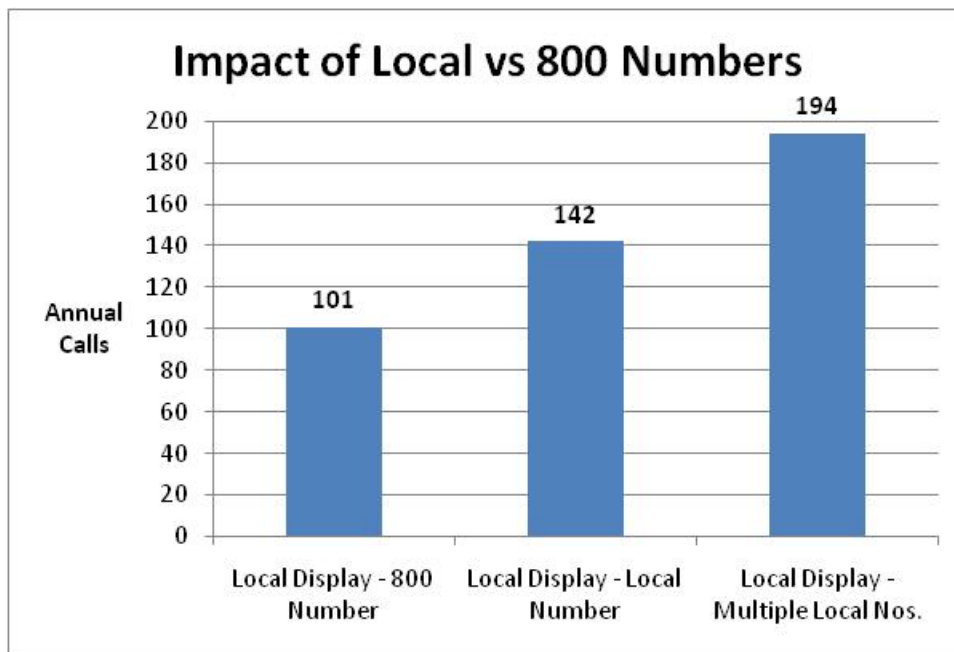
***Multiple-line ads draw significantly more calls because: a) consumers generally shop close to home, and, b) consumers prefer to do business with companies that show interest in their local region or neighborhood. A business that has more than one location will have locations closer to a greater number of consumers. A business that has different phone numbers for different regions of the market indicates to consumers that they want the local business; this makes the consumer feel that he or she will receive more personalized service.***

National businesses appear to benefit more from multiple lines than local businesses.

### 3. Importance of Local vs. 800 Number Lines

Local display ads with local numbers received roughly 40% more calls than local display ads with just an 800 number listed - see the figure below. Ads with multiple local numbers received the most calls.

The message is clear – consumers respond to businesses that communicate their “local/personal” business focus through local phone numbers. To most consumers, 800 numbers suggest "not-local", "call center", "less caring", "less personal attention", “computerized answering service”, "competing with lots of other customers".



*Based on over 147,000 display ads in 2009-10*

#### 4. Heading Rankings

The top 15 headings for local and national calls are listed below along with their median annual call volumes:

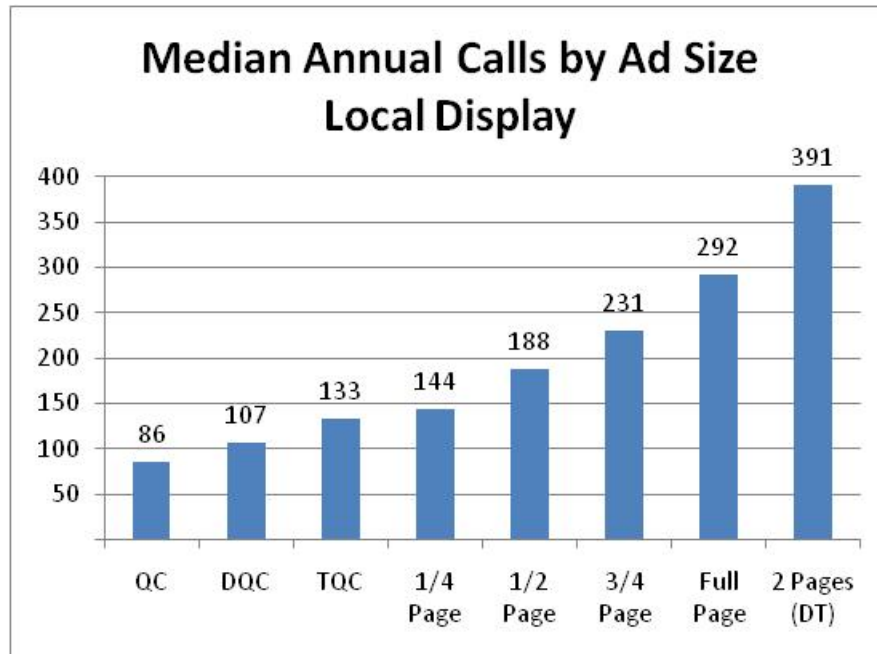
Rank	Top Headings for Local Calls	Annual Calls per Advertiser	Top Headings for National Calls	Annual Calls per Advertiser
	Auto Parts & Supplies Used & Rebuilt	1490	Pizza	7612
1	Taxicabs	790	Pharmacies	7041
2	Appliances Major Supplies Parts	744	Tire Dealers	4210
3	Pizza	733	Nursing Homes	2505
4	Oil Burners	662	Physicians & Surgeons	2356
5	Thrift Shops	601	Auto Renting & Leasing	1824
6	Escorts	557	Boxes	1562
7	Video Games Dealers	555	Cellular & Wireless Phones & Service	1394
8	Auto Wrecking & Used Parts	549	Truck Renting & Leasing	1200
9	Tire Dealers	535	Auto Repair & Service	845
10	Recycling Centers	525	Check Cashing Service	772
11	Junk Dealers	510	Glass Auto Plate Window Etc	764
12	Auto Dealers New	504	Restaurants	732
13	Pawnbrokers	499	Abortion Services & Alternatives	721
14	Bowling	496	Dentists	708

**Note that headings whose ads receive the most calls have little in common with headings that receive the most references.** In fact, the correlation between call volumes and references across the top headings is only 0.14 – basically indicating no connection between the two measures. Also, neither calls nor references has any correlation with value received (the correlation with SROI is zero in both cases).



## 5. Impact of Ad Size

Larger ads in general receive more calls than smaller ads. The figure below shows how call volume changes as ad size increases. Based on statistical regressions of the data, **calls increase by about 31% for every doubling in ad size<sup>3</sup>**.



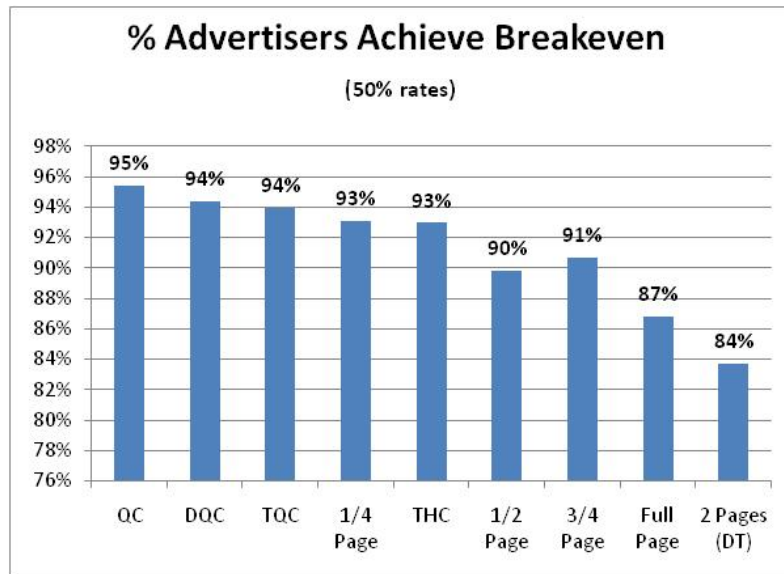
*Source: Over 147,000 local display ads in 2009 and 2010; 2011 YP Metered Ad Study*

Calls increase with ad size for two primary reasons: a) larger ads have room for more content, and content is the primary driver of calls, and b) larger ads tend to be noticed more frequently, particularly when someone randomly opens the directory to the heading pages. Larger ads occupy a higher share of heading ad pages.

The figure above is averaged across all headings. While most headings show a similar “pattern” as in these figures, the number of calls varies significantly by heading.

Breakeven for an advertiser is the point where the incremental profit generated from sales equals and begins to exceed the cost of the ad. The figure below shows the percent of advertisers that received enough calls to at least break even on their ads by ad size. 95% of QC advertisers broke even. The percentage drops for ads a half page and larger to 85-90%.

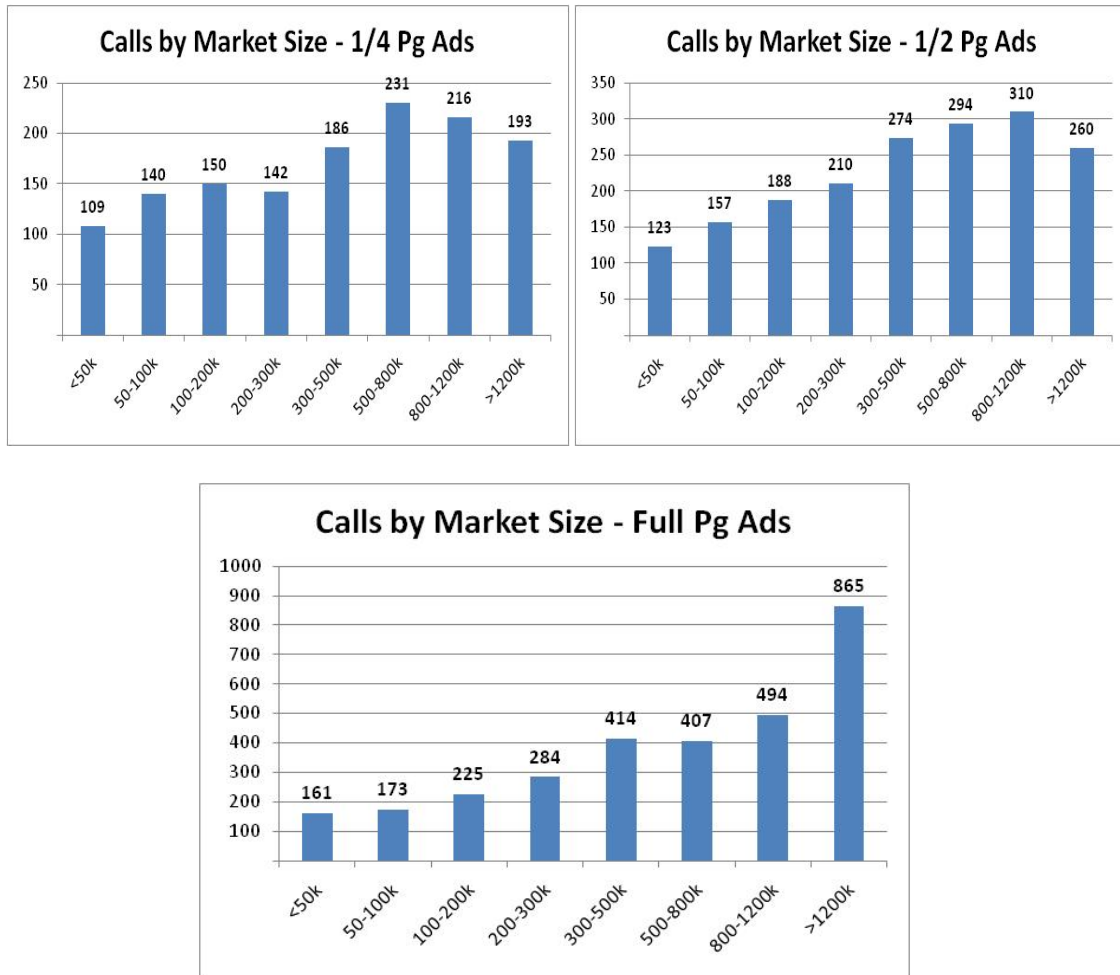
<sup>3</sup> National and local display ads show a similar dynamic. A doubling of ad size for local display increases calls about 31%; for national ads it is about 20%. Split run tests show a stronger impact of 43%, suggesting the value is in the same ballpark as for the local ads.



Source: Over 147,000 local display ads in 2009 and 2010; 2011 YP Metered Ad Study

## 6. Impact of Market Size

The figures below show how call volume varies by market/directory size (distributions are used as the measure of market size). The first figure shows the comparison for ¼ page ads, the second shows the comparison for ½ page ads, and the third for Full Page ads<sup>4</sup>.

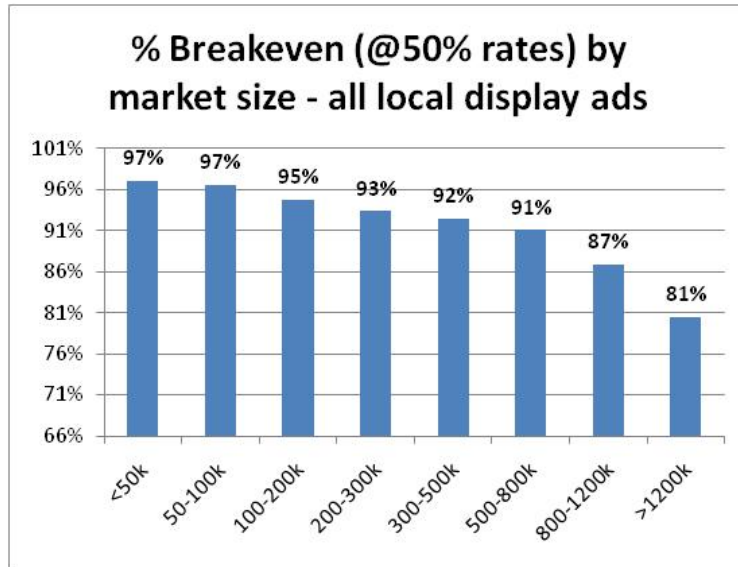


Source: Over 147,000 local display ads in 2009 and 2010; 2011 YP Metered Ad Study

The call pattern varies by ad size. For both quarter page and half page ads, calls increase up to about a million distributions, then drop about 15% for the largest markets. Full Page ads, however, increase continuously with market size, with the largest markets receiving 75% more calls than the 800k-1200k markets. Overall, based on statistical regressions, **calls increase about 14% for every doubling** of distributions.

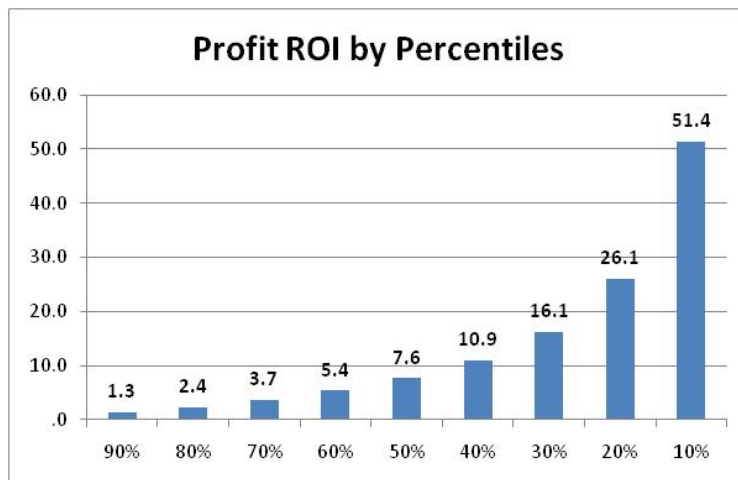
<sup>4</sup> Note: this comparison is across directories of different sizes in different markets, it is not a comparison of call changes by distributions in the same market.

Overall, the percent of ads that deliver enough business to at least breakeven declines as market size grows larger - see the chart below. 97% of advertisers receive enough calls to at least break even for the smallest markets. The percentage drops to 81% for markets with over 1.2 million distributions.



Source: Over 120,000 local display ads in 2009 and 2010; 2011 YP Metered Ad Study

Another way to look at the results is the percentile distribution of ad profitability. To achieve breakeven, an ad must generate at least as much profit as the cost of the ad. The chart below indicates that 90% of advertisers had a profit ROI of 1.3 or higher; 60% had a profit ROI of 5.4 or higher; and 40% had a profit ROI of 10.9 or higher. Ten percent of advertisers received an ROI of over 51 to 1.



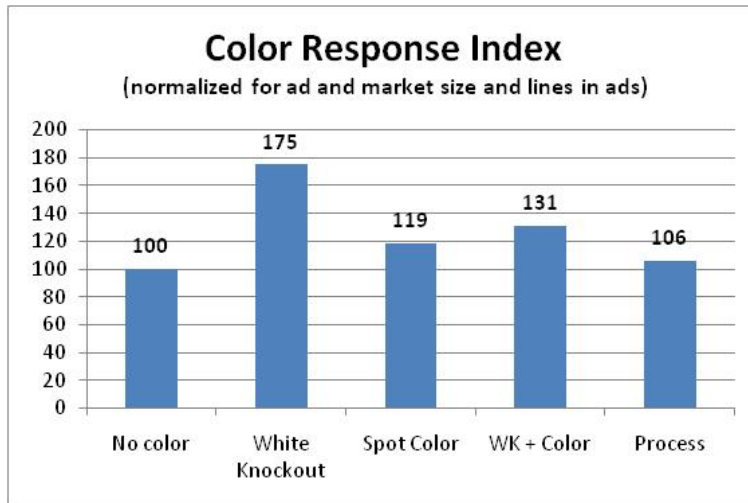
Source: Over 120,000 local display ads in 2009 and 2010; 2011 YP Metered Ad Study

## 7. Impact of Color

The table below summarizes the results for display ads by use of color.

	<b>Local B&amp;W</b>	<b>Local WK</b>	<b>Local Spot Color</b>	<b>Local WK+Color</b>	<b>Local Process</b>
Years	09-10	09-10	09-10	09-10	09-10
Studies	34,403	16076	9,442	5,391	77,281
Lines	41,714	18442	11,106	6,964	103,625
<i>Avg. Lines per ad</i>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>
<b>Annual Calls - Median</b>	<b>144</b>	<b>135</b>	<b>144</b>	<b>152</b>	<b>145</b>
Min Calls	3	12	12	6	6
Max Calls	26,052	8661	18,695	16,734	23,558
<b>Cost/Call-Median (@50% rate)</b>	<b>\$ 27</b>	<b>\$ 26</b>	<b>\$ 30</b>	<b>\$ 33</b>	<b>\$ 40</b>
<b>SROI Median (@ 50% rate)</b>	<b>17.9</b>	<b>17.9</b>	<b>16.0</b>	<b>14.7</b>	<b>12.7</b>
<b>SROI Normalized</b>	<b>17.5</b>	<b>17.9</b>	<b>16.0</b>	<b>14.4</b>	<b>12.2</b>
Customer \$ Spend	870	852	852	871	885
<b>% Breakeven</b>	<b>93%</b>	<b>96%</b>	<b>96%</b>	<b>94%</b>	<b>92%</b>
Actual to Breakeven calls ratio	7.9	10.8	9.6	8.3	6.9
Units - Median	3.0	2.0	3.0	4.0	4.0
Distributions (000) - Median	218	173	205	172	180
Rate (50%) - Median	\$ 3,552	\$ 3,459	\$ 3,834	\$ 4,536	\$ 5,448
Calls per 1000 Distributions	0.7	0.8	0.7	0.9	0.8
Calls per Line	131	127	135	137	126
Calls per (QC) Unit	39	52	42	40	36
Calls/unit/000 distributions	0.18	0.30	0.20	0.23	0.19
Calls/unit/distr/line	0.16	0.28	0.19	0.21	0.17

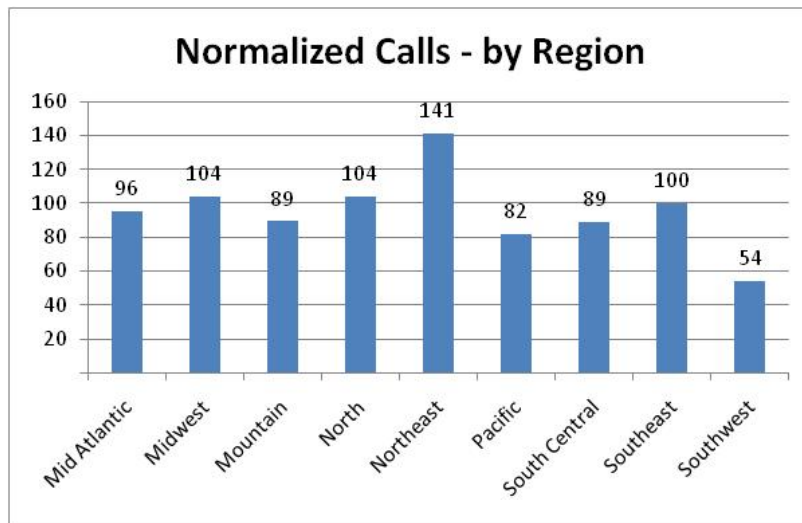
Differences in ad sizes and distribution sizes necessitate comparing “normalized” call responses to ads to understand the impact of color. The figure below shows “calls per “QC unit” per 1000 distributions” for no-color, White Knockout, spot color, White Knockout with color, and Process Color ads. White Knockout averages a **75% higher** response than no color. Spot color averages a **19% higher** response than no color. White Knockout with color averages a **31% higher** response. Process color has basically the same response as no-color ads.



Source: Over 147,000 local display ads in 2009 and 2010; 2011 YP Metered Ad Study

## 8. Impact of Geographic Region of the Country<sup>5</sup>

Call volumes and value from Yellow Pages vary by region of the country. The chart below shows a comparison of call indexes by region – normalized for differences in ad sizes and market sizes (100 is the index for industry median). The Northeast performs best, while the Southwest and Pacific (including Alaska/Hawaii) show the weakest response.



Source: Over 147,000 local display ads in 2009 and 2010; 2011 YP Metered Ad Study

<sup>5</sup> States by region are as follows: **Northeast** (Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont); **MidAtlantic** (Delaware, Maryland, New Jersey, Pennsylvania, Virginia, Washington DC, West Virginia); **Midwest** (Illinois, Indiana, Iowa, Kansas, Michigan, Missouri, Nebraska, Ohio); **Mountain** (Colorado, Idaho, Montana, Nevada, Utah, Wyoming); **North** (Minnesota, North Dakota, South Dakota, Wisconsin); **Southeast** (Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee); **South Central** (Texas, Oklahoma, Arkansas), **Southwest** (Arizona, New Mexico, Texas); **Pacific** (Alaska, California, Hawaii, Oregon, Washington).

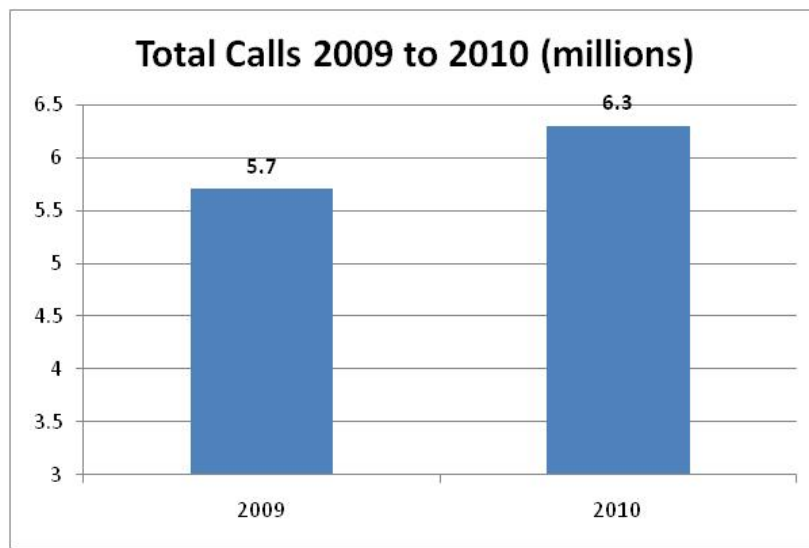
## Trends in Call Volume

Calls to Yellow Pages ads increased in 2010.

The most “scientific” measure of trends in call volumes is to track the experience of individual advertisers with same size ads in the same heading over multiple years.

The 2011 Metered Ad Study had 14,671 advertisers with the same size ad (and same UDAC) in the same heading tracked for both 2009 and 2010. These ads were in 771 different directories (ranging from distributions of 2k up to 2.3 million) representing the four largest publishers and were found in 740 different headings.

Across the entire set of ads, calls **increased by 10%** between 2009 and 2010, from 5.7 million calls in 2009 to 6.3 million calls in 2010. This increase follows a 3% increase in calls observed between 2008 and 2009.



*Based on a sample of 14,671 Yellow Pages advertisers.*

60% of advertisers saw an increase in calls in 2010 over 2009. These advertisers typically had calls increase by 41% in 2010. The 40% of advertisers that saw a decrease in calls typically saw a 23% reduction in calls. Across all advertisers, the typical change was an 11% increase in calls<sup>6</sup>. The disproportionate increases suggest that the content and competitive dynamics within the markets play significant roles. Advertisers who have better content, or who improve their content year-over-year, can win at the expense of their competitors.

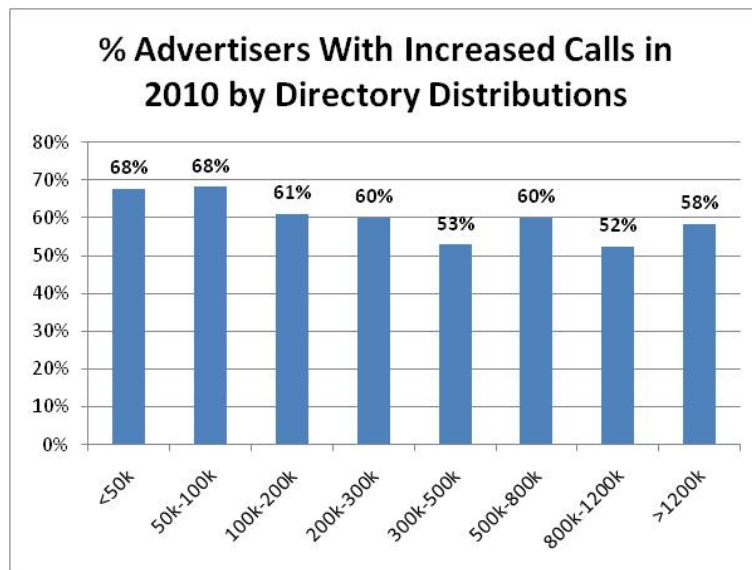
### Call Changes by Market Size / Directory Distributions

While the majority of advertisers saw an increase in calls for all markets, smaller markets saw the largest percentage of increases (see the figure below). Over two-thirds of

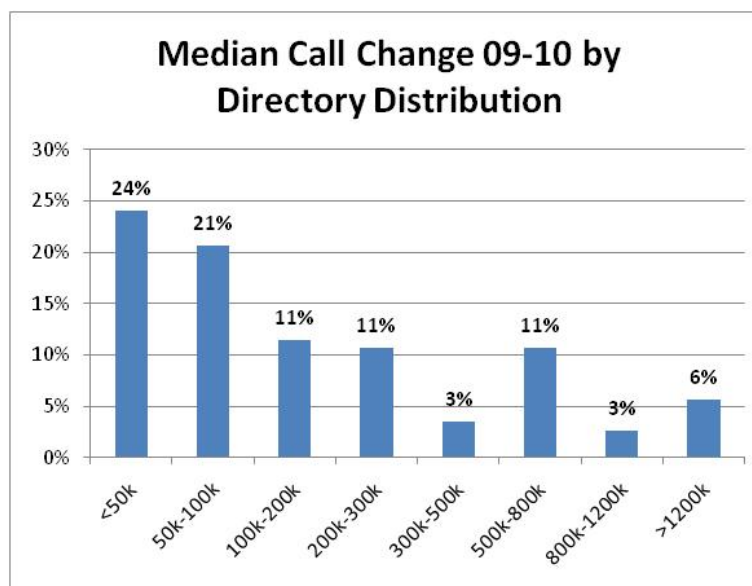
<sup>6</sup> 11% represents the "median" increase across all advertisers. The "Average" increase was 30% .



advertisers (68%) received increased calls in 2010 for markets with distributions under 100,000. All other markets saw increases of between 52% and 61% of advertisers.



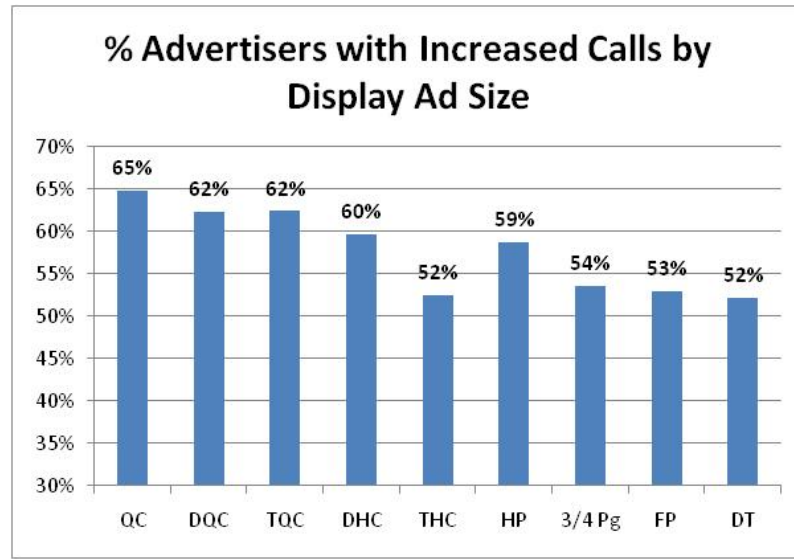
Similarly, the amount of call increase was highest in the smaller markets. Markets with distributions under 100,000 saw a typical increase of over 20% in call response. Markets with distribution between 100,000 and 300,000 saw a typical call increase of about 11%, and markets over 300,000 distributions saw increases of between 3% and 11%.



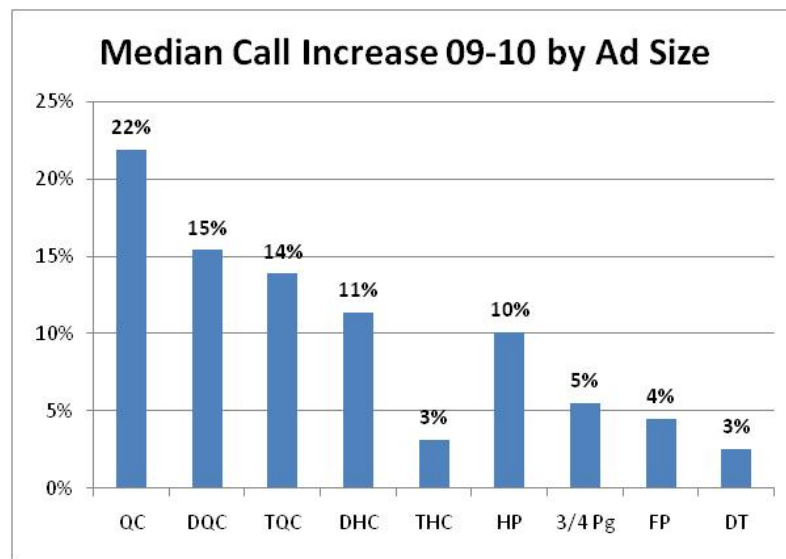
### Call Changes for Display Ads by Ad Size

Advertisers with all sizes of ads saw increases in calls, although smaller ads were more likely to see an increase in calls than larger ads. Over 60% of advertisers with ad sizes of

a quarter page or less received an increase in calls in 2010. Between 52% and 55% of advertisers with ad sizes of 3/4 page or larger saw an increase in calls in 2010.



Similarly, the amount of increase was higher for smaller ads than for larger ads. The median increase was 22% for advertisers with a QC ad and 10-15% for advertisers with DQC to DHC (1/8 page to 1/4 page) ads. The median call increase was 3-5% for advertisers with ad sizes of 3/4 page or larger.



## Call Changes by Heading

The table below lists call trends for 87 top headings, each with 25 or more advertisers tracked for both 2009 and 2010 with the same size display ad in the same heading. The table is read as follows: there were 309 advertisers with results tracked for both years for the Air Conditioning Contractors heading. 64% of these advertisers received more calls in 2010 than in 2009, and the median call change was a 26% increase.

The ten headings with the largest call increases were: Attorneys-Social Security & Disability (57%), Hearing Aids (30%), Medical Equipment & Supplies (28%), Heating Contractors (28%), Attorneys - Accident, Personal Injury, & Property Damage(27%), Pizza (26%), Air Conditioning Contractors (26%), Transmissions-Auto (26%), Auto Body & Repair (24%), and Loans (23%).

<b>Display Only Heading</b>	<b>Advertisers</b>	<b>% with Increase</b>	<b>Median Change</b>
<b>Total</b>	<b>12114</b>	<b>59%</b>	<b>11%</b>
Air Conditioning Contractors	309	64%	26%
Appliances-Home-Dlrs. & Svce.	104	50%	0%
Attorneys	1132	57%	9%
Attorneys -Accidents, Personal Injury & Property Damage	52	62%	27%
Attorneys -Bankruptcy	82	57%	5%
Attorneys -Criminal Law	50	54%	10%
Attorneys -Divorce & Family Law	61	66%	15%
Attorneys -Social Security & Disability Claims	26	73%	57%
Auto Body & Collision Repair	137	63%	24%
Auto Dealers-New Cars	143	64%	19%
Auto Dealers-Used Cars & Vans	30	50%	-3%
Auto Parts & Supls.-Retail	27	67%	12%
Auto Parts & Supplies - Used	31	45%	-2%
Auto Repairing	485	65%	14%
Bail Bond	46	50%	0%
Bathroom Remodeling & Design	36	56%	8%
Beauty Salons	100	68%	17%
Carpet & Rug Cleaners	133	50%	2%
Carpet & Rug Dealers	106	58%	13%
Child Care	42	62%	13%
Chimney Cleaning	25	40%	-9%
Chiropractors	131	67%	18%
Computers	45	33%	-5%
Computers-Svce. & Repair	65	32%	-10%
Concrete Contractors	38	47%	-2%
Contractors-General	46	65%	21%
Dentist Information Bureaus	408	63%	10%
Dentists	298	53%	5%

<b>Heading</b>	<b>Advertisers</b>	<b>% with Increase</b>	<b>Median Change</b>
Doors & Door Operating Devices	48	65%	11%
Driving Instruction	26	58%	10%
Electric Contractors	138	58%	12%
Fence	110	56%	11%
Floor-Install, Refinish & Resurface	43	47%	-1%
Florists	73	73%	16%
Funeral Homes & Directors	31	65%	15%
Furniture Dealers	67	69%	22%
Garage Doors & Openers	125	57%	9%
Garbage, Rubbish & Trash Removal	55	44%	-6%
Glass-Auto, Plate, Window, Etc.	182	49%	0%
Gutters & Downspouts	59	59%	17%
Hearing Aids	26	62%	30%
Heating Contractors	138	75%	28%
Home Health Care & Svces.	29	59%	8%
Home Improvement & Remodeling	50	48%	0%
Hotels & Motels	74	59%	12%
Housecleaning Svce.	30	50%	3%
Insurance	435	57%	8%
Jewelers-Retail	33	67%	19%
Landscape Contractors	125	62%	11%
Lawn & Grounds Maintenance	32	56%	21%
Limousine Svce.	35	51%	3%
Loans	83	76%	23%
Locks & Locksmiths	91	63%	12%
Massage Therapeutic	26	42%	-7%
Medical Equip. & Supls.	35	74%	28%
Motorcycles & Motor Scooters-Dlrs.	25	76%	18%
Movers	125	48%	-3%
Oils-Fuel	36	78%	19%
Optical Goods-Retail	26	50%	-1%
Optometrists	68	56%	10%
Painting Contractors	68	56%	7%
Party Equip. & Supls.-Sales & Rentals	34	47%	-3%
Pawnbrokers	37	51%	4%
Pest Control Services	171	61%	12%
Physicians & Surgeons	157	66%	16%
Pizza	55	73%	26%
Plumbing Contractors	366	57%	8%
Podiatrists	29	69%	17%
Printers	29	52%	2%
Real Estate	47	43%	-5%
Rental Service	40	53%	2%
Restaurants	48	69%	18%
Roofing Contractors	273	62%	14%
Septic Tanks & Systems-Building, Cleaning & Repair	48	54%	7%
Siding Contractors	26	46%	-3%

Heading	Advertisers	% with Increase	Median Change
Signs	32	69%	6%
Storage Household & Commercial	217	59%	11%
Swimming Pool Contractors, Dlrs. & Design	35	46%	-3%
Tax Preparation Svces.	34	56%	12%
Tile-Ceramic-Contractors	25	48%	0%
Tire Dealers	83	66%	13%
Towing-Auto	74	59%	12%
Tranmission Auto	72	68%	26%
Tree Service	110	67%	13%
Veterinarians	143	59%	7%
Water & Fire Damage Restoration	55	53%	8%
Windows	105	52%	3%

### Discussion:

Calls to Yellow Pages ads increased about 3% between 2008 and 2009<sup>7</sup>. In 2010, calls continued to increase, but at a faster rate of 10%. Furthermore, 60% of advertisers saw an increase in their ads. The majority of advertisers saw an increase in calls for all sizes of markets and all sizes of ads. Smaller markets and smaller ads received the largest increases in calls. All major types of products - display ads, incolumn/space ads, leader ads, restaurant/menu ads, and IYP ads received strong positive increases in calls.

At a time when many are claiming that Yellow Pages are dying, the data show just the opposite, that response to Yellow Pages ads grew in 2010 at double-digit rates. The hard performance measurement data show that clearly Yellow Pages has not lost its usefulness or relevance to consumers and businesses.

The data also show, however, that although calls to the medium are up, not every ad benefits from this increase. Competition for ads is fierce. Advertisers need to use the space they purchase in their ads to make the most compelling sales case to prospective customers. The content of the ad is critically important to the success of the ad.

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<sup>7</sup> "Yellow Pages Calls Increased in 2009," CRM Associates, April 2010  
CRM Associates

## B. Space Ads

The table shows the results for space ads – local and national “core” directory ads, Companion/Plus directory ads, and BTB directory ads.

	<u>Local</u>	<u>National</u>	<u>Companion/Plus</u>	<u>BTB</u>
Years	09-10	09-10	09-10	07-10
Studies	27,872	1,637	379	74
Lines	29,293	2,817	430	89
Avg. Lines per ad	1.1	2.3	1.1	1.2
<b>Annual Calls - Median</b>	<b>72</b>	<b>78</b>	<b>47</b>	<b>49</b>
Min Calls	12	2	8	15
Max Calls	10,532	40,833	1,260	724
<b>Cost/Call-Median (@50% rate)</b>	<b>\$ 11</b>	<b>\$ 10</b>	<b>\$ 34</b>	<b>\$ 79</b>
<b>SROI Median (@ 50% rate)</b>	<b>35.0</b>	<b>34.8</b>	<b>147.1</b>	<b>3.1</b>
<b>SROI Normalized</b>	<b>55.9</b>	<b>55.6</b>	<b>127.1</b>	<b>3.1</b>
Customer \$ Spend	\$ 533	\$ 533	986	852
<b>% Breakeven</b>	<b>98%</b>	<b>99%</b>	<b>100%</b>	<b>57%</b>
Actual to Breakeven calls ratio	4.0	7.0	1.0	31.0
Units (HS) - Median	2.0	3.0	4.0	4.0
Distributions (000) - Median	186	150	188	393
Rate (50%) - Median	\$ 828	\$ 748	\$ 165	\$5,760
Calls per 1000 Distributions	0.4	0.6	0.2	0.1
Calls per Line	71	51	45	44
Calls per HS Unit	28	24	14	13
Calls/unit/000 distributions	0.14	0.18	0.06	0.04
Calls/unit/distr/line	0.14	0.12	0.06	0.03

**Local space ads** typically deliver **72** calls per year – about half the volume of calls delivered by display ads. The average size for a space ad is a 2HS. Call volumes for local space ads range from 12 to over 10,000 calls per year.

The cost per call for **local space ads** is \$11 per call at 50% rate, about one third of the cost for local display ads. The SROI for space ads at 50% rate is 35:1.

**National space ads** typically deliver 78 calls per year. The cost per call for national space ads (\$10 at 50% rate) is a third of the cost for national display ads. The SROI for national space ads is 35 to 1; normalized for differences in customer \$ spent to compare with local space ads, the SROI would be 56 to 1.

The average **Companion/Plus directory space ad** delivers 47 calls per year, 65% of the calls that space ads receive in the “core” directories. The cost per call for space ads in the

Companion/Plus directory is only \$4, 64% lower than the \$11 for “Core” directories. The SROI for Companion/Plus space ads is over 100 to 1.

Space ads in **BTB directories** average about 49 calls per year at a cost per call of \$79 (50% rate). The SROI is 3:1.

*Space ads reach a different audience and serve a different function than display ads, which explains the differences in call volumes and cost per call between the two ad types. The cost per call for space ads is significantly lower than for display ads, but the call volumes are higher for display ads.*

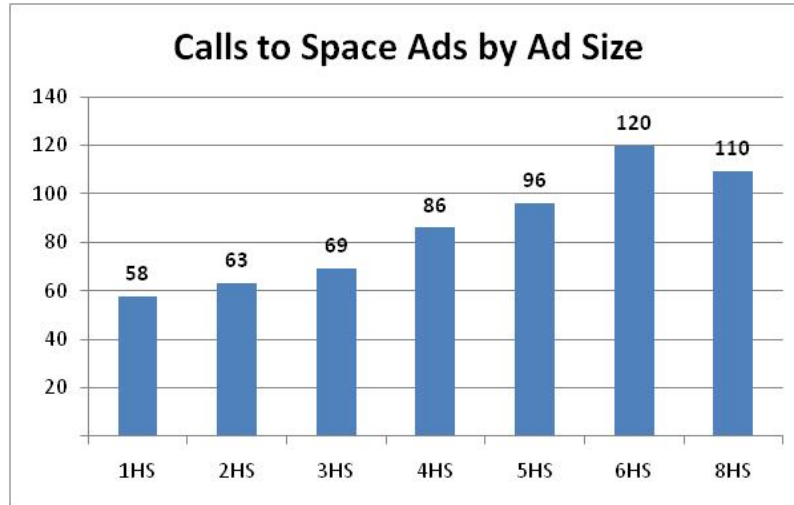
*Space ads are the “original search engine.” Space ads benefit from the alphabetical structure of incolumn ads and are mostly used when consumers have specific names in mind. Display ads are used for shopping and decision-making. **Space ads are a tool to serve and retain existing or “predisposed” customers while display ads are a tool to bring in new business.** The display ad serves the role of being a “remote sales rep.”*

*In general, businesses spend up to five times more to attract new customers than to retain existing customers. The differences in cost efficiency between display and space ads are reflective of the differences in the cost of acquiring new customers versus the cost of retaining existing customers.*

*National space ads receive more calls because they list more phone lines than local space ads on average. National space ads also benefit from brand recognition resulting from advertising in other media.*

## Impact of Ad Size and Market Size for Space Ads

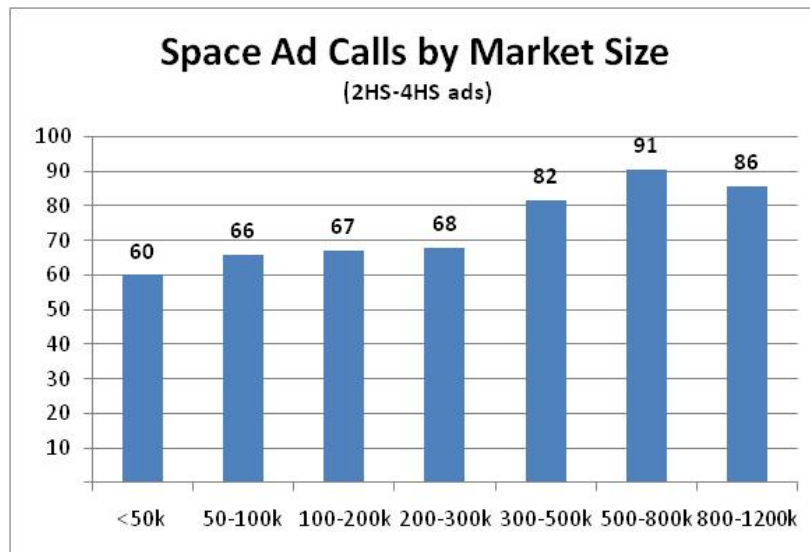
The figure below shows how Space ad call volumes vary by ad size. Based on statistical regression results, calls increase 30% for every doubling in space ad size.



*Based on 27,871 local space ads from 2009 to 2010.*

The next figures show the impact of market size on calls to Space ads. For these figures, only 2HS, 3HS, and 4HS ads were used.

Call volumes for space ads are relatively independent of market size. Call volumes are constant up to 300,000 distributions and then jump 30% higher to another "plateau" of about 80-90 calls per year for directories with distributions between 300,000 and 1.2 million distributions. Based on statistical regression results, calls increase 6% for every doubling in market size (measured by distributions).



*Based on 27,871 local space ads from 2009 to 2010.*



### **Call Trends for Space Ads**

Based on 973 advertisers with the same size space ad measured over two years, calls to space ads **increased 17%** between 2009 and 2010, up from a 5.8% increase between 2008 and 2009. Sixty-one percent (61%) of these ads saw an increase.

### C. *Leader Ads*

The table shows the results for Leader ads – “core” and Companion/Plus directory ads.

	<u>Local</u>	<u>National</u>	<u>Companion/Plus</u>
Years	09-10	09-10	09-10
Studies	2,629	118	423
Lines	2,949	151	480
<i>Avg. Lines per ad</i>	1.1	1.3	1.1
<b>Annual Calls - Median</b>	<b>111</b>	<b>123</b>	<b>52</b>
Min Calls	8	7	7
Max Calls	15,396	3,217	1,172
<b>Cost/Call-Median (@50% rate)</b>	<b>\$ 29</b>	<b>\$ 24</b>	<b>\$ 11</b>
<b>SROI Median (@ 50% rate)</b>	<b>19.5</b>	<b>19.1</b>	<b>48.8</b>
<b>SROI Normalized</b>	<b>18.8</b>	<b>21.6</b>	<b>42.2</b>
Customer \$ Spend	\$ 885	\$ 755	986
<b>% Breakeven</b>	<b>89%</b>	<b>95%</b>	<b>97%</b>
Actual to Breakeven calls ratio	6.2	6.6	15.2
Units (HS) - Median	8.0	8.0	8.0
Distributions (000) - Median	267	234	362
Rate (50%) - Median	\$ 3,408	\$ 2,730	\$ 541
Calls per 1000 Distributions	0.4	0.6	0.2
Calls per Line	104	101	47
Calls per HS Unit	14	15	7
Calls/unit/000 distributions	0.05	0.07	0.02
Calls/unit/distr/line	0.05	0.06	0.02

**Leader ads** deliver about 110 calls per year at a cost of \$29 per call at 50% rate. Leader ads do not perform as well as 8HS ads (the same size as the Leader Ad), which deliver about 110 calls per year at a cost per call of \$21.

When normalized for size differences, Leader ads are about one third as effective at drawing calls (per HS unit) as regular space ads. Call volumes for Leader Ads range from 8 to over 15,000 calls per year.

The SROI for Leader Ads is about 19 to 1 at 50% rate. Approximately 89% of Leader Ad advertisers receive enough calls to breakeven.

**National Leader Ads** deliver about 123 calls per year at a cost per call (50% rate) of \$24. The SROI is about 19 to 1.

**Companion/Plus directory Leader Ads** deliver about 52 calls per year, 46% of that in the “core” directories. The cost per call of \$11 is 62% lower than the \$29 for “Core” directories. The SROI is over 40:1.

### **Call Trends for Leader Ads**

Based on 306 advertisers with the same Leader ad measured over two years, calls to Leader ads **increased 21%** between 2009 and 2010, up from a 13% increase between 2008 and 2009. Sixty-three percent (63%) of these ads saw an increase.

## D. Internet Yellow Pages Ads

The table shows the results for IYP ads.

	<b><u>IYP Ads</u></b>
Years	09-10
Studies	5,379
Lines	5,567
<i>Avg. Lines per ad</i>	1.0
<b><i>Annual Calls - Median</i></b>	<b>86</b>
Min Calls	5
Max Calls	17,212
<b><i>Cost/Call-Median (actual rate)</i></b>	<b>\$ 20</b>
<b>SROI Median (actual rate)</b>	<b>20.3</b>
<b>SROI Normalized</b>	<b>19.9</b>
Customer \$ Spend	870
<b>% Breakeven</b>	<b>83%</b>
Actual to Breakeven calls ratio	6.6
Distributions (000) - Median	323
Rate (50%) - Median	\$ 2,232
Calls per 1000 Distributions	0.3

The average **IYP ad** generates 86 calls at a cost of \$20 per call. Call volumes ranged from a low of 5 calls per year to a high of over 17,000 calls. The advertiser SROI is 20 to 1 at actual rates charged.

The industry usage study reports that 63% of IYP users make contact by phone (compared with 79% for print), so calls represent less than two thirds of the total response to the ads. Thus, for every 86 measured calls, businesses are receiving roughly 136 total contacts from potential customers as a result of the IYP ads.

### **IYP Trends**

The responses to 123 IYP ads were tracked for both 2009 and 2010. Total calls to these ads **increased 10%** between 2009 and 2010, similar to a 14% increase between 2008 and 2009. Fifty-six percent (56%) of advertisers saw an increase in 2010.

## E. Trade and Trademark Ads

The table shows the results for Trade family ads.

	National	National Multi-loc	National Single Loc
Years	09-10	09-10	09-10
Studies	1,375	1,181	194
Lines	1,839	1,181	658
Avg. Lines per ad	2	1	6.6
<b>Annual Calls - Median</b>	<b>86</b>	<b>75</b>	<b>209</b>
Min Calls	4	4	9
Max Calls	27,059	15,256	27,059
<b>Cost/Call-Median (50% rate)</b>	<b>\$ 7.3</b>	<b>\$ 7.9</b>	<b>\$ 3.8</b>
<b>SROI Median (50% rate)</b>	<b>27.6</b>	<b>24.2</b>	<b>102.8</b>
<b>SROI Normalized</b>	<b>97.2</b>	<b>85.2</b>	<b>212.6</b>
Customer \$ Spend	\$ 242	\$ 242	\$ 412
<b>% Breakeven</b>	<b>95%</b>	<b>91%</b>	<b>97%</b>
Actual to Breakeven calls ratio	9.8	8.7	29.2
Distributions (000) - Median	152	134	350
Rate (50%) - Median	\$ 637	\$ 615	\$ 948
Calls per 1000 Distributions	0.6	0.6	0.8
Calls per Line	64	66	51

**Trade and Trademark ads** offer one of the strongest value propositions in Yellow Pages.

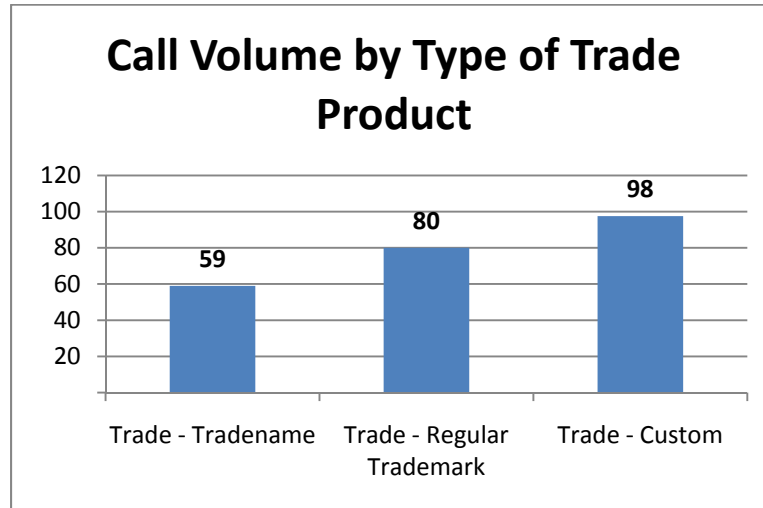
National Trade ads receive 86 calls per year at a cost per call of \$7.3 (50% rate). National Trademark ad call volumes range from 4 to over 27,000 calls per year, and have a normalized SROI of 97 to 1.

**Multiple-line Trademark/Tradename ads** generate 2.8 times as many calls (209 vs. 75) as single-line trade ads and have a cost per call (\$3.8 at 50% rate) that is less than half of the cost of single-line ads (\$7.9 at 50% rate).

*The high value of Trade ads is the result of the synergy of combining a Yellow Pages program with other media advertising. Other advertising builds brand awareness and preference; Yellow Pages allow an advertiser to capitalize on that brand preference when the consumer is shopping and ready to make a purchase.*

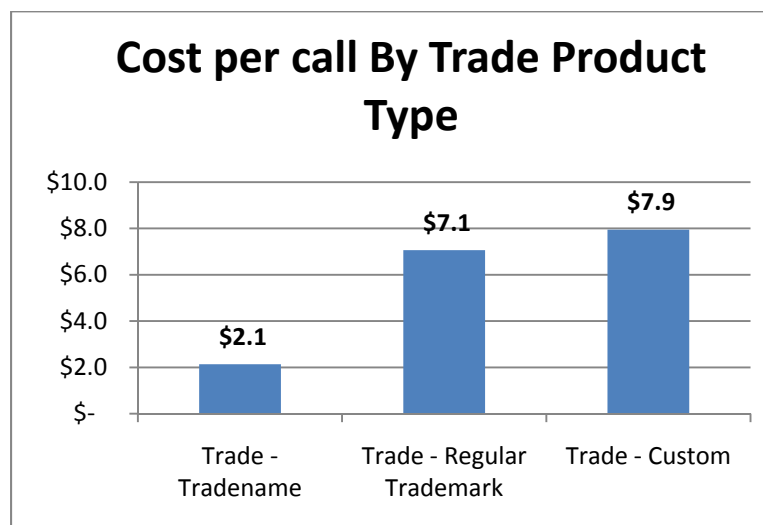
## Difference by Type of Trade Product

The three types of trade products - Tradename, regular Trademark, and Customer Trademark - deliver different response levels in terms of calls. Regular Trademark ads receive about 35% more calls than Tradename ads; Custom Trademark ads receive 22% more calls than regular Trademark ads and 66% more calls than Tradename ads.



*Based on 1,375 trade ads from 2009 to 2010.*

While they deliver more calls, Custom Trademark ads and regular Trademark ads come at a premium relative to Tradename ads. The cost per call for Tradename ads is \$2.1, about a third of the cost per call for regular and Custom Trademark ads. Thus, the regular and Custom Trademark ads deliver more calls, but at a premium in terms of cost per call. Even the higher rate of \$7-8 per call, however, is quite inexpensive relative to all other options for gaining customers.



*Based on 1,375 trade ads from 2009 to 2010.*

## **F. Covers**

The table summarizes the results for Cover products.

	<b>Outside Back Cover</b>	<b>Inside Front Cover</b>	<b>Inside Back Cover</b>
Years	07-10	07-10	07-10
Studies	445	251	127
Lines	609	304	187
Avg. Lines per ad	1.4	1.2	1.5
<b>Annual Calls - Median</b>	<b>142</b>	<b>103</b>	<b>101</b>
Min Calls	13	12	7
Max Calls	7,356	5,886	2,355
<b>Cost/Call-Median (50% rate)</b>	<b>\$ 76</b>	<b>\$ 60</b>	<b>\$ 45</b>
<b>SROI Median (50% rate)</b>	<b>16.0</b>	<b>13.6</b>	<b>12.2</b>
Customer \$ Spend	\$ 2,032	\$ 1,857	\$ 871
% Breakeven	93%	75%	80%
Actual to Breakeven calls ratio	8.4	7.7	5.7
Distributions (000) - Median	97	125	139
Rate (50%) - Median	\$10,680	\$ 7,938	\$ 5,141
Calls per 1000 Distributions	1.6	0.87	0.56
Calls per Line	124	91	69

- **Outside Back Covers** deliver about 142 calls per year. Calls cost the advertisers about \$76 (at 50% rate), about twice the typical cost per call for display ads. The typical SROI is about 16:1 at 50% rate. The categories that are most likely to use the outside back cover involve higher than average customer \$ expenditures. Calls to Outside Back Covers range from 13 to over 7,000 per year.

Attorneys are the primary purchasers of Outside Back Covers, followed by Dentists, Plumbing Contractors, Movers, Auto Dealers, and Insurance.

- **Inside Front Cover** ads deliver about 100 calls per year at \$60 per call at 50% rate. Typical SROI returns are 14:1.

Attorneys are the primary purchasers of Inside Front Covers, followed by Dentists, Physical Therapists, Physicians & Surgeons, Restaurants, and Insurance.

- **Inside Back Cover** ads deliver about 100 calls per year at an average cost per call of \$45 at 50% rate. The SROI is 12:1.

Attorneys are the primary purchasers of Inside Back Covers, followed by Physicians & Surgeons, Carpet & Rug Cleaners, Auto Dealers, Dentists, and Plumbing Contractors.

*Cover ads are not for every advertiser. The ads clearly deliver customers, but generally at a higher cost than in-heading display ads. Cover ads are a great way for businesses that are aggressive about growing their business to reach and win over more customers.*



## **Other Cover Awareness Products**

The table summarizes the results for other cover awareness products.

	<b>Spine</b>	<b>Front Cover Banners</b>	<b>Front Cover Spot</b>	<b>Edge</b>	<b>Gatefold</b>
Years	07-10	07-10	07-10	07-10	07-10
Studies	150	234	93	274	27
Lines	171	257	123	302	40
<i>Avg. Lines per ad</i>	1.1	1.1	1.3	1.1	1.5
<b>Annual Calls - Median</b>	<b>159</b>	<b>155</b>	<b>106</b>	<b>127</b>	<b>216</b>
Min Calls	15	\$ 9	\$ 14	12	\$ 27
Max Calls	10,076	\$ 5,189	\$ 2,076	3,554	\$ 1,068
<b>Cost/Call-Median (50% rate)</b>	<b>\$ 111</b>	<b>\$ 87</b>	<b>\$ 48</b>	<b>\$ 36.5</b>	<b>\$ 89</b>
<b>SROI Median (50% rate)</b>	<b>4.9</b>	<b>10.9</b>	<b>14.2</b>	<b>17.4</b>	
Customer \$ Spend	\$ 986	\$ 2,016	\$ 1,623	\$ 986	
<b>% Breakeven</b>	<b>72%</b>	<b>91%</b>	<b>82%</b>	<b>90%</b>	
Actual to Breakeven calls ratio	2.6	4.8	4.6	5.0	
Distributions (000) - Median	187	174	240	267	161
Rate (50%) - Median	\$16,764	\$12,308	\$ 7,132	\$ 4,266	\$28,048
Calls per 1000 Distributions	0.73	0.83	0.5	0.43	1.1
Calls per Line	146	148	92	126	189

**Spine ads** attract roughly 160 calls per year at a cost per call of \$111 (50% rate). The typical SROI for Spine ads is 4.9 to 1. 72% of the ads breakeven at 50% rates.

Attorneys are the leading purchasers of Spine ads, followed by Plumbing Contractors, Dentists, Physicians & Surgeons, Insurance, Air Conditioning Contractors, and Recycling and Garbage.

**Front Cover Banners** attract an average of 155 calls per year at \$87 per call (50% rate). The ads deliver an SROI of 11:1.

Attorneys are the leading users of Front Cover Banner ads, followed by Dentists, Physicians & Surgeons, Mortgages, Plumbing Contractors, and Pest Control.

**Front Cover Spot Ads** attract over 100 calls per year at a cost per call of \$48 (50% rate) and have an SROI of 14 to 1.

**Edge ads** attract 127 calls per year at a cost per call of \$36 (50% rate). The typical SROI for Edge ads is 17:1.

Home Improvement businesses are the leading users of Edge ads, followed by Chiropractors, Landscaping Contractors, Wedding Services, Dentists, Veterinarians, and Physicians & Surgeons.

**Gatefold ads** attract 216 calls per year at a cost per call of \$89 (50% rate).

## Tip-on ads

The table summarizes the results for tip-on products.

	Tip-On / Paper	Tip-On / Magnetic	Tip-On / Coupon
Years	07-10	07-10	07-10
Studies	133	92	20
Lines	165	117	25
Avg. Lines per ad	1.2	1.3	1.3
<b>Call-Median</b>	<b>186</b>	<b>351</b>	<b>109</b>
Min	17	21	22
Max	3,657	5,596	504
<b>Cost/Call-Median (@50% rate)</b>	<b>\$ 45</b>	<b>\$ 45</b>	<b>\$ 66</b>
<b>SROI Median 50%</b>	15.6	16.7	7.0
Spend\$	\$ 1,824	\$ 1,826	\$ 852
<b>%Break-even 50%</b>	<b>91%</b>	<b>89%</b>	<b>87%</b>
BE ratio median	5.1	7.0	3.0
Distr Median	168	129	140
Price median 50%	\$ 8,886	\$ 15,504	\$ 7,112
Calls/1000 Median	1.2	2.5	0.71
Call/location Median	174	293	95

**Paper Tip-on ads** attract over 180 calls per year at a cost per call of \$45 (50% rate). They deliver an SROI of 15 to 1.

**Magnetic Tip-on ads** attract over 350 calls per year at a cost per call of \$45 (50% rate). They deliver an SROI of over 16:1.

**Tip-on Coupon ads** attract over 100 calls per year at a cost per call of \$66 (50% rate). They deliver an SROI of 7:1.

Attorneys are the leading purchasers of Tip-on ads, followed by Plumbing Contractors, Dentists, Garage Doors & Openers, Air Conditioning Contractors, Contractors-General, and Heating Contractors.

## **G. Tabs and Coupons**

The table summarizes the results for coupon and tab products.

	<b>Coupons</b>	<b>Tabs</b>
Years	07-10	07-10
Studies	340	591
Lines	437	905
Avg. Lines per ad	1.3	1.5
<b>Call-Median</b>	<b>130</b>	<b>229</b>
Min	11	12
Max	6,535	13,800
<b>Cost/Call-Median (@50% rate)</b>	<b>\$ 16</b>	<b>\$ 57</b>
<b>SROI Median 50%</b>	<b>21.5</b>	<b>11.8</b>
Spend\$	\$ 514	\$ 986
<b>%Brkeven 50%</b>	<b>94%</b>	<b>84%</b>
BEratio median	7.3	4.1
Distr Median	192	170
Price median 50%	\$ 2,455	\$11,394
Calls/1000 Median	0.52	1.2
Call/location Median	110	165

**Coupons** attract about 130 calls per year at a cost of \$16 per call (at 50% rate). Calls to coupon ads range from 11 to over 6,500 per year. The SROI for coupons is 21:1.

Plumbing Contractors are the largest users of Coupons, followed by Pizza, Heating Contractors, Air Conditioning Contractors, Carpet & Rug Cleaners, Garage Doors, Dentists, and Restaurants.

**Tabs** attract about 230 calls per year at a cost per call of \$57 (50% rate). Calls to Tab ads range from 12 to over 13,000 per year. The SROI for Tabs is 12 to 1. Roughly 84% (7 out of 8) of Tab advertisers breakeven on the ads.

Attorneys are the leading purchaser of Tabs, followed by Dentists, Plumbing Contractors, Air Conditioning Contractors, Insurance, and Heating Contractors.

*Tabs are similar to three-quarter or full page in-heading display ads in call volume and cost per call.*

## **H. White Pages**

The table summarizes the results for White Pages products.

<b>White Pages</b>	<b>WP Ads - All</b>
Years	08-10
Studies	500
Lines	598
Avg. Lines per ad	1.2
<b>Call-Median</b>	<b>97</b>
Min	12
Max	6,162
<b>Cost/Call-Median (@50% rate)</b>	<b>\$ 9.3</b>
Distr Median	218
Price median 50%	\$ 923
Calls/1000 Median	0.4
Call/location Median	91

**White Pages ads** typically deliver about 100 calls per year at a cost per call of \$9.3 (at 50% rate). Call response ranges from 12 calls per year to over 6,000 calls per year.

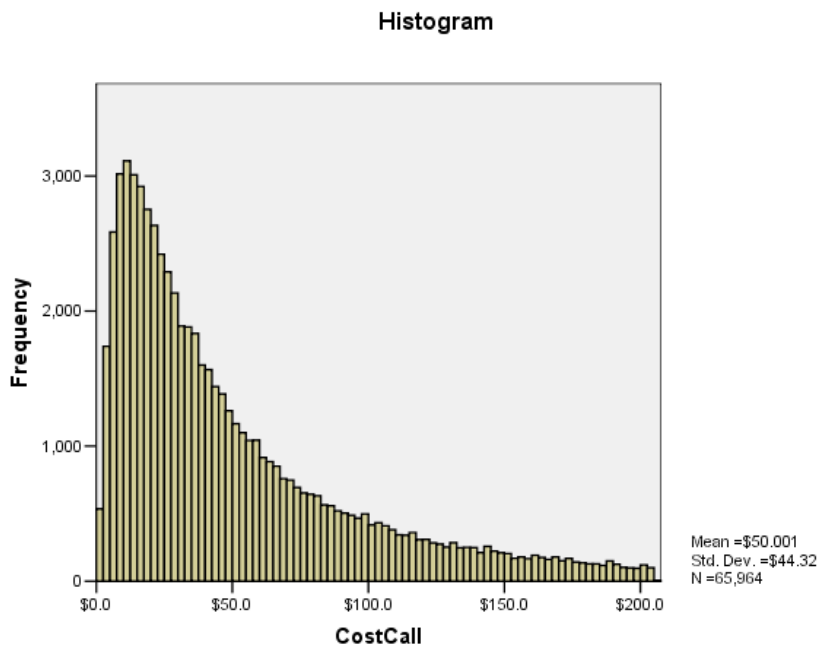
# Appendix

## A Note about the Data

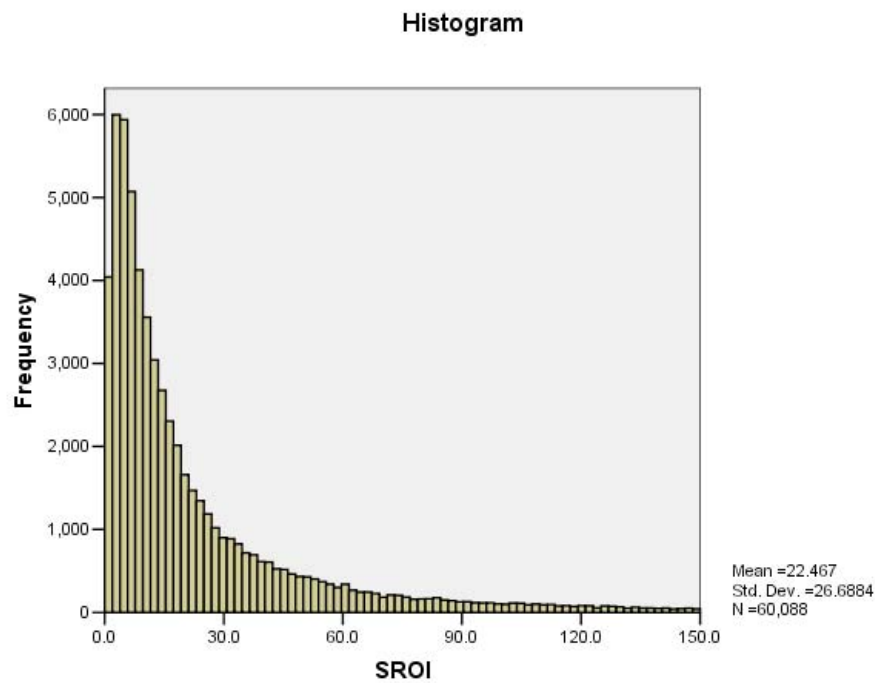
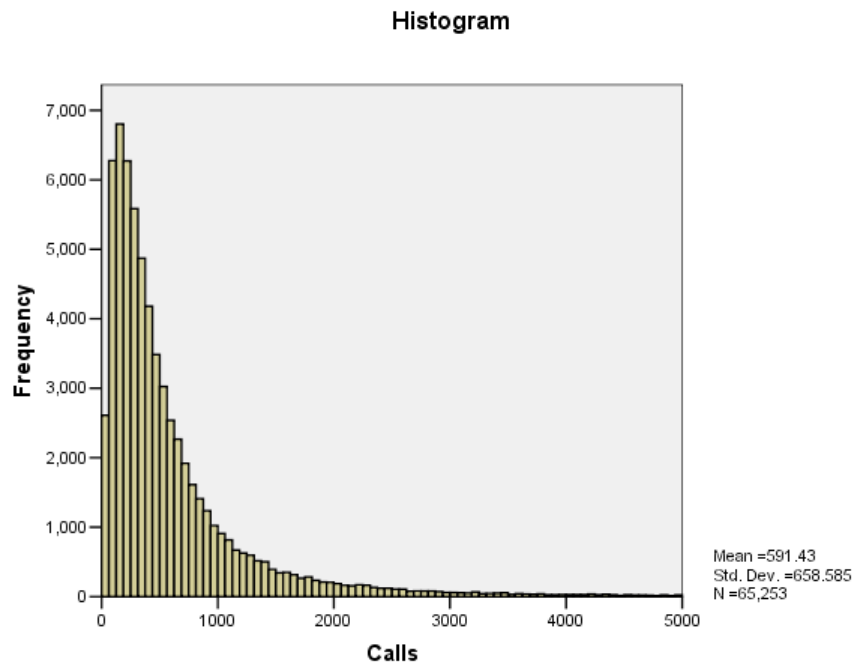
The distribution of data for several key factors (cost per call, calls, SROI), however, is highly “skewed”<sup>8</sup>. For each variable, a small percentage of advertisers experience extremely high results, while the majority of results cluster around much lower values. Consequently, the “mean” (average) is much larger than the “median” (midpoint). In the past, to compensate for this, the top 7.5% of the curve was dropped. But even the resulting “adjusted mean” tended to have a much higher value than the median.

The reason for reporting the median is that the median is closer to the value experienced by a majority of advertisers (the “mean” values were higher than what the majority of advertisers experienced).

The 3 figures below show the distribution of results for calls, cost per call, and SROI (each of these have been “truncated” at the high end for the sake of “scaling” to allow clear interpretation of the data.)



<sup>8</sup> Actually, the variables are “normal” in loglinear space. That is,  $\ln(\text{calls})$ ,  $\ln(\text{cost per call})$ ,  $\ln(\text{SROI})$  have “normal” distributions.



## Data “Scrubbing” and Preparation Procedures

The front-end data “preparation and standardization” process is key to the successful analysis of the metered ad data. All studies received from publishers were subject to the following procedures to insure data quality:

1. Drop studies that are anything other than one ad, one directory, one heading studies.
2. All studies have first been subject to individual publisher quality procedures.
  - a. Publishers monitor lines for a few months before starting tests.
  - b. Publishers drop lines known to be “dirty”.
3. Inspect individual monthly data and do additional “filtering”:
  - a. Drop first month when it is significantly less than all following months because of the distribution “ramp-up” effect. Similarly, drop the last month when numbers differ significantly from other months (due to overlaps with the delivery of the next directory issue).
  - b. Drop months with zero data when it is clear the zeros are not a seasonal effect and when other months’ levels differ significantly from zero.
  - c. Drop first month when it is significantly greater than all following months (and couldn’t be explained as a seasonal effect) – (noise adjustment).
  - d. Drop clear outliers (typos, etc.)
  - e. Identify “patterns” of problems and correct for those problems.
  - f. Identify multiple line ads, aggregate calls for total ad, and identify number of lines measured for the ad.
  - g. Drop studies with minimal reporting time durations.
4. Eliminate “significant outliers” (generally about 2.5%).
5. Drop data from studies more than 4 years old.

Rates: Append current rates to all ads, regardless of study year. The goal is to represent the economics of each ad at current rate levels. For the 2011 Metered Ad Study, LSA’s January 2011 Rates and Data is used as the source. Thus, the analysis of cost per call and return on investment is done for all ads assuming that the rates from the beginning of 2011 are in effect.

Many advertisers receive reductions in effective rates as a result of loyalty programs, purchase volume bonuses, or of a variety of purchase incentives. These incentives lower the average effective cost per call by up to 50%. Throughout this document, a standard of 50% of posted rates is used to reflect typical advertiser experiences. This is viewed to be a more realistic representation of actual advertiser experience than full-posted rates.

Distribution: Append directory distribution for each study.

Ad units: Identify ad size for each study in numbers of QC equivalents for display ads and HS equivalents for Space ads.



Headings: Cluster headings into categories where too few studies are available at the heading level to provide meaningful insights. Maintain original headings for later analyses.

Directory Year: Keep year of study and directory to allow for tracking of results by year. Note: Directories published in October, November, or December of a given year are included with studies for the next year since the majority of usage for these directories comes in the months of the following year.

Color Indicator: Append indicator of ad type (B&W, White Knockout, Color, Process Color)

Position Indicator: Publishers provided position information for some display ads (i.e., 2<sup>nd</sup> display ad out of 13). This information is included whenever supplied.