

ADP Publishers' Partnering Strategies Yesterday, Today and Tomorrow



Since 1898

2008 Mid-Year Convention

And the Winners Will Be...

- Kathy Haynes – Valley Yellow Pages
- Janice Lucente – Allstate Insurance
- Bill Duggan – Association of National Advertisers
- Patrick Marshall – Yellowbook USA
- Sharon Sweeney – Nationwide Media



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The ANA Telephone Directory Committee Addresses the Yellow Pages Industry

An Open Letter » April 2008

Overview

The Yellow Pages medium is approaching a crossroads as it relates to national advertisers. Many national advertisers feel ignored, neglected, and frustrated with the medium due to a lack of fundamental accountability metrics and other questionable practices. The ANA Telephone Directory Committee has been in dialogue with Yellow Page publishers on key issues now for over five years, and little progress has been made. As a result, the committee has elected to go public regarding its perspective and concerns.



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Syndicated Audience Measurement Research

In July 2002, the ANA Telephone Directory Committee and AAAA Yellow Pages Committee coauthored "The Need for Third-Party Telephone Directory Usage Research," a white paper urging restoration of syndicated audience measurement research. The white paper noted that Yellow Pages is the only major advertising medium that does not provide syndicated audience measurement research. Such research provides the "currency" for buyers and sellers in other media; for example, Nielsen for television, Arbitron for radio, and MRI for print. The white paper stated, "It is unthinkable that investment decisions for television and magazines would ever be made without the benefit of audience research. Why should the Yellow Pages advertising medium be any different?"

The committees were pleased when syndicated audience measurement research was finally reintroduced in the marketplace, via Knowledge Networks/SRI, in January 2005. While that introduction was only in markets representing 28 percent of the U.S., (versus the 90 percent-plus coverage of such research for other media), at least it represented a start. However, three years later it was disappointing to learn that the Yellow Pages publishers have dramatically cut back funding of syndicated audience measurement research and that this initiative is now in peril.

	2005	2006	2007	2008
# Designated Marketing Areas	60	85	77	47
% U.S. Population	28%	32%	27%	18%

Source: Knowledge Networks/SRI



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Questions For Panel

- What impact does syndicated research have on the decision making process regarding YP advertising placement?
- In the absence of syndicated research, what type of alternative research (testing) would assist in the decision making process regarding YP advertising placement?
- What does the ANA suggest CMRs do to support the industry's effort in the development of syndicated research and audited circulation research?

Circulation Auditing

In August 2005, the ANA Telephone Directory Committee and AAAA Directory Advertising Committee released another white paper titled, "The Need for Third-Party Circulation Auditing." Circulation auditing would confirm the number of directories that are actually delivered, protecting advertising investments from inflated and misstated circulation claims. That white paper noted, "Currently Yellow Pages is the only major medium that does not provide independent, third-party circulation auditing. Such auditing has been a best practice in other media for many years. With approximately 7,000 directory titles and almost 550 million printed copies, the time has come for the Yellow Pages industry to provide such auditing."

The white paper helped influence one major publisher to begin circulation auditing and other publishers to consider it. Again, a good start. However, today that one major publisher is rumored to be reducing its commitment to circulation auditing and no other major publisher has participated.



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Questions For Panel

- Please explain the differences between an audit of distribution and an audit of circulation.
- What impact does audited circulation documentation have on the decision making process regarding YP advertising placement?
- Are all auditing companies recognized as credible?



VALLEY YELLOW PAGES
1850 N. Gateway Blvd.
Fresno, CA 93727-1600
(559) 251-8888

PUBLICATION DESCRIPTION:

AGI Publishing, Inc., dba **Valley Yellowpages**, is a California corporation headquartered in Fresno, CA. Sixteen year-round sales offices are maintained throughout Northern and Central California and 7.7 million **Valley Yellowpages** directories are published annually. Directories are delivered to households and businesses in 46 different markets in Northern and Central California, reaching more than 14,800,000 people. **Valley Yellowpages** is the largest independent directory publisher in Northern California and the third largest independent publisher in the nation.

VERIFICATION OF DISTRIBUTION, PRINTING AND INTERNAL RECORDS:

Verification of distribution is conducted by appropriate survey methodology(s). Free home delivery is verified by telephone interviews with households within the publication's delivery areas. Target (free rack) distribution is confirmed by field verification of the number of copies distributed and the number of copies remaining at the close of the distribution period. An audit of internal records is conducted by a professional circulation auditor in conformity with accepted circulation auditing procedures, prior to Verified's issuance of an initial audit report and annually thereafter. This audit of internal records includes a review of source printing, distribution and subscription records as well as supporting financial documents. Please see the following pages for additional details.

WEEKLY CIRCULATION: TWELVE MONTH AVERAGE

FREE CIRCULATION

CARRIER	274,658
MAIL	4,399
TARGET	3,638
TOTAL FREE	282,695

TOTAL QUALIFIED CIRCULATION 282,695

AVERAGE PRESS RUN 295,706

QUALIFIED CIRCULATION HISTORY

3 MONTHS ENDING JUNE, 2008 282,695

BASIC PRICE: \$.50 per copy/\$125.00 per year

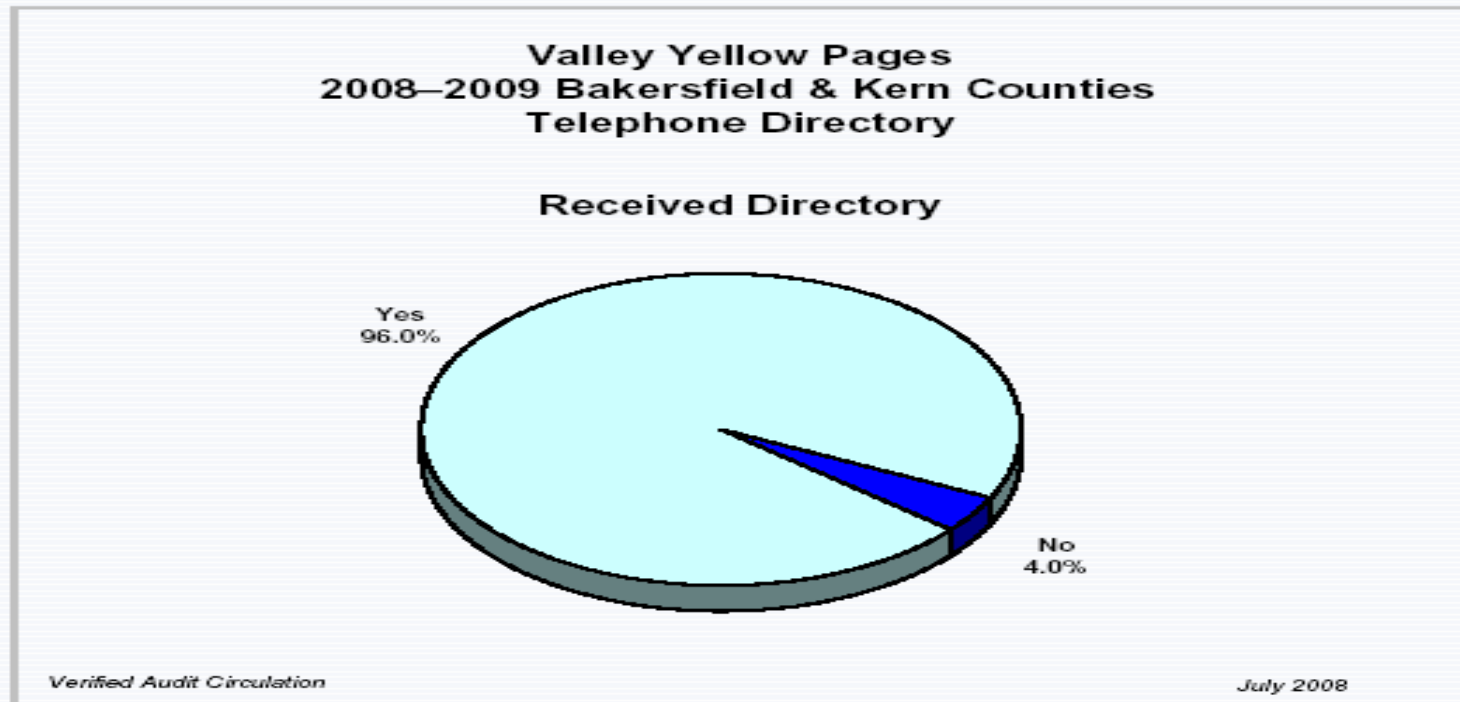
Bakersfield & Kern Counties

July 2008

Valley Yellow Pages
2008–2009 Bakersfield & Kern Counties
Telephone Directory

AGI Publishing Company
1850 North Gateway Blvd
Fresno, CA 93727
(559) 251-8888
(559) 251-5392 Fax

SURVEY RESULTS



Directory Extensions

While the normal life of a Yellow Pages directory is a year (12 months), it is not uncommon for a new book to be published 13 or 14 months later. Hence, the life of the older directory is "extended" by a month or two. When such instances occur (quite frequently), the publisher bills the advertiser for the media cost of the extra month(s). This, of course, is ludicrous. Imagine a monthly magazine that publishes in March and then decides to take April off and then sends an additional invoice to advertisers! In addition to the extra costs—which are often not budgeted—directory extensions further hurt advertisers as incorrect and outdated numbers are given longer life, and new listings (e.g., agents, franchisees, etc.) cannot be included.



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Companion Books

Major Yellow Pages publishers have recently begun offering a second, usually smaller, version of the standard directory. These "companion books" are positioned for use in home offices and other rooms in the house beyond the kitchen. Most publishers mandate that national advertisers purchase both the primary directory and the companion book. Meanwhile, local advertisers are not required to buy the companion book. National advertisers as well as publishers refer to this as "forced bundling." Many feel that companion books result in the same number of total references at an increased cost and are upset with the fact that they are not provided the option of a la carte purchasing.



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Accountability, Credibility, Integrity

Yellow Pages is a \$15-billion industry, with national advertisers accounting for \$2.3 billion of total spend; it's a mature medium with growth slowing. The ANA Telephone Directory Committee's perspective is that not addressing the issues outlined in this paper contributes to the limited growth potential of the medium. Traditional Yellow Pages advertisers are very frustrated. Meanwhile, national advertisers who do not currently use the medium are unlikely to do so because of the medium's lack of basic measurements.



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The current environment provides a tremendous opportunity for Yellow Pages. Marketing accountability and ROI are senior management imperatives—all marketing and advertising expenditures require justification. Yellow Pages already provides a unique level of accountability as marketers can track the calls resulting from their ads. However, without the fundamental metrics of syndicated audience measurement research and circulation auditing, the Yellow Pages medium simply won't maximize its potential. Such research is the point of entry for most advertisers to begin to consider Yellow Pages. With it comes credibility, as Yellow Pages would have the opportunity to have a "seat at the table" with other media when national advertisers plan and allocate their budgets. Meanwhile, questionable practices regarding directory extensions and companion books hurt the medium's integrity with advertisers.



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The ANA Telephone Directory Committee calls on the Yellow Pages industry to:

1. Make a serious commitment to syndicated audience measurement research, and specifically, reinstate KN/SRI YPMR coverage by 2009 to at least those levels as in 2006 (about one-third of the U.S. population).
2. Make a serious commitment to circulation auditing, and specifically, audit the circulation of at least one-third of all directories by 2009 (the same coverage requested for syndicated audience measurement research).
3. Stop the practice of directory extensions by keeping to a 12 month publishing cycle. In instances where books are indeed extended, reconsider charging advertisers incremental media costs.
4. Reconsider the practice of forced-bundling of companion books and ideally offer them as an optional purchase to national advertisers.



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Further, we call on the various Yellow Pages industry trade associations—Association of Directory Marketing, Association of Directory Publishers, and Yellow Pages Association—to take active leadership roles in moving the industry forward on these key issues to improve the accountability, credibility, and integrity of the medium.

It's time for the Yellow Pages medium to recognize the requirements of today's media environment, or risk being a dinosaur and a Harvard Business School case study.



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