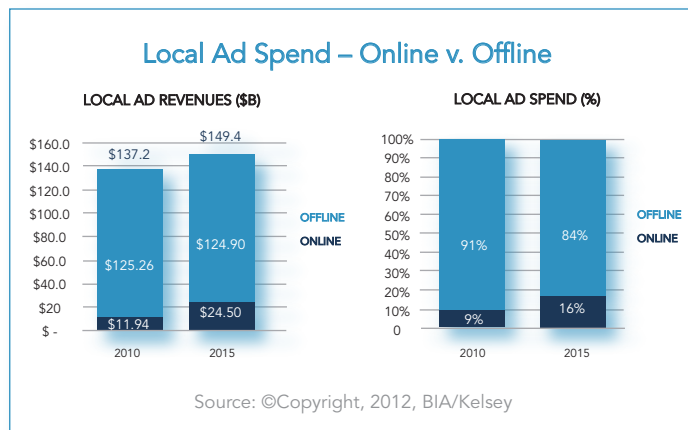


Summary of Local Ad Networks - Making Sense of Local Online Advertising

by Andrew Shotland & Chad Schott ¹

LOCAL ONLINE ADVERTISING IS BIG

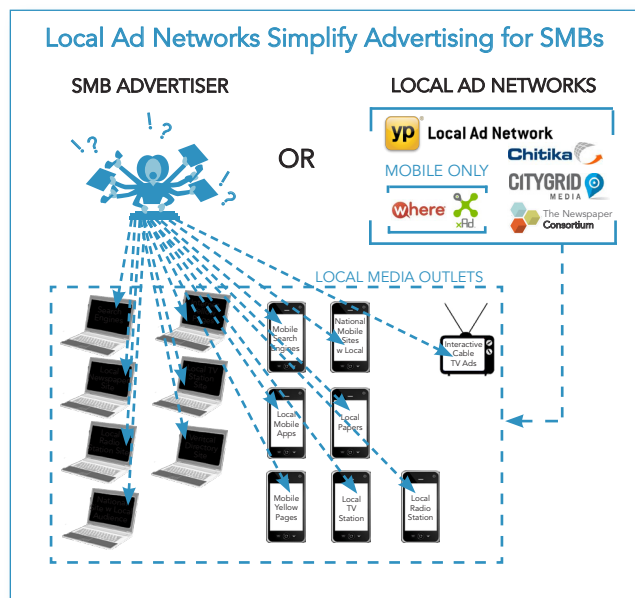
- Local Advertising is a \$136 billion business predicted to grow to \$150 billion by 2015.
- Online Advertising, the fastest growing segment of Local Advertising, is expected to hit \$24.5 billion, 16% of the market, by 2014.
- By 2015, U.S. mobile advertising is predicted to grow to a \$4.86 billion industry of which 69%, or \$3.37 billion, is predicted to be spent on local marketing.



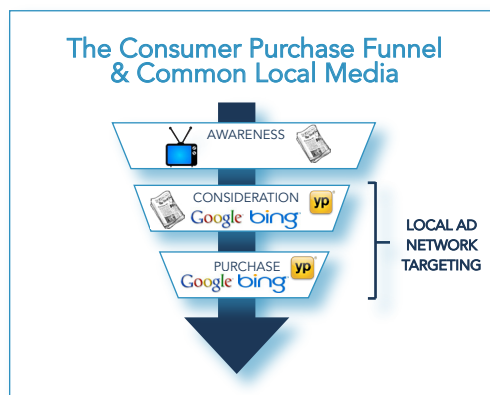
CHALLENGES FACING SMBs WHO BUY LOCAL ADVERTISING

- There are too many local online marketing options for SMBs: Internet Yellow Pages (IYPs), search engines, newspapers, TV stations, classifieds, mobile apps, etc.
- No single sales channel or media type addresses all of a local SMB's needs.
- Many publishers can effectively target one medium (e.g., IYP or Search), but not others.

LOCAL AD NETWORKS (LANs): The Cure for Local Online Marketing Confusion



- LANs aggregate inventory across multiple local online publishers (e.g., Search engines, IYPs, local media, etc.) and platform types (e.g., Web, Mobile, IPTV, etc.), enabling advertisers to effectively hit their target audiences via a single media buy.
- LANs predominantly target consumers at the 'Purchase Stage' of the Consumer Purchase Funnel, where conversion/purchase is most likely.



SELECTING A LOCAL AD NETWORK: Not All LANs Are Created Equal

- Most LANs use resellers and don't sell directly to SMBs. Some, like CityGrid, sell directly via telesales, but primarily work with resellers like AT&T Interactive.
- LANs that operate direct sales forces (e.g., AT&T Interactive's YPSM Local Ad Network) appear to have an advantage in their ability to create personal customer relationships and service large amounts of advertisers.



“AT&T Interactive has assembled a compelling ad network which enables businesses large and small to reach audiences near and far.”

- Andrew Shotland, LocalSEOGuide.com

DEFINING A WINNER: The Power Of a 'Purchase Stage' Heritage

We believe that LANs operated by companies with the following attributes will succeed:

- A long history, both offline and online, of helping SMBs market to Purchase Stage consumers.
- Large networks of high-quality sites that can target customers at all stages of the Consumer Purchase Funnel across a variety of media platforms and ad types.
- Ownership of substantial local media properties so they have more control and breadth to offer marketing services tailored to the advertiser's needs.
- Large sales forces with a history of playing a consultative role with SMBs. They can be more responsive than competitors with a small or no sales force.
- Customer support resources that can effectively service large numbers of SMB advertisers on a personal level.

	LOCAL SALES FORCE?	ONLINE LOCAL SEARCH	MOBILE	DISPLAY	IPTV	NUMBER OF PUBLISHERS	CONSUMER REACH
YP Local Ad Network	✓	✓	✓	✓	✓	300+	180M+
CITYGRID MEDIA		✓	✓			250+	140M+
Chitika			✓			20,000+	60M+
Where			✓			100+	50M+
The Newspaper Consortium	✓			✓		400+	180M+
xPd			✓			35+	50M+ (est.)