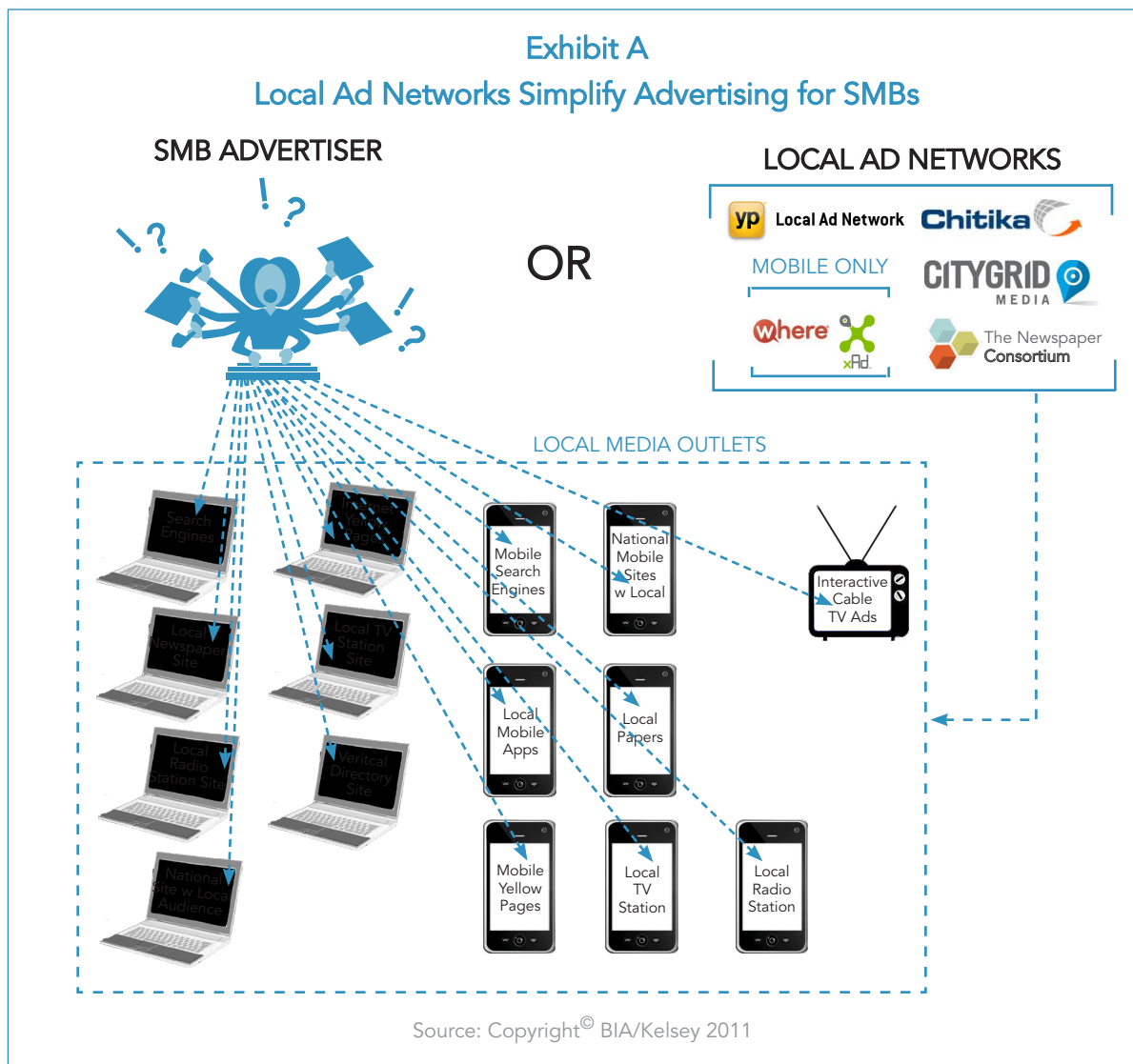**BIA|Kelsey**

# Local Ad Networks - Making Sense of Local Online Advertising
by Andrew Shotland & Chad Schott [1]

## THE EVOLUTION OF LOCAL ONLINE ADVERTISING

Over the past few years, Local Ad Networks ("LANs") have emerged to become one of the more effective ways for businesses to market themselves to potential customers in specific geographic areas, as well as a way for local media companies to offer broader value to their advertiser customers. LANs attempt to simplify local online marketing by providing SMBs with a one-stop shop to advertise on a variety of local media.



**Exhibit A**
**Local Ad Networks Simplify Advertising for SMBs**

SMB ADVERTISER

OR

LOCAL AD NETWORKS

YP Local Ad Network    Chitika

MOBILE ONLY    CITYGRID MEDIA

Where    xAd    The Newspaper Consortium

LOCAL MEDIA OUTLETS

Search Engines · Local Newspaper Site · Local Radio Station Site · National Site w Local Audience · Local TV Station Site · Vertical Directory Site

Mobile Search Engines · National Mobile Sites w Local · Local Mobile Apps · Local Papers · Mobile Yellow Pages · Local TV Station · Local Radio Station

Interactive Cable TV Ads

Source: Copyright© BIA/Kelsey 2011

[1] Shotland and Schott are independent associates of BIA/Kelsey. AT&T Interactive commissioned BIA/Kelsey to prepare a whitepaper on the role of local ad networks in the local advertising ecosystem. BIA/Kelsey relied on publically available data. The opinions expressed reflect those of BIA/Kelsey. YELLOWPAGES.COM, the [YP] logo device and other related marks are trademarks of AT&T Intellectual Property and/or affiliated companies.

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The purpose of this report is to provide an overview of Local Ad Networks and discuss their role in enabling effective local Internet marketing for large and small businesses.

In this report, we will review and discuss:

1. Defining the local advertising market

2. Local online advertising - A compelling, confusing opportunity

3. Local Ad Networks - Enabling a one-stop shop approach

4. Local Ad Networks & the Consumer Purchase Funnel

5. The Local Ad Network scale advantage

6. What is a comprehensive marketing solution?

7. Which Local Ad Networks are the right ones for your business?

8. Defining a winning Local Ad Network

9. The future of local online advertising

## DEFINING THE LOCAL ADVERTISING MARKET

Broadly, there are four markets for U.S. advertising:

### Exhibit B
### Four General Types of Advertising

**AUDIENCE BEING TARGETED**

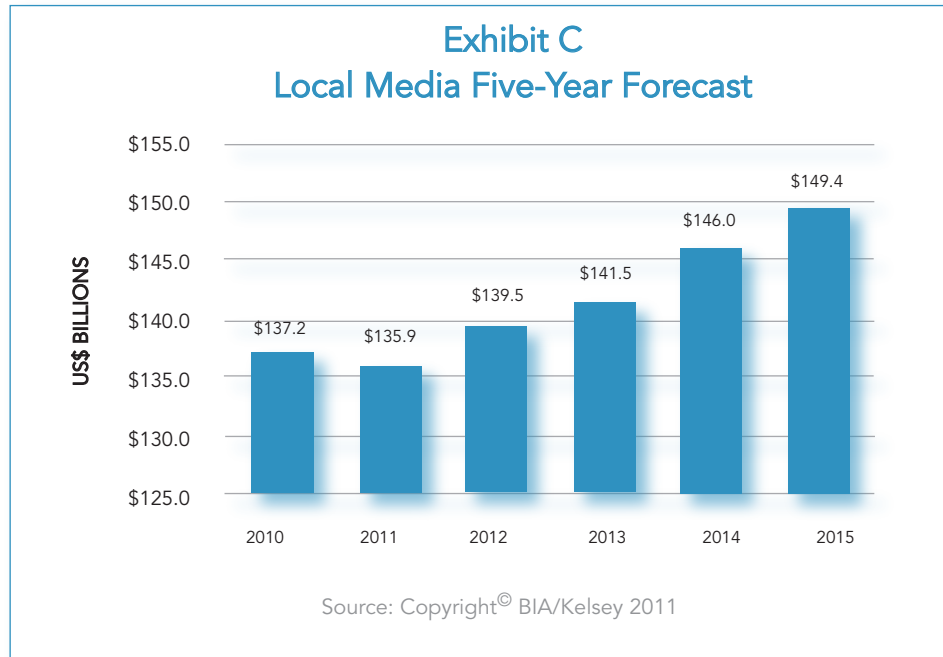| TYPE OF ADVERTISER | LOCAL | NATIONAL / REGIONAL |
|---|---|---|
| **LOCAL** | e.g., Plumber or Lawyer | e.g., Hotel or Visitor's Bureau |
| **NATIONAL / REGIONAL** | e.g., AAMCO or Subway franchise | e.g., Auto Manufacturer or National Retail Brand |

Source: Copyright© BIA/Kelsey 2011

- **National advertisers targeting a national audience**
  Examples include retail brands, auto manufacturers, national food service and retail chains, etc.

- **National advertisers targeting a local or regional audience**
  Examples include national brands with franchisees or outlets in many locations (e.g., NAPA or AAMCO) which may provide overall marketing messages, but empower their franchisees or affiliates to target advertising to local markets.

- **Local businesses targeting local audiences**
  This entails a business targeting advertising messages only to consumers located within the specific geographies the business serves.

- **Local businesses targeting national or regional audiences**
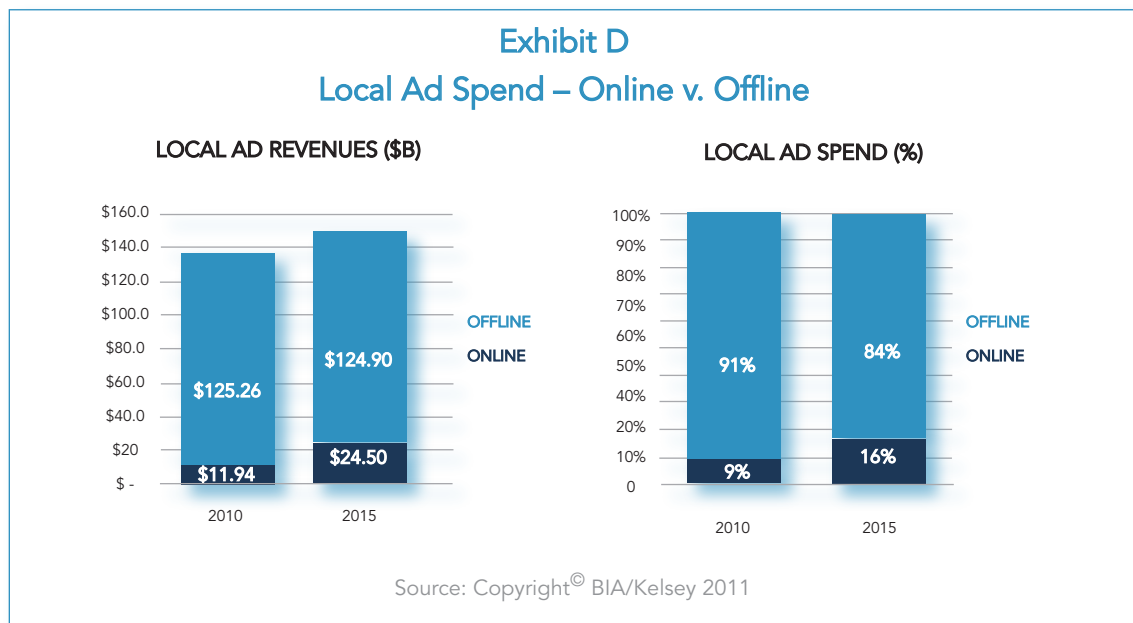  For example, a hotel in New Orleans marketing to potential visitors from other cities.

Small and medium-sized local businesses (aka "SMBs") tend to target local audiences and/ or regional/national audiences where it makes sense for their service (e.g., hotels). While local media companies have tried to make it easy for SMBs to target these audiences, it's not always as easy as it sounds.

## LOCAL ONLINE ADVERTISING - A COMPELLING, CONFUSING OPPORTUNITY

Today, Local Advertising is a $136 billion dollar business predicted to grow to almost $150 billion by 2015 (Exhibit C).

### Exhibit C
### Local Media Five-Year Forecast

US$ BILLIONS

| Year | Value |
|------|-------|
| 2010 | $137.2 |
| 2011 | $135.9 |
| 2012 | $139.5 |
| 2013 | $141.5 |
| 2014 | $146.0 |
| 2015 | $149.4 |

Source: Copyright© BIA/Kelsey 2011

Online Advertising is the fastest growing segment of Local Advertising and is expected to make up 16% of the overall market by 2015 for a total of $24.5 billion (Exhibit D).

### Exhibit D
### Local Ad Spend – Online v. Offline

**LOCAL AD REVENUES ($B)**

| | 2010 | 2015 |
|--------|--------|--------|
| OFFLINE | $125.26 | $124.90 |
| ONLINE | $11.94 | $24.50 |

**LOCAL AD SPEND (%)**

| | 2010 | 2015 |
|--------|------|------|
| OFFLINE | 91% | 84% |
| ONLINE | 9% | 16% |

Source: Copyright© BIA/Kelsey 2011

### According to Google...

20% of all searches from PCs, about 2.2 billion U.S. queries per month, are related to location as are 40% of all searches on mobile devices. Not surprisingly, numerous traditional and digital media companies are competing to capture their piece of this gigantic industry by offering consumers tools for searching, finding, discovering and transacting with businesses, and offering advertising and marketing services to businesses of all sizes.

### Before the widespread deployment of the Internet...

Local advertising options for SMBs were quite limited. If an SMB wanted to promote a sale or an event or increase awareness of its brand, they would turn to a relatively small number of media platforms including local newspapers, a local radio or TV station, a billboard or direct mail. A local service-based business wanting to target consumers when they were ready to buy, would select from various competing Yellow Pages advertising options and direct marketing services.
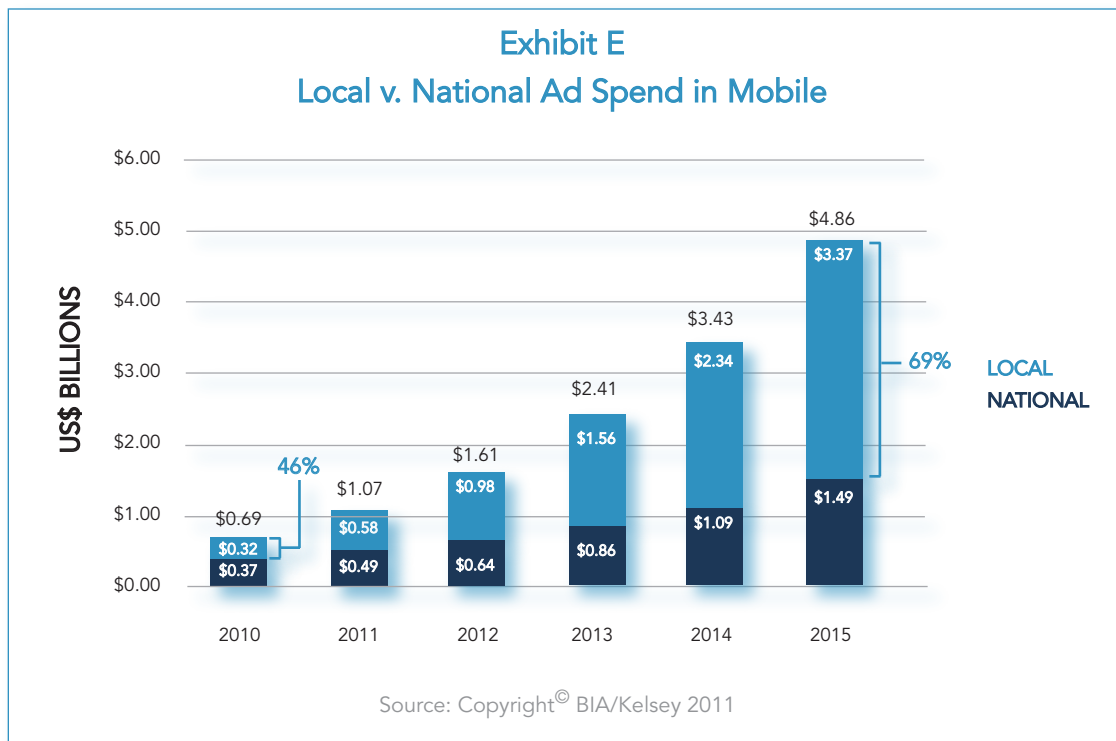
There was significantly less overlap among the different local advertising options. For an SMB, selecting media was relatively straightforward, more segmented, and relied on the advertiser, or its agency, to diversify overall advertising strategy. To market across multiple types of media, you typically had to talk to multiple sales representatives.

### Today...

The Internet has captured a significant percentage of the consumer's local media consumption. It has altered the definition of local media, from traditional media such as newspapers, print Yellow Pages and radio, to now include digital media such as local ratings and review sites, Internet Yellow Pages (IYPs), search engines, online maps, blogs, group discount companies, social networks, mobile apps, and Google Places which attempts to combine all of these in a single service. SMBs are now faced with a multitude of traditional and digital advertising and marketing options.

And Local Mobile media has created an entirely new channel for marketers.

Thanks to the mobile/smartphone revolution driven by Apple's iPhone and iPad and Google's Android operating system, mobile media in particular is growing rapidly in both consumer usage and ad spend. By 2015, U.S. mobile advertising is predicted to grow to a $4.86 billion industry (Exhibit E) of which 69%, or $3.37 billion, is predicted to be spent on local marketing.

## Exhibit E
## Local v. National Ad Spend in Mobile



| Year | National | Local | Total |
|------|----------|-------|-------|
| 2010 | $0.37 | $0.32 | $0.69 |
| 2011 | $0.49 | $0.58 | $1.07 |
| 2012 | $0.64 | $0.98 | $1.61 |
| 2013 | $0.86 | $1.56 | $2.41 |
| 2014 | $1.09 | $2.34 | $3.43 |
| 2015 | $1.49 | $3.37 | $4.86 |

US$ BILLIONS

46% — 2010

69% — 2015

LOCAL
NATIONAL

Source: Copyright© BIA/Kelsey 2011

**In order to make sense** of this rapidly changing and transforming marketplace for the SMBs, local media companies have begun to offer a broader set of marketing solutions to take advantage of the fast-growing online media market, and capture larger share of the local advertising pie:

- The TV station sales rep can now
  ...sell you an online display advertising campaign.

- The newspaper sales rep can now
  ...sell you a search engine marketing campaign.

- The yellow pages sales rep can now
  ...sell you a mobile advertising campaign.

**Local media companies are positioning themselves to be a "One-Stop Shop"** for all of the SMB's local offline and online marketing needs. Now, instead of getting pitched unique solutions for different media types, SMBs find themselves increasingly pitched a similar, expanded set of digital services from every local sales person that knocks on their door.

However, due to the challenges of aggregating a big enough audience and providing the right marketing services for advertisers with different needs, these media companies often offer an incomplete set of solutions - often cobbled together with a variety of partners - requiring the advertiser to still deal with multiple channels to get the leads they need.

> So, how can a local media company fulfill the vision of a simple "One-Stop Shop" for SMB marketers?

## LOCAL AD NETWORKS – ENABLING A ONE-STOP-SHOP APPROACH

SMBs clearly need marketing partners that can simplify the complex local media landscape while providing access to an ever-growing variety of media.

At their core, LANs aggregate local consumer audiences by partnering with a wide variety of Internet services, including search engines, Internet Yellow Pages, local newspaper, TV and radio station sites, social networks, local mobile applications and even interactive television. Web publishers provide the audiences and the LANs provide local marketers with access via a variety of packages and ad types.

**Not all LANs are created equal.** Some may focus solely on one advertising type, while others may combine multiple types and platforms. For example, the Yahoo! Newspaper consortium was formed, in large part, to develop a robust LAN focused on online display inventory across the Yahoo! online properties and the hundreds of newspaper participants' websites. Where and xAd are LANs comprised solely of mobile inventory across hundreds of mobile websites and applications.

Citygrid and AT&T Interactive's YP℠ Local Ad Network offer LANs across hundreds of online sites, as well as mobile sites, offering valuable cross-platform marketing. LANs exist for almost every type of advertising. (See Appendix for definitions of local advertising types.) The benefits of LANs for advertisers include:

- LANs primarily focus on targeting consumers in the Purchase Stage of the Consumer Purchase Funnel (Exhibit F). Marketing messages hit people when they are ready to buy and convert.



Exhibit F
The Consumer Purchase Funnel
& Common Local Media

AWARENESS

CONSIDERATION
Google bing yp

PURCHASE
Google bing yp

LOCAL AD NETWORK TARGETING

Source: Copyright© BIA/Kelsey 2011
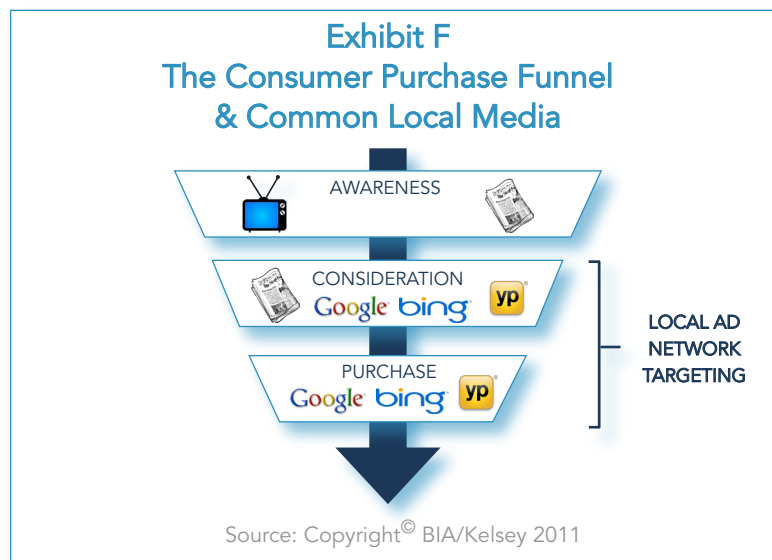
- LANs can target across multiple geographies, service categories and media platforms at scale, meaning advertisers need only one channel to get their message seen by a large portion of their target audience.

- LANs can offer a comprehensive online marketing solution for SMBs

Let's look at the benefits of LANs in more detail...

## LOCAL AD NETWORKS & THE CONSUMER PURCHASE FUNNEL

A potential customer's online behavior can often be defined or influenced by what stage they are at in the "Consumer Purchase Funnel":

### The Awareness Stage

During this stage previously unaware consumers can be made aware of an advertiser's brand or message, regardless of whether or not they have any intention of purchasing such a product or service. Typical online behavior at this stage includes general Web searches (e.g., queries for "best car 2011"), media browsing (e.g., reading an article or blog post) and social networking activity (e.g., Tweeting, sharing links on Facebook, chatting, etc.).

**Common Awareness Stage Media:**

- Mobile applications
- Newspapers & newspaper websites
- Outdoor advertising
- Radio & radio station websites
- General search
- Social media advertising
- TV & TV station websites

**Common Awareness Stage Online Ad Types:**

- In-stream video & audio ads
- Mobile in-app display ads
- Online display ads (e.g., banners, interstitials, etc.)

### The Consideration Stage

During this stage a consumer is in the process of further researching a purchase. Typical online behavior at this stage includes seeking opinions or reviews, comparing similar products and prices, and determining who can offer the product or service. At this stage the consumer may be conducting a combination of general Web searches and searches with more local intent (e.g., "chevy volt toyota prius comparison").

**Common Consideration Stage Media:**

- Mobile applications
- Newspapers & newspaper websites

- Niche review/information sites (e.g., CNet.com, Edmunds.com, etc.)
- Search engine advertising
- Yellow pages & local directory websites (e.g., YP.com, Yelp.com, etc.)

**Common Consideration Stage Online Ad Types:**

- In-stream video & audio ads
- Mobile in-app display ads
- Online display ads (e.g., banners, interstitials, etc.)
- Online yellow pages/Local directory listings
- Search engine text ads (pay-per-click, pay-per-call, etc.)
- SMS text ads

## Purchase Stage

During this stage a consumer has decided to make a purchase, but has not yet determined from whom. Typical online behavior at this stage involves contacting potential merchants via websites or lead forms, soliciting and evaluating price quotes, and making the purchase. At this stage, search queries are highly focused (e.g., "chevy volt ann arbor michigan") and well-targeted advertising tends to convert at a relatively high rate.

**Common Purchase Stage Media**

- Directory assistance ads
- Search engine advertising
- Yellow pages print directories
- Yellow pages & local directory websites (e.g., YP.com, Yelp.com, etc.)

**Common Purchase Stage Online Ad Types:**

- Mobile click-to-call ads
- Online yellow pages/local directory listings
- Yellow pages print directories
- Search engine text ads (pay-per-click, pay-per-call, etc.)
- SMS text ads

Pricing models for each targeting consumers at different stages of the funnel vary by publisher, geography, target audience and ad type. Each ad type has particular strengths depending on the specific media and/or targeted categories.

## Local Search - Targeting The Purchase Stage

The advantage of most LANs is that they focus on aggregating audiences in the Purchase Stage of the Consumer Purchase Funnel. These LANs target the most valuable traffic from search engines, yellow pages sites and other local media sites, people looking for local information, products and services.

People searching an Internet Yellow Pages site for a plumber in their town are probably ready to hire. People using a search engine or mobile device to find a nearby auto repair shop are probably in need of auto service. People reading a review of a new car on a newspaper site may be ready to go down to the dealer for a test drive. People using Google Maps to find driving directions may need to book a hotel.

**!** LANs are an effective channel to target potential customers who are ready to buy.

## THE LOCAL AD NETWORK SCALE ADVANTAGE - THE RIGHT NUMBER OF THE RIGHT PEOPLE AT THE RIGHT TIME

Scale is a challenge for most local media sites. Because the search for local information is so specific to each person's needs and geography, even a site that may be the biggest in a particular city or category often can't service all of either the consumers' or the advertisers' needs.

> **For Example**
>
> A big New York City newspaper site that has a popular article on teeth whitening may attract a large number of NYC readers who are interested in getting their teeth whitened, but only a small number of those readers may be from the Upper West Side. An Upper West Side dentist may only want to advertise to people interested in teeth whitening who live on the Upper West Side. So the newspaper, despite the fact that it has a lot of readers interested in teeth whitening, doesn't have enough readers in the right place for our particular dentist. They have a problem with scale.

The LANs' solution to the scale problem is to aggregate audiences from multiple services so that at any given time an advertiser can target the right number of the right people at the right time.

Some LANs even aggregate other LANs. For example, the mobile LAN xAd is also included as part of AT&T Interactive's YP℠ Local Ad Network, which is comprised of more than 300 premium, local publishers, including AT&T Interactive's own properties.

## What Is A Comprehensive Local Marketing Solution?

While scale is important, it's equally important for LANs to provide access to different media platforms and ad types so advertisers can use the appropriate platform (e.g., mobile, Web, email, etc.) and the the appropriate ad types (e.g., search ads, display ads, video, etc.) to send the right messages to people at different stages of the Purchase Funnel. This cross-stage targeting can be effective in eventually converting the consumer. For example, one can use online display to build awareness with consumers early in their consideration process, which can have a positive effect as the consumer moves on to the Purchase Stage. According to a 2009 study by iCrossing, a digital marketing agency, running an online display campaign to build awareness while simultaneously running a search text ad campaign to stimulate purchases increased the performance of the search campaign by 13%.

Local display advertising is one of the fastest growing and largest local media types, expected to reach $16.3 billion by 2015 to make up 43% of all local digital ads (Exhibit G).



**Exhibit G**
**Local Display & Local Search Ad Spend ($B)**

Source: Copyright© BIA/Kelsey 2011
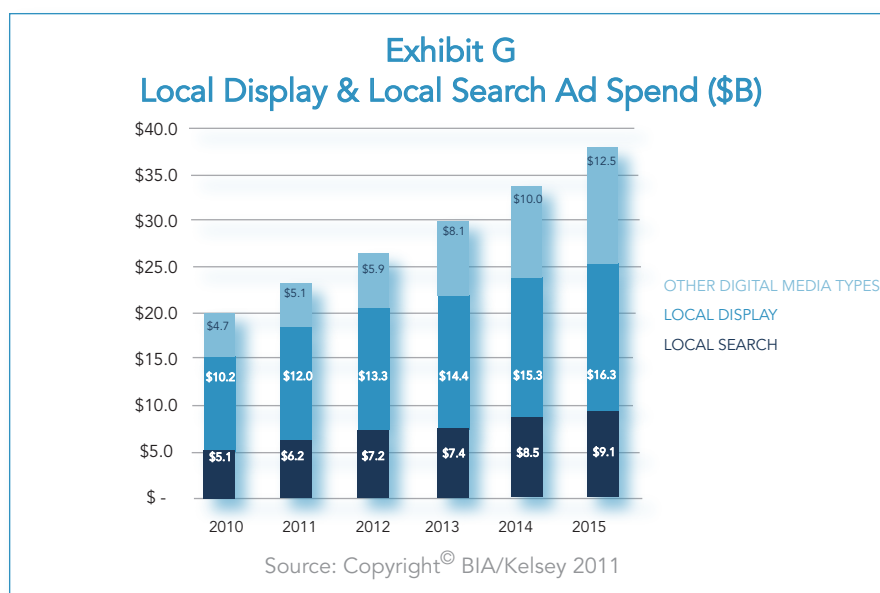
## Which Local Ad Networks Are The Right Ones For Your Business?

Surprisingly the majority of LANs do not sell directly to local businesses. Most LANs use a reseller model where a local media company (e.g., a newspaper), looking to add value and capture a larger share of the advertising pie, integrates one or more LANs into their overall advertising solution.

LANs that operate their own direct sales force and customer support teams and own their own media properties appear to have an advantage. The YP℠ Local Ad Network

from AT&T Interactive is an example of a LAN that covers all of these areas. AT&T Interactive owns YP.com, one of the largest local media properties on the Web. They also operate one of the largest local sales forces in the U.S. and have developed one of the broadest local advertising networks in the industry. But just because a LAN has a sales force, doesn't mean they can effectively deal with SMBs at scale. For example, Citygrid Media, another big LAN, operates a small telesales group to sell to SMBs directly. However, their primary strategy is to sell through resellers - such as AT&T Interactive.

**BIA** Kelsey

"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

If a business wants to target ready-to-buy online consumers we believe that LANs operated by companies that have the following attributes will succeed:

- Companies that have a long history, both offline and online, helping SMBs market to consumers in the Purchase Stage. They specialize in people who are ready to buy.

- Companies that have built large premium ad networks that can target customers at all stages of the Consumer Purchase Funnel across a variety of media platforms and ad types.

- Companies that own their own substantial local media properties have more control, flexibility and breadth to offer marketing services tailored to the advertiser's needs.

- Companies that have large sales forces with a history of playing a consultative role with SMBs. They can be more responsive than competitors with small or no sales force.

- Companies that have unique customer support resources and can effectively service large numbers of SMB advertisers on a personal level.

Exhibit H shows an overview of how some of the top LANs stack up in terms of these important attributes:

### Features of Top Local Ad Networks

| | LOCAL SALES FORCE? | ONLINE LOCAL SEARCH | MOBILE | DISPLAY | IPTV | NUMBER OF PUBLSHERS | CONSUMER REACH |
|---|---|---|---|---|---|---|---|
| **yp** Local Ad Network | ✓ | ✓ | ✓ | ✓ | ✓ | 300+ | 180M+ |
| CITYGRID MEDIA | | ✓ | ✓ | | | 250+ | 140M+ |
| Chitika | | | ✓ | | | 20,000+ | 60M+ |
| where | | | ✓ | | | 100+ | 50M+ |
| The Newspaper Consortium | ✓ | | | ✓ | | 400+ | 180M+ |
| xAd | | | ✓ | | | 35+ | 50M+ (est.) |

## THE FUTURE OF LOCAL ADVERTISING

As we look to the future of local online advertising, a few things are clear:

- There will be increasing proliferation of media and devices, particularly in the mobile area, that will impact how people find and use local information and services.

- As thousands of new local services bloom, the local audience will become increasingly fragmented and difficult to target with marketing.

- Options for local online advertising will continue to multiply and evolve at a rapid rate creating even more confusion for local marketers.

- The local media companies that are best able to keep up with the fast pace of these innovations will earn the trust, and advertising dollars, of local businesses looking to reach this increasingly fragmented audience.

**BIA Kelsey**

**In our view,** LANs seem ideally positioned, both now and in the future, to simplify local marketing for SMBs and to earn that trust.

## BACKUP / APPENDIX

Contains the following:

**1.**    What is Local Search?

**2.**    Popular Local Online Media

**3.**    What Role Do Ad Networks Play?

**4.**    Top Local Ad Networks

**5.**    Local Online Advertising Options

### What Is Local Search?

Broadly defined, Local Search is what people do when they use Web services to find local information and/or services.  The following are typical services used for Local Search:

- **Search Engines:**

  Search engines such as Google and Bing are perhaps the most popular way to find information on the Web.  When we talk about "Local Search," we typically are referring to people entering queries into search engines or Internet Yellow Pages sites that have some kind of specific geographic intent.  These queries could come in the form of explicit intent (e.g., searches for "dentists in Los Angeles") or implied intent (e.g., searches for "dentists") where there is no specific geographic qualifier (e.g., "in Los Angeles"), but the term implies that the consumer is in the market for a local product or service.  According to Google, approximately 20% of the billions of searches done each month have some kind of either explicit or implicit local intent.  That said, local marketing via search can be quite challenging.  Search engines cover a broad mix of consumers and can produce a large amount of clicks for local advertisers, but it takes considerable skill and constant maintenance to target consumers at various stages of the buying process so the advertiser is not paying for unqualified clicks.  And while search engines are key drivers of local search, the information they provide for local queries can be incomplete.

  Often people start their searches on search engines and end them on more relevant "local" sites.  These are sites typically with local brands or with content and/or services designed to specifically help people find local services, businesses, news, events and other local information.  The following are some of the more popular:

- **National & Local General Business Directories:**

  Sites and applications that aggregate business contact and service information. This category includes popular national yellow pages sites like YP.com as well as city-oriented sites like Boston.com. While many of these sites have branched out over the years to include news, events, weather, classifieds and other local information, the business directories provide an easy way for consumers to get in touch with local merchants.

- **National & Local Vertical Business Directories:**

  These services are similar to the General Business Directories, except that they usually target a more limited set of business categories ("verticals"). Examples include FindaPlumber.com, ServiceMagic.com, Chiropractors.org, FindLaw.com, etc.

- **Local Media Sites:**

  Local TV station, radio station and newspaper websites are some of the more popular sites for local audiences. The mix of content – news, photo galleries, videos, sports, weather, classifieds, etc. – can be effective for advertisers that want to increase brand awareness among the locals.

- **Community Forums/Q&A Sites:**

  Sites where consumers can discuss local issues and ask for advice and help are some of the most popular forms of local media as they typically are online congregation points for residents of a particular area. These services can typically be found on local newspaper sites, city sites and other local media, but they also are emerging as popular elements of non-local sites such as Facebook and Quora.com.

## DIFFERENT MEDIA FOR DIFFERENT STAGES OF CONSUMER INTENT

The various types of local media have traditionally operated at different points along the Consumer Purchase Funnel:

- **Local Television/Cable:**

  Local Television and Cable media have typically sold advertisers on their value at the

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- **Local Television/Cable:**

  Local Television and Cable media have typically sold advertisers on their value at the

Awareness Stage. TV's ability to reach a large, broad audience all at once can make it an effective platform for introducing brands and generating awareness. TV typically has a relatively low cost per thousand people reached, because the audience is a general one.

- **Newspapers:**
  Newspapers have typically sold advertisers on their ability to both build awareness and appeal to consumers at the Consideration Stage of the funnel. For example, consider Sunday circular inserts, which promote sales and offers from local retailers. For a consumer already in the market for a certain product or service, a special deal or discount might tip the scales in a certain retailer's favor.

- **Search:**
  Search engine advertising from services such as Google, Yahoo! and Bing tends to appeal most to consumers in either the Consideration Stage or the Purchase Stage. A search for "mesothelioma" may indicate that a consumer is researching the medical condition, seeking to learn more and build a stronger knowledge base or find a Mesothelioma lawyer. However, the same searcher might query "mesothelioma lawyer boise idaho" and their intent to purchase locally becomes far more obvious.



Source: Copyright© BIA/Kelsey 2011

- **Yellow Pages:**
  The Yellow Pages' advertising solutions have historically been in the Purchase Phase. Picture the homeowner, staring at the clogged sink. When that consumer opens a yellow pages book, or types a search query at an Internet Yellow Pages site (IYP), they are clearly in need of the service and are trying to find a provider. Yellow Pages advertising's high likelihood to get a potential customer to pick up the phone and buy is the reason why its value has always been extremely high.

**As the Internet has blurred the lines** between various media's ability to target consumers at different stages in the buying process, it has also created an explosion of different forms of advertising.



Source: Copyright© BIA/Kelsey 2011
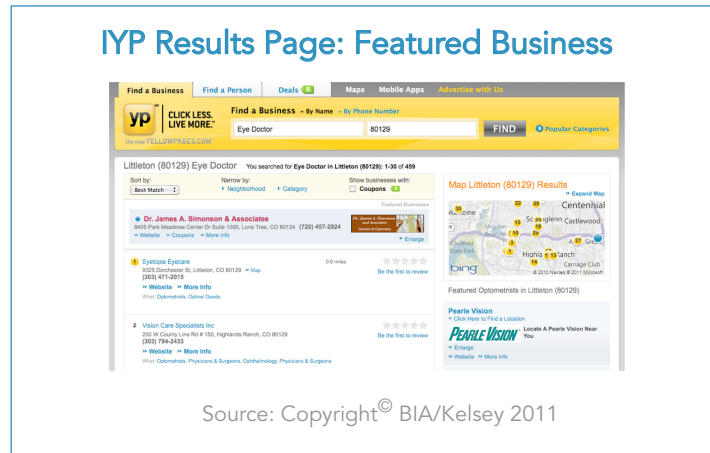
## TOP LOCAL AD NETWORKS

- **YP℠ Local Ad Network (AT&T Interactive):**

    AT&T Interactive offers a local ad network that includes their owned and operated properties such as YP.com and YPmobile® apps, Internet properties like Yahoo! Local, AOL.com, Bing Maps & Local, and Local.com, and mobile properties like Yahoo! Mobile, AOL Mobile and Pandora's mobile app. ATTi leverages their direct sales force to offer their local ad network directly to local businesses, as part of a complete local advertising solution. Available inventory includes search ads, display ads, pay-per-call, mobile ads and directory listings.

    www.attinteractive.com/connect-with-us/advertisers

- **CityGrid Media:**

    The CityGrid Network consists of the company's owned properties (Citysearch.com, InsiderPages.com and UrbanSpoon) and extends to publishers in Search (Google, Yahoo! and Bing), Mobile (Buzzd, AdMob) and local directories and guides (YP.com, Superpages.com, AOL). CityGrid focused less on direct sales, and more on aggregation of local advertisers from local sales partners.

    www.citygridmedia.com

- **Chitika Local Ad Exchange:**

  Chitika's Local Ad Exchange (LAX) focuses on serving ads on search results pages on local sites. LAX publishers include some of the same sites as the networks mentioned above, as well as Examiner.com, Yellowbook.com, Servicemagic.com and Topix. Chitika works directly with high-spend advertisers (>$50K per month) and through interactive agencies. For lower-end advertisers, Chitika uses inventory from Yahoo's ad network.

  www.chitika.com

- **xAd:**

  XAd is a mobile, local ad network focused on connecting local businesses with mobile consumers. They claim to be the largest local mobile search and advertising network in the United States. Similar to CityGrid, xAd focuses less on direct sales, and more on providing mobile distribution to local sales organizations looking to broaden offering across mobile.

  www.xad.com

- **Verve Wireless:**

  Verve operates a local mobile ad network focused on helping 1,000+ hyper-local publishers generate revenue from their mobile traffic. They aggregate localized mobile traffic to appeal to national brands looking to target their brand messages locally. Verve primarly works directly with national advertisers (either direct or through an agency).

  www.vervewireless.com

- **Where Ads** is a mobile local ad network that serves over 2 billion impressions per month across 100 mobile publisher sites. The company was recently bought by eBay.

  www.where.com

## ADDITIONAL LOCAL AD NETWORKS:

**Other examples of local ad networks include:**

- **SLOAN** (Sacramento Local Online Ad Network) which focused on creating value for local advertisers across media publishers serving Sacramento, CA and surrounding areas.

  www.sacad.net

**⚫CBS** • **CBS Local Ad Network** (SyndiGoNetwork) offers publishers the chance to include a widget of CBS affiliate content (and CBS local affiliate advertisers) on their own site, and to share in the revenues.
www.syndigonetworks.com

**AdMarvel** • **AdMarvel** offers a mobile ad network akin to iAd and AdMob, for the Verizon Developer Community, developing mobile apps exclusively for Verizon mobile devices.
www.admarvel.com

**millennialmedia** • **Millennial Media** operates a full-service advertising agency and mobile ad network targeted to large, national, brand advertisers.
www.millennialmedia.com

**Jumptap** • **JumpTap:**
JumpTap manages a mobile ad network across more than 13,000 sites and apps, focused on targeting consumer audience segments that match an advertisers target audience. They price their ads on either a CPM or CPC basis. JumpTap works with agencies, and direct brand advertisers, looking to target a national advertisers' message to a local consumer.
www.jumptap.com

**admob** • **AdMob:**
AdMob is a mobile advertising platform, owned by Google, targeted to mobile app developers as a way to generate revenues via advertising from free apps. AdMob uses "Google Mobile Ads", a part of Google Adwords, to provision ads for advertisers. Like AdWords, Google Mobile Ads is primarily a self-service platform, with dedicated reps for large advertisers.
www.admob.com

**iAd** • **iAd:**
iAd is a mobile advertising platform from Apple. Similar to AdMob, iAd is designed to appeal to mobile app developers building free apps for sale within the iTunes App store. Apple has focused on selling iAd inventory to large brand advertisers in its initial phase.
www.advertising.apple.com

## LOCAL ONLINE ADVERTISING OPTIONS

There are a variety of media types available to local advertisers including:

- **Search Ads:**

    Ads typically appear on search results pages and are targeted based on search keywords and/or demographic targeting based on searchers queries and behaviors. These ads are typically text ads.

    **Pricing:** Typically sold as cost-per-click ("CPC"), priced per keyword.

- **Online Display Ads:**

    Allows advertisers to target a relevant audience with display ads while they are doing other online activities besides search such as reading content, community activities such as playing a game, communicating with others via email or instant messaging ("IM") and browsing e-commerce sites. Typical local online display services will allow you to target online users both geographically and behaviorally (based upon previous online activity that can be tracked).

    **Pricing:** These services are typically priced either on a cost-per-click ("CPC") or cost-per-impression ("CPM") basis.

**BIA**Kelsey

**Research from BIA/Kelsey: Oct. 2011**

- Total Search revenue was $17.4B in 2010 (forecasted to be $20.4 B in 2011)
- Local search was 29.4% of total in 2010 ($5.11B)

- **Directory Listings:**

    Various Yellow Pages and business directory sites sell packages that allow advertisers to control how their businesses appear in their directory. Typical directory listing packages allow for options such as ability to write custom business descriptions, video, links back to your website, banner graphics, links to e-mail and other data to differentiate your listing. Directories also sell premium placement packages designed to give advertisers greater prominence in various parts of the website.

    **Pricing:** These offerings are typically priced on a flat monthly rate with tiers for different services.

**BIA Kelsey**

**Research from BIA/Kelsey: Oct. 2011**

- Total Display advertising (display, digital video, rich media & sponsorships) was $10.2 B in 2010 (forecasted to grow to $16.3B in 2015).
  - During 2010, 34% of all display impressions occurred on social media sites, a huge increase from 13% in 2009.
- Local display grew to $2.1B in 2010 (20% of all inventory)

- **Guaranteed Clicks:**

Some publishers offer advertisers the option of buying a guaranteed number of clicks to their website. This is one of the more attractive types of media for an advertiser because it takes much of the guess work out of online media buys. In this case, the advertiser doesn't necessarily specify which types of media they want to purchase as it is the job of the network to place the ads in the media that will deliver both the desired quantity and quality of leads.

**Pricing:** A guaranteed number of clicks, for a fixed monthly price (e.g., 100 clicks for $250/month)

**BIA Kelsey**

**Research from BIA/Kelsey: Oct. 2011**

- Total Yellow Pages (Print & Internet YP) was $8.7B in 2010
- Total IYP revenues was $1.8B in 2010 (forecasted to grow to $3.7B in 2015)

- **Mobile Ads:**

Mobile ads take advantage of the unique capabilities of mobile devices such as touchscreens, location sensing and phone calling. The ads can appear either within mobile versions of publishers' websites in both search and display formats or as an ad within a mobile application. Performance-driven mobile ads often use click-to-call phone numbers to easily connect people with advertisers based on location, distance information to show how close the users are to your business and click-to-download to promote the advertiser's mobile app. Mobile ads focused on building

brand engagement and awareness often provide interactive features such as video, games, and multi-panel messaging.

> **Pricing:** There are a variety of pricing models including cost-per-click, cost per impression and cost-per-call. In the case of Apple's iAd service, it has been reported that advertisers pay $0.01 for each ad displayed and $0.02 for each ad clicked.

- **Pay-Per-Call Ads:**

  Publishers display a trackable phone number for each advertiser (instead of the advertiser's real phone number) and publish the number on websites, in search results, in mobile applications, etc.

  > **Pricing:** Advertisers pay each time a call is made via the tracking phone number. Prices vary by advertiser category and location.

- **SMS Advertising:**

  Typical SMS ad platforms offer ads that appear attached to text message content that a user has subscribed to (e.g., local sports scores). Users that respond to your ad can get a full-length text message from you that could contain a link back to your site, a phone number, a store locator, a coupon or other messaging. The immediacy of user response to text messaging combined with location awareness can make this media effective.

  > **Pricing:** SMS ads are typically sold on either a CPM or CPC basis.

- **Video:**

  Video publishers typically sell inventory on online videos. Standard ad formats include "In-Stream", a 15-60 second video ad that appears either before, between or after video content. Often the video ads are accompanied with a companion ad banner at the bottom of the screen. The ads can be either video or more interactive by providing users with the ability to expand the ad, use a store locator, etc.

  > **Pricing:** Video ads are typically priced on a per-impression basis but can also be cost-per-click or cost-per-action depending on the publisher.