



# Local Insights

## DIGITAL REPORT



Q2 2012

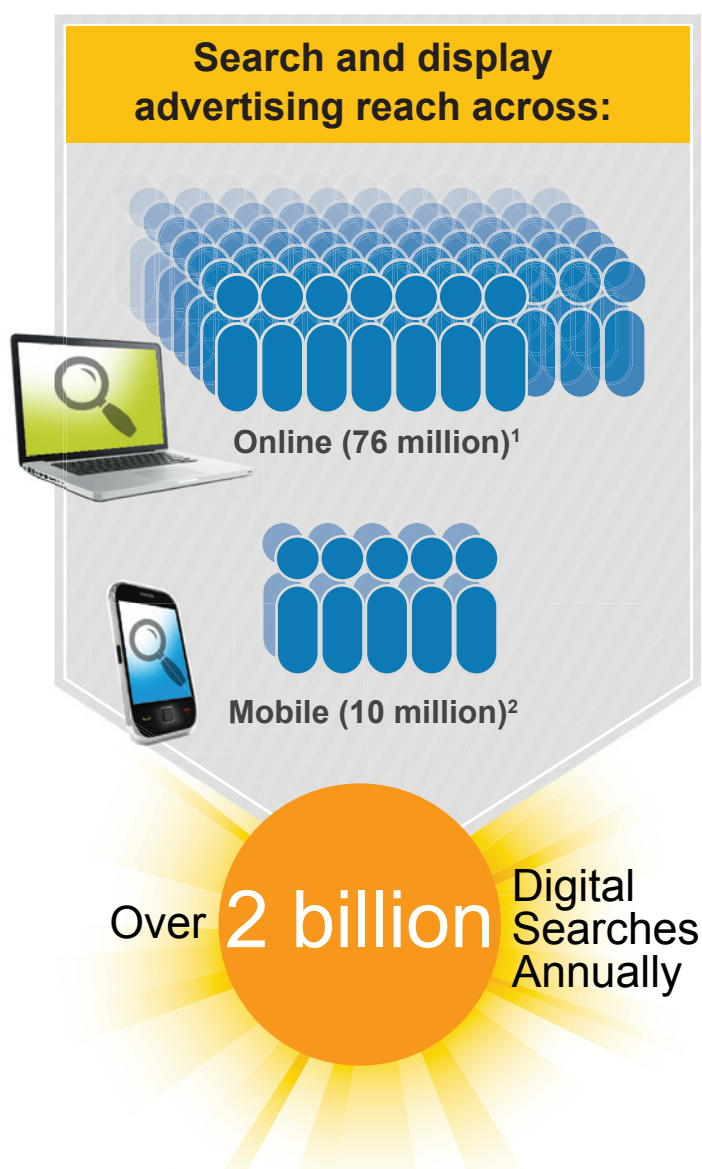
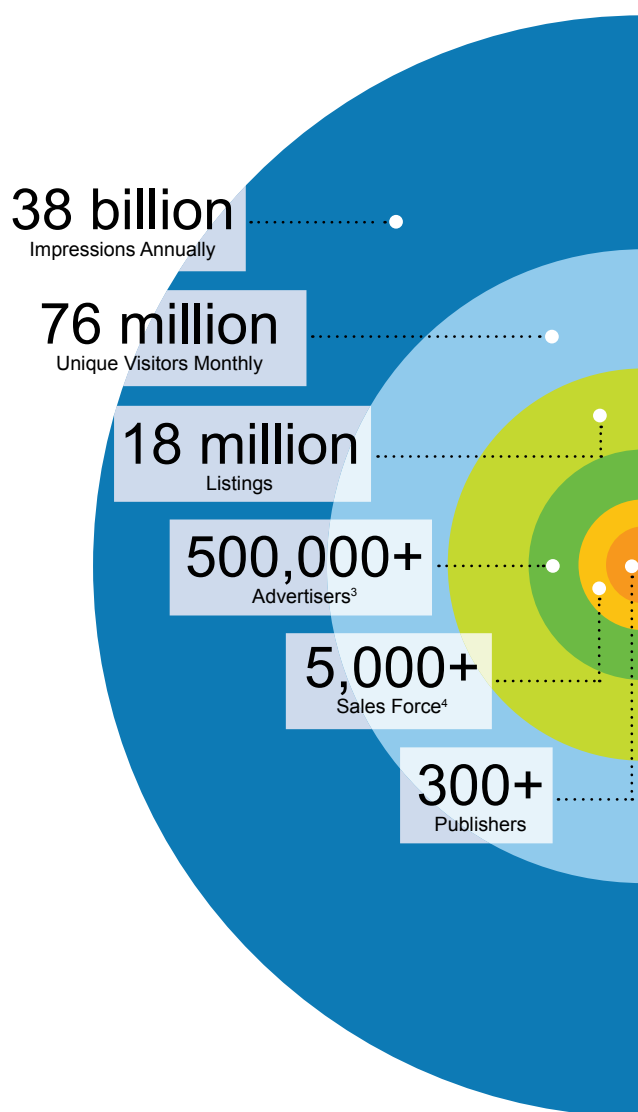
The YP<sup>SM</sup> Local Insights Report focuses on trends in the rapidly evolving digital local advertising ecosystem. It is based on online and mobile data from the YP<sup>SM</sup> Local Ad Network.





The YP<sup>SM</sup> Local Insights Report is focused on uncovering trends across the rapidly evolving local advertising ecosystem. This Insights Report is based on data from 563 million searches and nearly 11 billion impressions in Q1 2012 across the YP<sup>SM</sup> Local Ad Network's 300+ online, mobile, IPTV and directory assistance publishers.

## The YP<sup>SM</sup> Local Ad Network—The Numbers



<sup>1</sup> comScore Media Metrix, AT&T Interactive Network (Online Search), May 2012; <sup>2</sup> Nielsen, custom user-defined report, March 2012; unduplicated reach across tracked mobile sites in the YP<sup>SM</sup> Local Ad Network <sup>3</sup> includes advertisers from cross-distribution relationships; <sup>4</sup> YP products are supported by a 5,000+ sales force from YP and other resellers; All data from YP Internal Sources, October 2011 – March 2012, unless noted.

# What Searchers are Searching For

## Top Search Categories

1. Restaurants
2. Financial Services
3. Auto Repair
4. Real Estate
5. Beauty Services
6. Physicians & Surgeons
7. Auto Parts
8. Building Contractors
9. Legal Services
10. Lodging

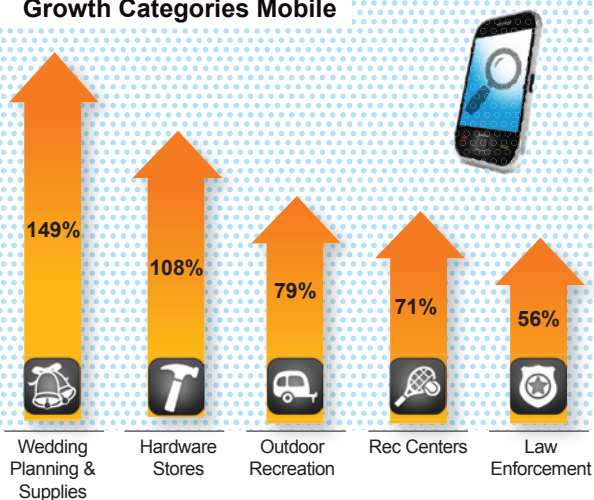
## Top Growth Search Categories

1. Family Services ▲164%
2. Wedding Planning & Supplies ▲76%
3. Pharmacies ▲68%
4. Security Services ▲59%
5. Florists ▲59%
6. Construction ▲49%
7. Auto Sales ▲49%
8. Auto Parts ▲46%
9. Landscaping & Lawn Services ▲40%
10. Boats & Boating ▲40%

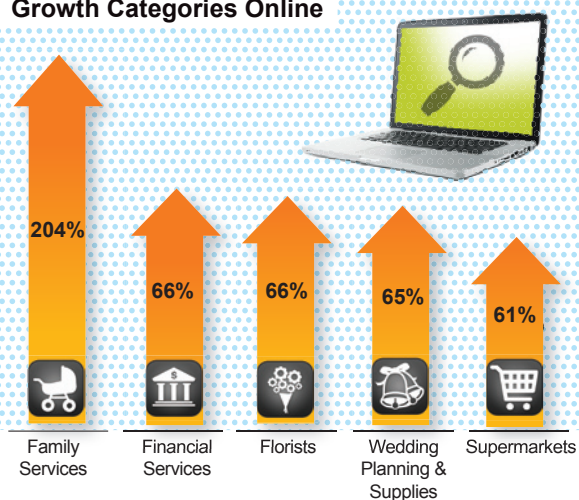
YP internal data, based on total online and mobile category searches, Q1 2012

YP internal data, based on total online and mobile category searches, Q4 2011 vs. Q1 2012

## Growth Categories Mobile



## Growth Categories Online



YP internal data, based on mobile and online searches Q4 2011 - Q1 2012. Numbers are averages across the entire category and do not reflect individual performance. Past performance cannot be used to predict future performance.

# YP<sup>SM</sup> Local Ad Network Search Category Trends



## Services

While the majority of category growth in Q4 was in shopping related categories, half of the top Q1 growing categories were service related. Other services categories with notable increases were Financial Services (28%), Travel Agencies (23%) and Shipping Services (17%).



## Babies

The biggest growth for any category was Family Services, which includes searches for Midwives, Pregnancy Centers and Child Rearing Instruction. Additionally, category searches for Child Care were up 34%.



## Weddings

Following directly on the heels of the Holiday engagement season, couples got a head start on planning for their big day in Q1. In addition to 76% growth in searches for Wedding Planning, related categories such as Florists (59%), Caterers (29%) and Party Planning (17%) saw increases.



## Car Sales

Auto dealers reported big gains in Q1 as consumers sought relief from high gas prices (see page 7) in more fuel efficient vehicles<sup>1</sup>. As a result, searches for Auto Sales were up nearly 50% on the YP<sup>SM</sup> Local Ad Network.



## Outdoor Recreation

A relatively mild winter got people out of their houses and searching for Recreation Centers (up 71%) and Outdoor Recreation (up 79%) on their mobile devices. These categories include Batting Cages, Fishing Piers, Playgrounds, Bike Rentals, Mini Golf, Paintball and more.

## The Hunger Games Effect

Searches for Archery Ranges increased 82% from January to March, matching the period of frenzied anticipation for the Hunger Games movie, which debuted on March 23. The box office hit, featuring Katniss Everdeen and her bow wielding skills, has stirred newfound interest in this classic Olympic sport.

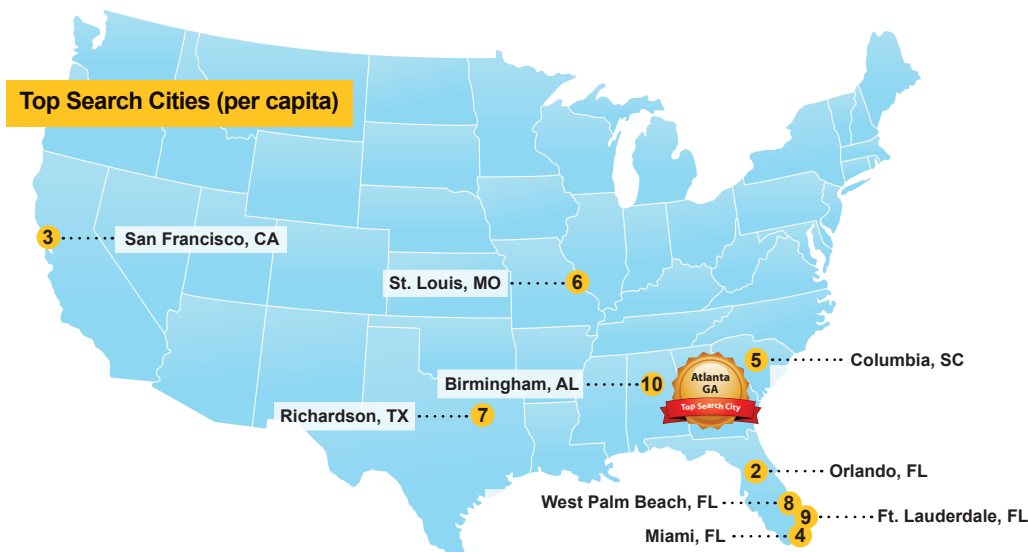


<sup>1</sup> <http://www.autonews.com/apps/pbcs.dll/article?AID=/20120425/RETAIL07/120429918/1400/dealer-groups-report-gains-in-q1-profits>. YP internal data, Q4, 2011 – Q1, 2012. Numbers are averages across the entire category and do not reflect individual performance. Past performance cannot be used to predict future performance.



# Where Local Searchers Search

Atlanta, ranked 5th in total searches on the YP<sup>SM</sup> Local Ad Network (behind New York, Los Angeles, Houston, and Chicago), has the highest digital searches per capita of any city. Average searches per person in this city are 4x higher than the U.S. average.<sup>1</sup> Florida is the top search state per capita with Orlando, Miami, West Palm Beach and Ft. Lauderdale all ranked in the top 10.



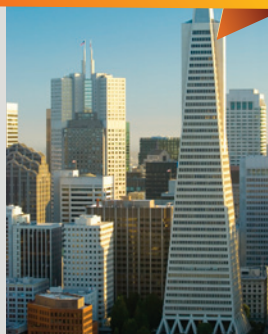
## Top Mobile Search Cities (per capita)

San Francisco, a city known for being tech savvy, has 11x more mobile searches per capita than the U.S. average.<sup>1</sup> Residents of Louisiana and Florida also over-index for searches on their phones. Both states are represented by three cities in the top 10 mobile list.

### TOP SEARCH CITIES

- San Francisco, CA
- Lafayette, LA
- Baton Rouge, LA
- Orlando, FL
- Columbia, SC
- Birmingham, AL
- Miami, FL
- St. Louis, MO
- West Palm Beach, FL
- Shreveport, LA

**#1 Mobile Search**  
*San Francisco, California*



## Top Online Search Cities (per capita)

While mobile local search is quickly catching up, the majority of the searches on the YP<sup>SM</sup> Local Ad Network are performed online. With the exception of San Francisco, which over-indexes on mobile searches, the top online search cities are very similar to the overall top search cities.

### TOP SEARCH CITIES

- Atlanta, GA
- Orlando, FL
- Miami, FL
- Richardson, TX
- Columbia, SC
- St. Louis, MO
- Tampa, FL
- West Palm Beach, FL
- Ft. Lauderdale, FL
- Birmingham, AL

**#1 Online Search**  
*Atlanta, Georgia*



YP internal data. Searches per person calculated from total searches from January-March 2012 divided by city population. Population size 100,000 or more, rounded. <sup>1</sup> Average U.S. searches per person calculated from total searches on the YP<sup>SM</sup> Local Ad Network from January-March 2012, divided by total U.S. population.

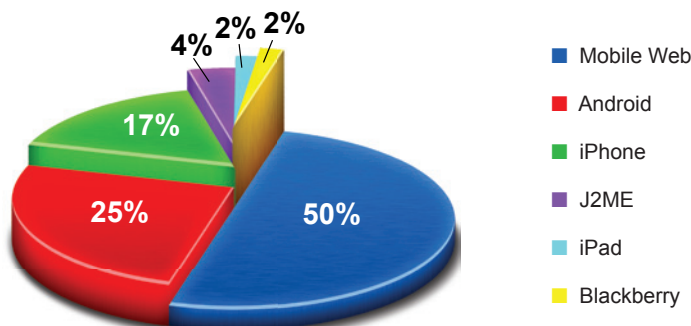
# YPmobile® Products

YPmobile® products are available on all major platforms, including the mobile web, and as downloadable apps on Android, iOS (iPhone and iPad), BlackBerry, Kindle Fire, and more. This suite of mobile properties is a core component of the YP<sup>SM</sup> Local Ad Network, and enables YP to showcase advanced mobile local search functionality, technology and algorithms.

## Searches on YPmobile® products by OS

The number of local searches performed via mobile web increased 72% from the previous quarter and was nearly equal to those made across all of the YP<sup>SM</sup> apps.

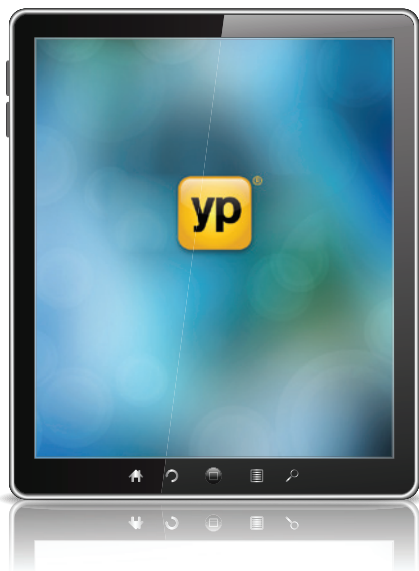
iPad searches continue to grow at an average of 14% every month. Fueled by the March release of the third generation iPad, these searches jumped 43% from the previous quarter.



YP internal data, based on searches by mobile platform, Q1 2012. Does not include mobile Directory Assistance searches.

## Top Category Searches by OS

Top category searches across the top YP<sup>SM</sup> app platforms were very similar. While Restaurants was the top search category on all these platforms, searches for Restaurants accounted for 30% of all searches on iPads but only 20% on iPhones and Android smartphones.



### Top iPhone Search Categories

1. Restaurants
2. Theaters
3. Lodging
4. Bars
5. Beauty Services

### Top Android Search Categories

1. Restaurants
2. Theaters
3. Lodging
4. Bars
5. Financial Services

### Top iPad Search Categories

1. Restaurants
2. Bars
3. Auto Repair & Service
4. Grocery Stores
5. Theaters

### Top Mobile Web Search Categories

1. Restaurants
2. Beauty Services
3. Theaters
4. Auto Repair & Services
5. Driving Service

YP internal data, based on category searches by mobile platform, Q1 2012.



# The YP<sup>SM</sup> App

The YP<sup>SM</sup> app turns mobile devices into powerful local guides that help consumers find the businesses they need. A closer look at the data behind the app offers a glimpse into how users are adopting new and convenient features such as gas and restaurant finders, menu search, deals and ratings.



## Gas Finder

11% of iPhone and Android searches on the YP<sup>SM</sup> app are for gas prices. In Q1, the price of gas skyrocketed, driving a 45% increase in usage of the YP<sup>SM</sup> app gas finder tool.<sup>1</sup> This invaluable feature automatically locates the cheapest gas options in a user's vicinity.



## Restaurant Search

Usage of the recently introduced restaurant search tool increased 62% from the beginning of the quarter.<sup>2</sup> This tool is used up to 70% more on the weekends, as hungry consumers seek local food options based on their criteria for distance, cuisine, price, ambiance, ratings and more.



## Click to Call

On average, 2.5 calls are made to local businesses from YP<sup>SM</sup> apps every second of every day. This convenient feature allows users to quickly make a call to local business directly from the app.



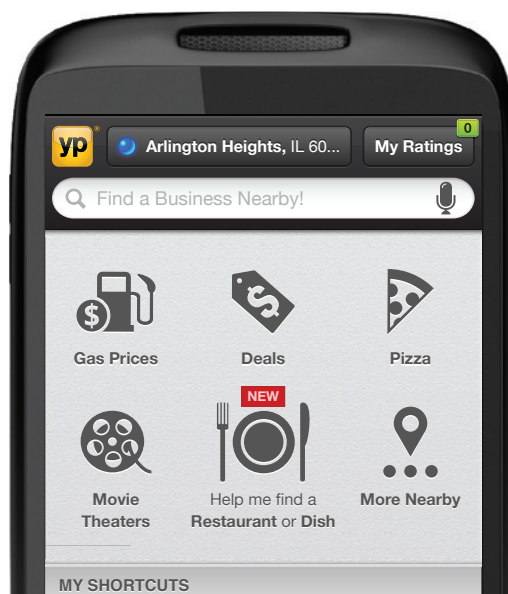
## User Ratings

The average star rating for a business on the YP<sup>SM</sup> app is 3.6 out of 5 stars. 22% of all reviews are for Restaurants, followed by Beauty Salons, Movie Theaters, Nail Salons, Taxi Services, Auto Repair and Doctors.



The YP<sup>SM</sup> app now includes menus for over 300,000 restaurants, helping users go one step further in their quest for the perfect meal. In Q1, the most popular restaurant menus on the YP<sup>SM</sup> app were:

1. Talia's Steakhouse, New York City
2. Pomodoro Rosso, New York City
3. Chef Yu, New York City
4. ChicaGo's Pizza, Chicago
5. La Grotta Ristorante Italiano, Atlanta



YP internal data. Based on usage of YP<sup>SM</sup> app, Q1 2012. <sup>1</sup> Does not include usage of the recently launched Gas Guru app. <sup>2</sup> Comparison of restaurant search tool usage; Jan 1 vs. March 31, 2012.

# Advertisers on the YP<sup>SM</sup> Local Ad Network

The YP<sup>SM</sup> Local Ad Network has over 500,000 advertisers across 200 industries in over 4,600 categories. These advertisers, mostly small and medium sized local businesses, receive a direct benefit from the YP<sup>SM</sup> Local Ad Network in the form of store visits, calls, and inquiries.

## Top Local Advertiser Categories Based on Ad Spend

1. Medical<sup>1</sup>
2. Contractors & Construction
3. Legal Services
4. Automotive<sup>2</sup>
5. Home Maintenance Services<sup>3</sup>
6. Materials, Equipment & Supplies
7. Financial Services
8. Pet & Animal
9. Moving & Storage
10. Real Estate

YP internal data, based on category ad spend, Q1 2012

## Top Clicked Categories

1. Automotive<sup>2</sup>
2. Medical<sup>1</sup>
3. Restaurants
4. Contractors & Construction
5. Beauty Services
6. Legal Services
7. Home Maintenance Services<sup>3</sup>
8. Pet & Animal
9. Real Estate
10. Financial Services

YP internal data, based on category clicks, Q1 2012

The top advertiser categories in Q1 also received the most clicks. The lone exception to this was Moving & Storage, which is more seasonal than the other top advertiser categories<sup>4</sup>. Clicks for Moving & Storage generally increase from March to July, when people are more apt to move.

Restaurants and Beauty Services are top clicked categories that are not represented as top advertiser categories. There is significant opportunity for advertisers in these categories to gain traffic from the YP<sup>SM</sup> Local Ad Network.

A recent study found that 56% of visitors to the central properties of the YP<sup>SM</sup> Local Ad Network—the YP.com<sup>SM</sup> site and YPmobile<sup>®</sup> products—followed up their search with a purchase. These consumers made an average of 2.7 transactions per month with businesses they find on YP<sup>SM</sup> properties, at an average value of \$159 per purchase.<sup>5</sup>

<sup>1</sup> Medical includes Dentists, Physicians & Surgeons, and Optometrists. <sup>2</sup> Automotive includes Auto Repair and Service, Auto Parts and Supplies, Auto Sales. <sup>3</sup> Home Maintenance Services includes Landscaping, HVAC, Maintenance and Cleaning Services. <sup>4</sup> Materials, Equipment and Supplies ranked 11 in clicks (Moving/Storage 33) <sup>5</sup> YP commissioned awareness and usage study by Morpace research firm, March 2012.



# About YP

YP is North America's largest local search, media and advertising company. Formerly AT&T Interactive and AT&T Advertising Solutions, YP launched in May 2012, bringing the two companies together with the singular mission of developing innovative solutions to connect consumers and businesses. Millions of searches occur daily using YP<sup>SM</sup> products to find, compare and select local merchants. The company's flagship consumer brands include the YP.com<sup>SM</sup> site, a top 40 U.S. Web domain, the highly rated YP<sup>SM</sup> app and YP Real Yellow Pages<sup>SM</sup> directories, the largest Yellow Pages directory in the world by revenue.

The company's wide range of print and digital advertising products are designed to address the evolving local search needs of consumers and help advertisers grow their business. The YP<sup>SM</sup> Local Ad Network provides advertisers with an opportunity to tap into more than 76 million monthly unique visitors<sup>1</sup> across 300 affiliated online and mobile publishers. Through customized campaigns designed by expert advisors, YP provides local businesses with one of the most cost effective sources for consumer leads.

YP<sup>SM</sup> products are backed by thousands of media consultants<sup>2</sup> and customer service professionals in local markets across the U.S.

## About the YP<sup>SM</sup> Local Insights Report

As an industry leader in local advertising with a wide range of both print and digital ad products, YP is uniquely positioned to provide valuable insights on key components of the local advertising landscape. Published quarterly, The YP<sup>SM</sup> Local Insights Report focuses solely on data from the YP<sup>SM</sup> Local Ad Network, the digital component of YP's diverse local ad business, to provide assessments of the rapidly evolving online and mobile local advertising ecosystem.



<sup>1</sup> comScore Media Metrix, AT&T Interactive Network (Online Search), May 2012; <sup>2</sup> YP products are supported by a 5,000+ sales force from YP and other resellers; All data from YP Internal Sources, October 2011 – March 2012, unless noted.