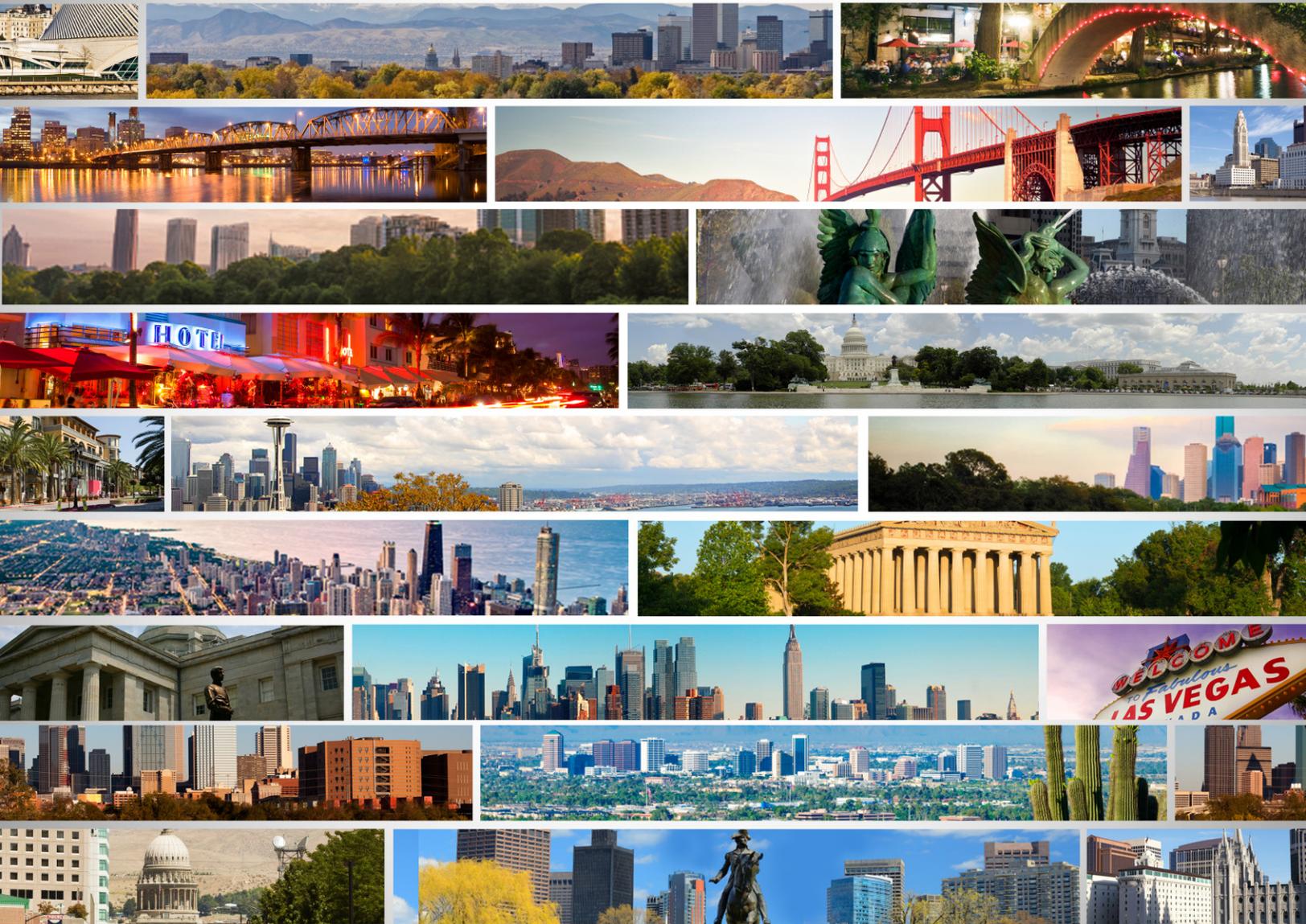




# Local Insights

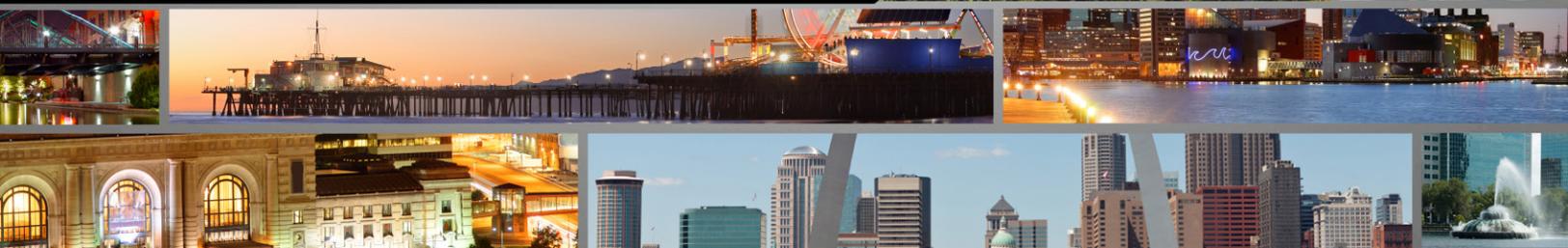
## DIGITAL REPORT

Q3 2012



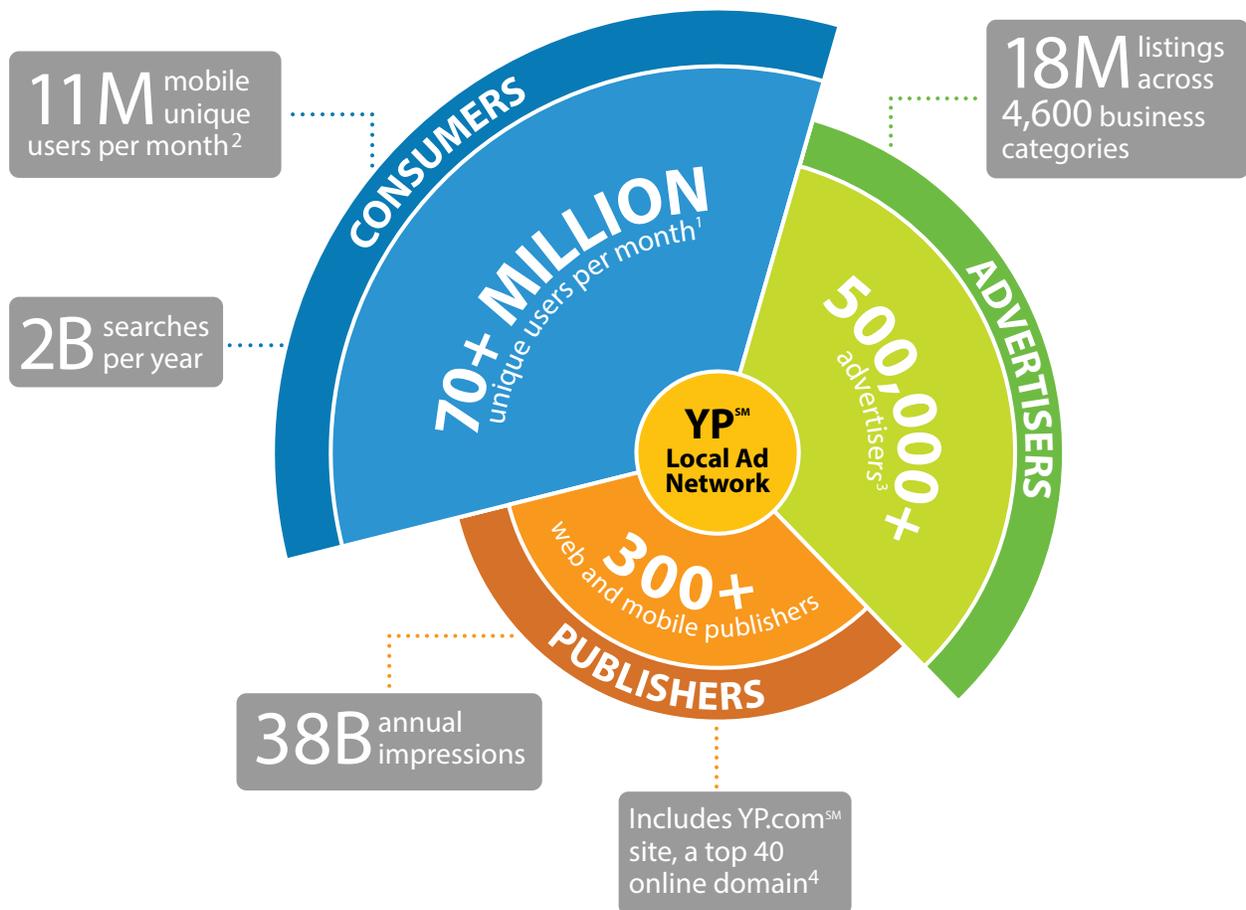
### Highlights of this edition:

- Top Local Category and Vertical Searches
- East Coast vs. West Coast Local Search Trends
- Spotlight on the Geo-targeted YP<sup>SM</sup> Local Mobile Display Network
- Top Growing Local Advertiser Categories



The **YP<sup>SM</sup> Local Insights Digital Report** is focused on uncovering trends across the rapidly evolving local advertising ecosystem. This Insights Report is based on internal data from 573 million searches and 10 billion impressions in Q2 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



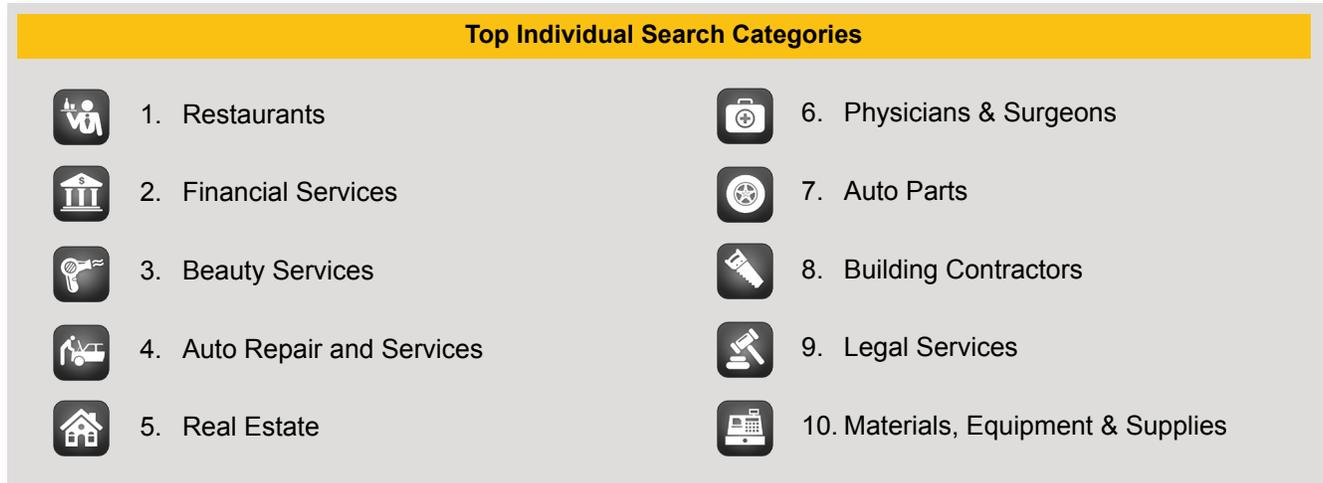
1 YP.com<sup>SM</sup> Network, comScore Media Metrix, June, 2012; does not include mobile and display advertising. 2 Nielsen, custom user-defined report, May 2012; These measurements of unique visitors represent potential reach across respective platforms on the YP<sup>SM</sup> Local Ad Network. 3 Includes advertisers from cross-distribution relationships. 4 YELLOWPAGES.COM, comScore Media Metrix Top 2000 Web Domains Report, June 2012.

All data from this report from YP internal sources, January-June 2012, unless otherwise noted.

# What Local Searchers Are Searching For

## Top Category Searches

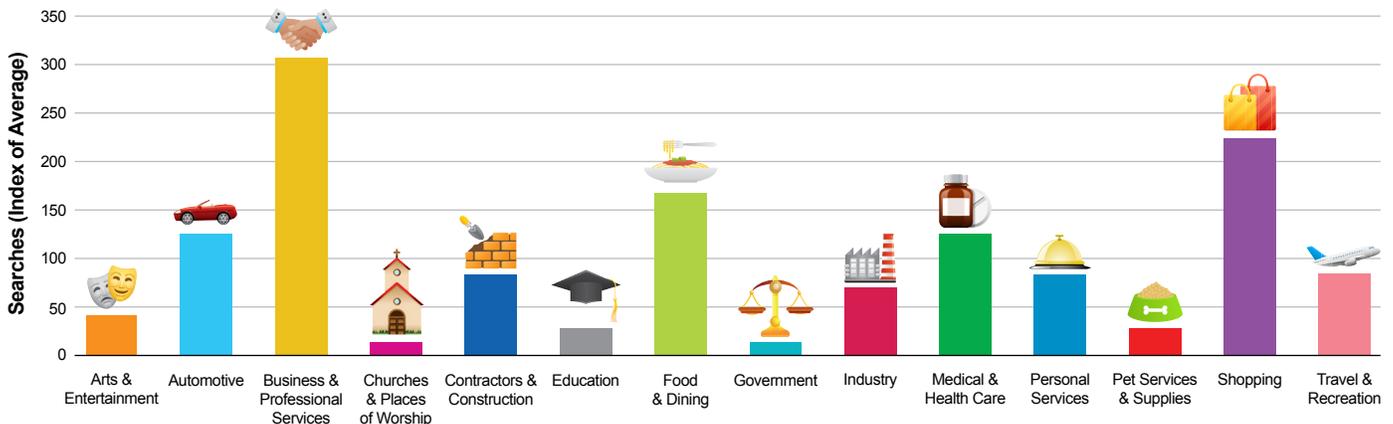
There are 4,600 individual business categories across the YP<sup>SM</sup> Local Ad Network. Among these, the Restaurants, Financial Services and Beauty Services categories are the top searched. The top ten searched categories (below) have been fairly consistent over the past three quarters.



YP internal data, based on category searches Q2, 2012.

## Searches by Vertical Roll-Up

In order to get a more insightful picture of what people are looking for on the YP<sup>SM</sup> Local Ad Network, we grouped the 4,600 individual business categories into fourteen verticals. Interestingly, the picture shifted.



Business and Professional Services have the largest share of searches on the Network. This vertical includes categories such as Financial Services, Child Care, Insurance, Home Maintenance, Real Estate, Marketing and Advertising Services, and more. The Shopping vertical takes second, while Restaurants, the most popular individual search category, drove the Food & Dining vertical to the third most searches.

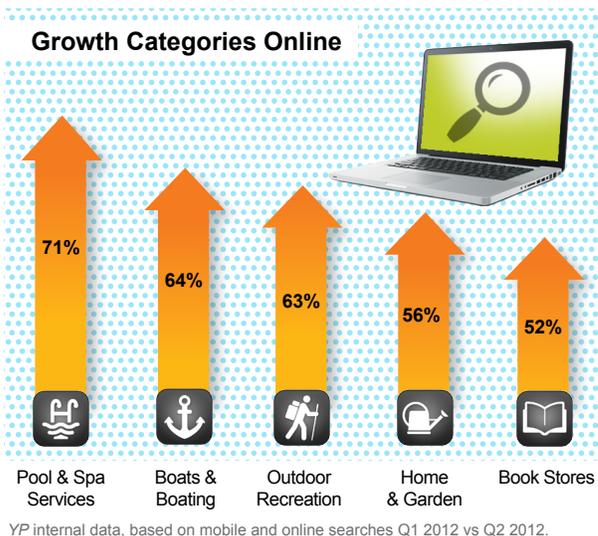
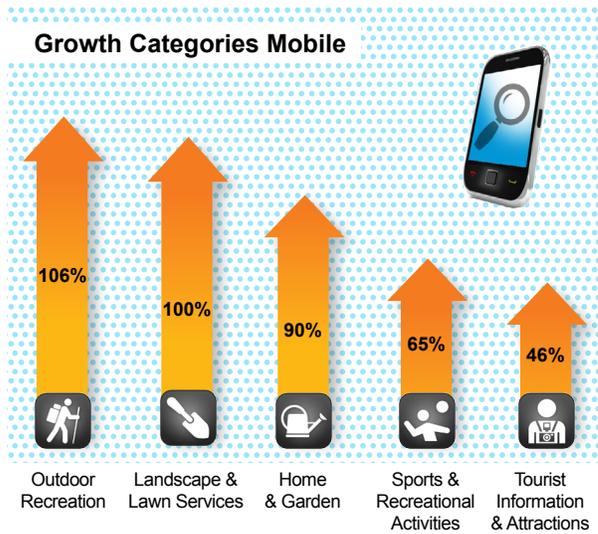
YP internal data, based on vertical searches Q2, 2012. Verticals are determined by internal taxonomy, aggregating secondary level categories headings into top level vertical headings.

# What Local Searchers Are Searching For

## Category Search Growth



YP internal data, based on mobile and online searches Q1 2012 vs Q2 2012.



YP internal data, based on mobile and online searches Q1 2012 vs Q2 2012.



## Mobile Growth in Online Categories

Categories that are traditionally searched for online saw growth in mobile: Landscaping & Garden (100%), Party Planning (45%), Contractors (25%), Medical Services (20%), Employment Opportunities (15%), Financial Services (8%). It could be that users are searching for these items on their phones and tablets from home.

**Read more about search trends on page 4.**

YP internal data, Q1-Q2, 2012. Numbers are averages across 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



## Travel

Memorial Day is the official start of the summer travel season. People looking for a place to go drove mobile searches for Tourist Information & Attractions up 46% and Lodging up 20%. Others looking for how to get there increased searches for Sports and Rec Vehicles (up 65% in mobile), Air Travel (up 13% in mobile), Bus Lines (28%) and Car Rentals (5%).



## Heat Wave

Some consumers sought relief from high temperatures in their back yards, as searches for Pool and Spas spiked 86%—the largest quarterly gain for any category. Other people went indoors to cool down; Heating & Air Conditioner category searches increased 42%.

## Memorial & Father's Day

The early summer holidays provide some interesting seasonal category search spikes. On Memorial Day, the official kickoff of grilling season, searches for BBQs and Supplies historically rise 65%.<sup>1</sup> The two weeks leading up to Father's Day see a 45% increase in searches for Golf Equipment.<sup>2</sup>



## Ship Ahoy!

Searches for Boats and Boating were up 80% overall and increased 64% online. Maritime related categories such as Marine Services and Marine Contractors were also up sharply.



## Books, Music & Movies

Summer beach reading drove 47% increase in Book Store category searches. Online searches for Music Stores (22%), Musical Instruments (16%), and Music Events (4%) were all up from the previous quarter, as was Movie Theaters (3%).



YP internal data, Q1-Q2, 2012. Numbers are averages across entire category and do not reflect individual performance. Past performance cannot be used to predict future performance. <sup>1</sup> YP internal data, based on searches for BBQs and Supplies May 28-30, 2011 vs. May 21-23, 2011. <sup>2</sup> YP internal data, based on searches for Golf Equipment, June 4-19, 2011 vs. May 14-28, 2011.

# Where Local Searchers Search

## East Coast vs. West Coast

In this edition of YP<sup>SM</sup> Local Insights, we compare search trends on the coasts. In order to do so, we aggregated the searches from the top search cities in both regions (cities on the map below). Interestingly, mobile search grew roughly the same on the East and West Coasts. However, online searches grew 2x more on the East Coast than on the West Coast.

EAST COAST

**Search Growth:**  
Year-over-year mobile search growth: 117%  
Year-over-year online search growth: 39%

**Top Searches:**

1. Restaurants
2. Financial Services
3. Auto Repair and Services
4. Beauty Services
5. Real Estate
- 6. Schools**
7. Legal Services
- 8. Employment Opportunities**
9. Contractors
- 10. Auto Sales**

Schools, Employment Opportunities, and Auto Sales are among the top local searches on the East Coast. The latter category includes searches for job placement agencies, vocational counseling, training, resume services and more.

WEST COAST

**Search Growth:**  
Year-over-year mobile search growth: 112%  
Year-over-year online search growth: 17%

**Top Searches:**

1. Restaurants
2. Financial Services
3. Auto Repair and Services
4. Beauty Services
5. Legal Services
- 6. Movie Theaters**
7. Real Estate
8. Contractors
- 9. Lodging**
- 10. Auto Parts**

Movie Theaters was the #6 top local search on the West Coast. Surprisingly it was San Francisco that led the region in searches for this category — not Los Angeles.

YP internal data, Q2 2011 vs. Q2 2012. All data based on aggregate category searches for the cities listed on the maps above.

# Spotlight: YP<sup>SM</sup> Local Mobile Display Network

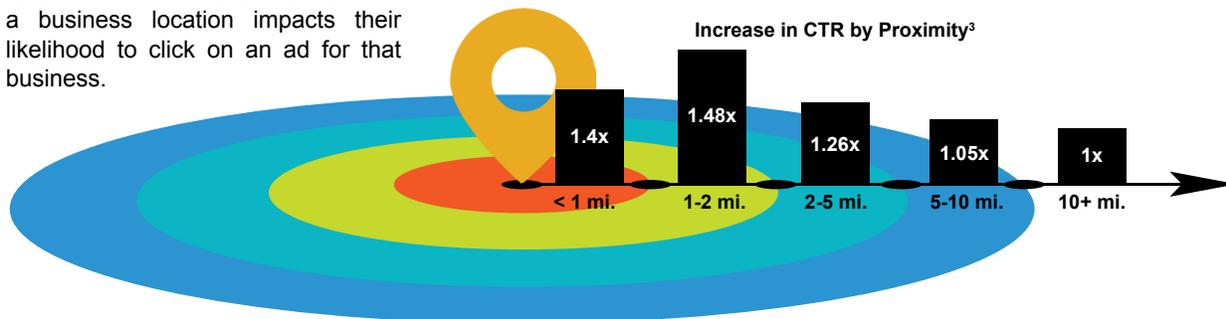
The YP<sup>SM</sup> Local Mobile Display Network offers advertisers the ability to reach consumers based on their proximity to a store or location. Comprised of a highly selective group of over 200 locally relevant apps and mobile websites, this network is also 100% location and smartphone targeted. Since its launch in 2011, the YP<sup>SM</sup> Local Mobile Display Network has experienced tremendous growth, and currently serves over 1.5 billion impressions per month to 156 million unique users<sup>1</sup>.

The YP<sup>SM</sup> Local Mobile Display Network leverages a smartphone user's physical location to serve ads for businesses in the vicinity.



## Click Through Rate (CTR) by Proximity to a Business Destination

By aggregating data from over 1.5 billion monthly geo-targeted banner ad impressions, the YP<sup>SM</sup> Local Mobile Display Network is able to show how users' distance to a business location impacts their likelihood to click on an ad for that business.

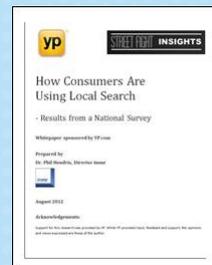


In general, the closer users are to a business the more likely they are to engage and click on a banner. However, there is an interesting "sweet spot" at 1-2 miles that yields the highest consumer engagement<sup>2</sup>.

## Learn More About How Proximity Effects Local Consumer Behavior

Check out our latest research report, "How Consumers are Using Local Search". Published in conjunction with Street Fight and research firm immr, this study explores how consumers perceive "Local." It also reveals how far a user is willing to travel based on where they live, as well as the type of information they are typically searching for.

Visit <http://corporate.yip.com> to download this report.

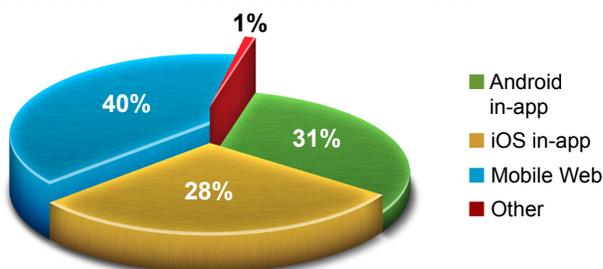


<sup>1</sup> YP internal data, Q1 – Q2, 2012. <sup>2</sup> Click through rate by proximity determined by aggregating the clicks of anonymous users, and evaluating the average distance from the location of the ad being served when it was clicked on. <sup>3</sup> Increase determined by comparing CTR at various distances with CTR at 10+ miles.

# Spotlight: YP<sup>SM</sup> Local Mobile Display Network

The YP<sup>SM</sup> Local Mobile Display Network is solely enabled on smartphones and tablets, with an emphasis on iOS and Android platforms. The premium apps and mobile websites that make up this network are carefully selected to ensure that they meet the criteria for serving local ads, namely that they ask their users to access or identify their location. The aggregate data from the Local Mobile Display Network provides insight into how well consumers respond to geo-targeted mobile advertising on different platforms and on different types of mobile websites and apps.

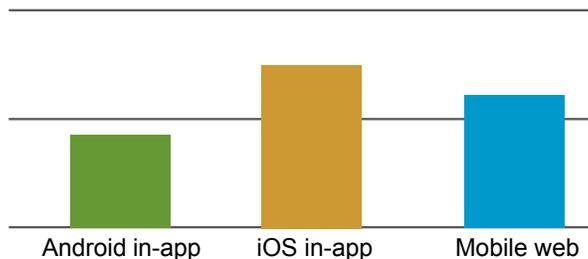
## Geo-Targeted Impressions by Platform



YP internal data, Q2, 2012. Based on mobile banner impressions served by operating system.

In-app impressions contribute nearly 60% of the traffic on the geo-targeted YP<sup>SM</sup> Local Mobile Display Network. Of these impressions, Android slightly edged out iOS impressions across the Network.

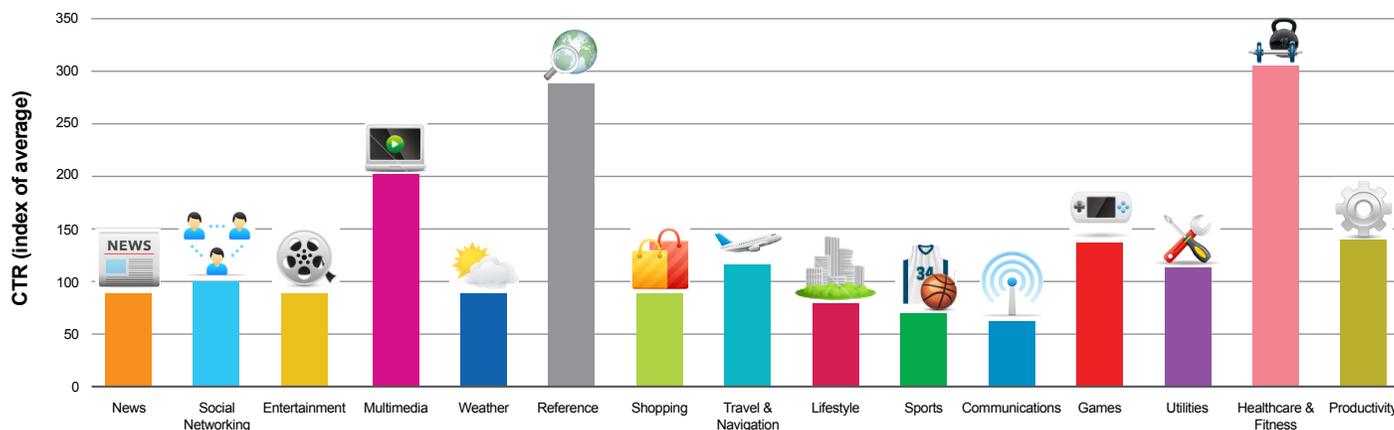
## Click Through Rate (CTR) by Platform



YP internal data Q2, 2012. Click through is measured by impressions divided by clicks.

iOS in-app ads yield nearly 47% higher click through rates than Android in-app ads. Within iOS, iPad ads make up a small but rapidly growing percentage of impressions, but they see 9% greater CTR than iPhone in-app ads.

## Click Through Rate (CTR) Across App & Mobile Website Categories



Healthcare & Fitness, Reference and Multimedia properties receive the highest CTR on the Network. Communications properties receive the lowest CTR, but they see the highest post-click engagement. 33% of all users that clicked on banners on Communications apps also made a click on the landing page.

YP internal data Q2, 2012. Based on click through rates by app or mobile website category or type.

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

There are over 500,000 advertisers on the YP<sup>SM</sup> Local Ad network, spanning 200 industries and 4,600 categories. These advertisers, mostly small and medium sized local businesses, rely on the YP<sup>SM</sup> Local Ad Network to connect them with more than 70 million local consumers that access YP<sup>SM</sup> listings and advertisements every month.

## Top Local Advertiser Categories Based on Ad Spend

1. Building Contractors
2. Legal Services
3. Dentists
4. Physicians & Surgeons
5. Auto Repair & Service
6. Materials, Equipment, & Supplies
7. Auto Parts & Supplies
8. Financial Services
9. Pet & Animal Services
10. Maintenance & Cleaning Services

YP internal data, based on category ad spend, Q2 2012

The top local advertisers remain similar quarter-over-quarter on the Network. Contractors, lawyers, medical professionals, and auto services consistently spend the most to attract local consumers.

## Top Growing Advertiser Categories Based on Number of Advertisers

1. Mental Health Services ▲58%
2. Antiques ▲31%
3. Hardware Stores ▲24%
4. Gift Shops ▲21%
5. Exercise & Fitness Programs ▲20%
6. Building Specialties ▲11%
7. Home Repair & Maintenance ▲9%
8. Recreational Training & Instruction ▲9%
9. Tobacco Stores ▲7%
10. Psychics & Mediums ▲7%

YP internal data, based on number of advertisers, Q1 2012 vs. Q2 2012.

Mental Health Services category had the greatest increase of advertisers to the Network compared to the previous quarter. This could be due to May and June graduates opening up new practices.

### Digital Local Advertising Helps Advertisers and Publishers Grow Faster, Be More Competitive

YP commissioned research firm IDC to create an overview of the digital local advertising ecosystem for advertisers and publishers. This white paper explains the current state of digital local advertising and provides an in-depth look at the role of local advertising networks, including the YP<sup>SM</sup> Local Ad Network.

Learn how digital local advertising and local ad networks help small and medium business advertisers achieve their goals with mobile and online local advertising.

Visit <http://corporate.yip.com> to download this white paper.



# About YP

YP is North America's largest local search, media and advertising company. Its mission is to develop innovative solutions that connect consumers and businesses. Millions of searches occur daily using YP 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 the YP Real Yellow Pages<sup>SM</sup> directory, the largest Yellow Pages directory in the world by revenue.

The company's wide range of print and digital advertising products is 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 reach more than 180 million monthly users across over 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 products and service are backed by thousands of media consultants and customer service professionals in local markets across the US with relationships spanning over 700,000 businesses.

## About the YP<sup>SM</sup> Local Insights Digital 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.



All data from YP Internal Sources, Q2 2011, Q1 2012 & Q2 2012, unless noted.