



Local Insights

DIGITAL REPORT

LOCAL SEARCH
& ADVERTISING
YEAR IN REVIEW
— 2012 —

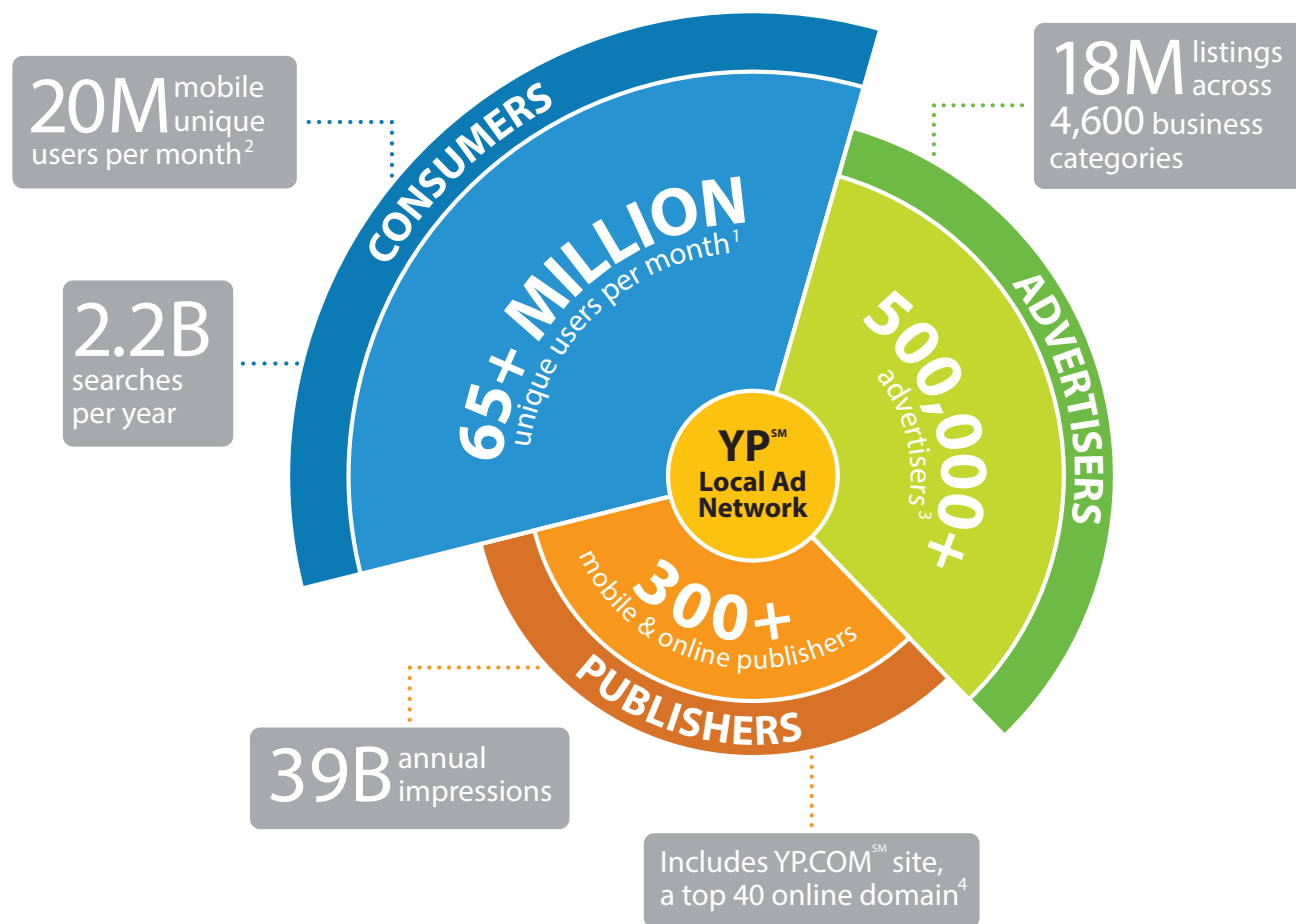
Highlights of this Edition:

- Top Categories and Search Terms
- In-Depth Look at Seasonality
- Spotlight on Clicks and Calls on the YPSM Local Ad Network
- Top Growing Local Advertiser Categories of the Year

The YPSM Local Insights Digital Report focuses on uncovering trends across the rapidly evolving local advertising ecosystem. This Insights Report is based on internal data from more than 2.2 billion searches and 39 billion impressions from a full year across the YPSM Local Ad Network's 300+ online and mobile publishers.

The YPSM Local Ad Network

SEARCH AND DISPLAY ADVERTISING ACROSS MOBILE AND ONLINE



¹ YP.comSM Network, comScore Media Metrix, October 2012; does not include mobile and display advertising ² YP internal data; These measurements of unique visitors represent total reach across respective platforms on the YPSM Local Ad Network. ³ includes advertisers from cross-distribution relationships. ⁴ YELLOWPAGES.COM, comScore Media Metrix Top 2000 Web Domains Report, October 2012.

All data from YP Internal sources, October 2011 - September 2012, unless noted.

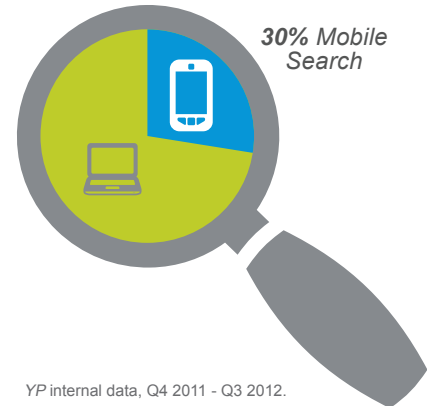
Top Local Search Trends Of The Year

On The YPSM Local Ad Network

This edition of the YPSM Local Insights Digital Report offers a look back at a full year of local search and advertising on the YPSM Local Ad Network. An evaluation of over 2.2 billion local searches across online and mobile devices surfaced a number of very clear themes identified as the top trends from local search in 2012.

Local Search Volume Continues To Grow, Led By Mobile

In the past year, users made an average of 350,000 more local searches every day across the YPSM Local Ad Network compared to the prior year. This growth was primarily fueled by mobile searches, which grew 25% in the same time period, and now account for 30% of all searches on the YPSM Local Ad Network. Many of these searches were made on YPmobile[®] products, the marquee mobile properties of the Network, where searches grew an impressive 161% vs. the prior year.¹



Mobile Local Search Behaviors Are Changing

Behaviors around mobile local search are definitely changing with the increased adoption of smartphones and tablets. Evidence of this includes search growth in categories not related to proximity or urgency, factors that often lead to a mobile search.

Mobile Search Category Growth (YoY)



¹YP internal data, October 2011 vs. October 2012.

YP internal data, Q4 2010 – Q3, 2012 unless otherwise noted. Numbers are averages across entire category and do not reflect individual performance. Past performance cannot be used to predict future performance.

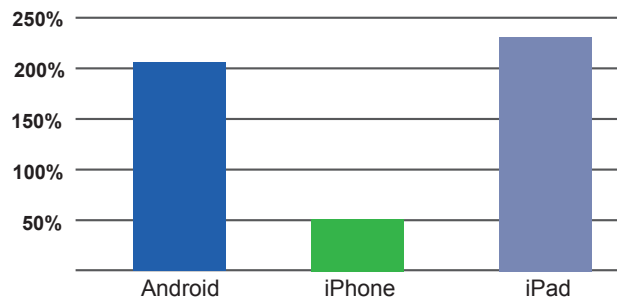
Top Local Search Trends Of 2012

On The YPSM Local Ad Network

iPad, Android Search Growth Is Outpacing iPhone

Across the YPSM apps, our marquee mobile properties within the YPSM Local Ad Network, the number of iPad searches grew 233% compared to the prior year. Searches on Android devices increased 205%. iPhone searches grew as well, up 58% compared to the prior year.

Search Growth by Platform, Year-Over-Year

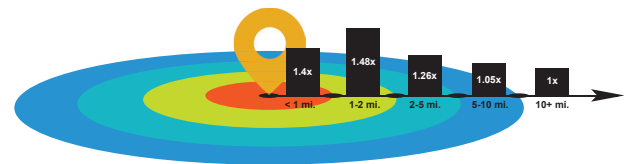


YP internal data, Q4 2010 - Q3 2011 vs. Q4 2011 - Q3 2012.

Proximity Matters

Data from our geo-targeted YPSM Local Mobile Display Network recently uncovered that the closer users are to a business, the more likely they are to click on a mobile banner ad for that business. However, there is a “sweet spot” about 1-2 miles that yields the highest engagement.

Click Through Rate (CTR) by Proximity to a Business Destination²



A recent YP-sponsored white paper also reveals additional factors such as business category, product selection, purchase amount, and level of urbanness all affect the distance a user is willing to travel to shop. For more on this subject visit: <http://corporate.yp.com/localsearchreport>



Medical & Health Care Related Searches Are Growing

Consumers searched 61% more this past year for Medical & Health Care related categories. Pharmacies (144%), Medical Services (83%), Physicians & Surgeons (70%), Clinics (46%), Optometrists (44%), Dentists (40%), Medical Equipment & Supplies (39%), and Hospitals (38%) all experienced notable search growth. Perhaps this trend reflects a broadening of digital local search to an older demographic that has become increasingly PC and mobile literate.



Restaurants Dominate Local Search

Restaurants comprised 17% of mobile searches on the YPSM Local Ad Network and 10% of all searches. This category is the most searched, clicked and called category online, on mobile devices, and on tablets. Searches for Restaurants grew 13% compared to the prior year.



Seasonality Drives Local Search

Over the last year of YPSM Local Insights Digital Reports we have observed weather related events, holidays, and the change of the seasons have a dramatic influence on the way people search and consume locally. For a more in depth analysis of this trend, see page 6.

¹ YP internal data, Q4 2010 – Q3, 2012 unless otherwise noted. Numbers are averages across entire category and do not reflect individual performance. Past performance cannot be used to predict future performance. ² Increase determined by company CTR at various distances with CTR at 10+ miles.



What Searchers Are Searching For

The most popular category on the YPSM Local Ad Network during the past year was Restaurants, which represented 10% of all searches. It was followed by Financial Services, which comprised 4% of searches. This category includes Banks, Lenders, ATM locations, Payday Loans, Currency Exchange, and more. Auto Repair & Service came in third, with 3% of all searches.

Top Search Categories of 2012

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

YP internal data, based on category searches, Q4 2011 – Q3 2012.

Top Growth Search Categories of 2012

1. Pharmacies ▲144%
2. Grocery Stores ▲102%
3. Bus Lines ▲102%
4. Funeral Supplies & Services ▲86%
5. Medical Services ▲83%
6. Utilities ▲81%
7. Second Hand Stores ▲75%
8. Physicians & Surgeons ▲70%
9. Shoe Stores ▲66%
10. Automobile Parts & Supplies ▲64%

YP internal data, based on category searches Q3 2011 vs. Q3 2012.

Most Popular Search Terms of 2012

Search terms make up nearly half of all searches on the YPSM Local Ad Network. These searches are initiated by a user typing a word into the search box, rather than browsing predefined categories. The “word cloud” below visually represents the top search terms on the Network. The bigger the word, the more frequently it is searched for.



YP internal data, based on mobile and online name searches Q4 2011 – Q3 2012.

YP internal data, Q4 2010 – Q3, 2012. Numbers are averages across entire category and do not reflect individual performance. Past performance cannot be used to predict future performance.

When Local Searchers Search – A Look At Seasonality

Searches are influenced by a number of seasonal factors including holidays, newsworthy events, weather changes and more. Out of the 4,600 categories on the YPSM Local Ad Network, 39% experience some degree of seasonality, where their peak weeks of business see at least 2-3x their usual search traffic. 10% of categories experience a high degree of seasonality, with peaks greater than 3x their average.

Categories with High Seasonality Throughout the Year

Winter (Dec - Feb)		Seasonal Peak > Avg
	Personal Fitness Trainers	17.3
	Metallurgical Testing Labs	14.6
	Health Clubs	9.4
	Linoleum Layers	8.9
	Sales Organizations	8.3
	Gymnasiums	8.1
	Psychoanalysts	8.1
	Gem Cutters (Lapidaries)	8.1
	Customs Consultants	6.2
	Business Supplies	5.3
Spring (March - May)		Seasonal Peak > Avg
	Singles Organizations	8.9
	Construction Consultants	8.7
	Construction Estimates	7.4
	Building Contractors	5.6
	Financing Consultants	5.1
	Real Estate Info	4.3
	Dating Services	3.8
	Fishing Supplies	3.8
	Arborists	3.1
	Accounting Services	3.1
Summer (June - August)		Seasonal Peak > Avg
	Concert Bureaus	14.6
	Camping Equipment	14.6
	Fireworks	14.3
	Public Pools	7.3
	Boat Rental & Charter	5.6
	Go Karts	4.5
	Swimming Pool Repair	4.2
	Bike Shops	4.0
	Water Parks & Slides	3.9
	Golf Practice Ranges	3.6
Fall (Sept - Nov)		Seasonal Peak > Avg
	Wallpaper Installation	28.7
	Tank Cleaning	23.7
	Plumbing Contractors	16.3
	Kitchen Cabinet Refacing	15.8
	Electric Contractors	11.4
	Moving Services	9.5
	Furniture Designers	7.4
	Painting Contractors	6.7
	Building Maintenance	6.4
	Tutoring	5.3

The “New Year’s resolution” categories such as Personal Fitness, Heath Clubs and Gymnasiums all see peak search traffic during the winter months. The summer months bring peaks for outdoor and recreational activities such as Public Pools and Boat Charters.

Consumers begin to plan their construction and renovation projects in the Spring (Construction Estimates, Contractors, Financing Consultants) and undertake them in the Fall (Plumbing, Cabinet Refacing, Electrical Contractors, Moving Services).

YP internal data, Q4 2011 – Q3 2012. Categories listed have peak seasons at least 6 weeks long. Numbers are averages across entire category and do not reflect individual performance. Past performance cannot be used to predict future performance.

Where Local Searchers Search

In this edition of YPSM Local Insights, we take a look at what states and cities searched the most over the past year. We examined total searches made (search volume) and also searches made on per capita basis (total searches/population).

Local Searches by Volume

Most Searched States of the Year (by volume)

- 1 California
- 2 Texas
- 3 Florida
- 4 New York
- 5 Illinois

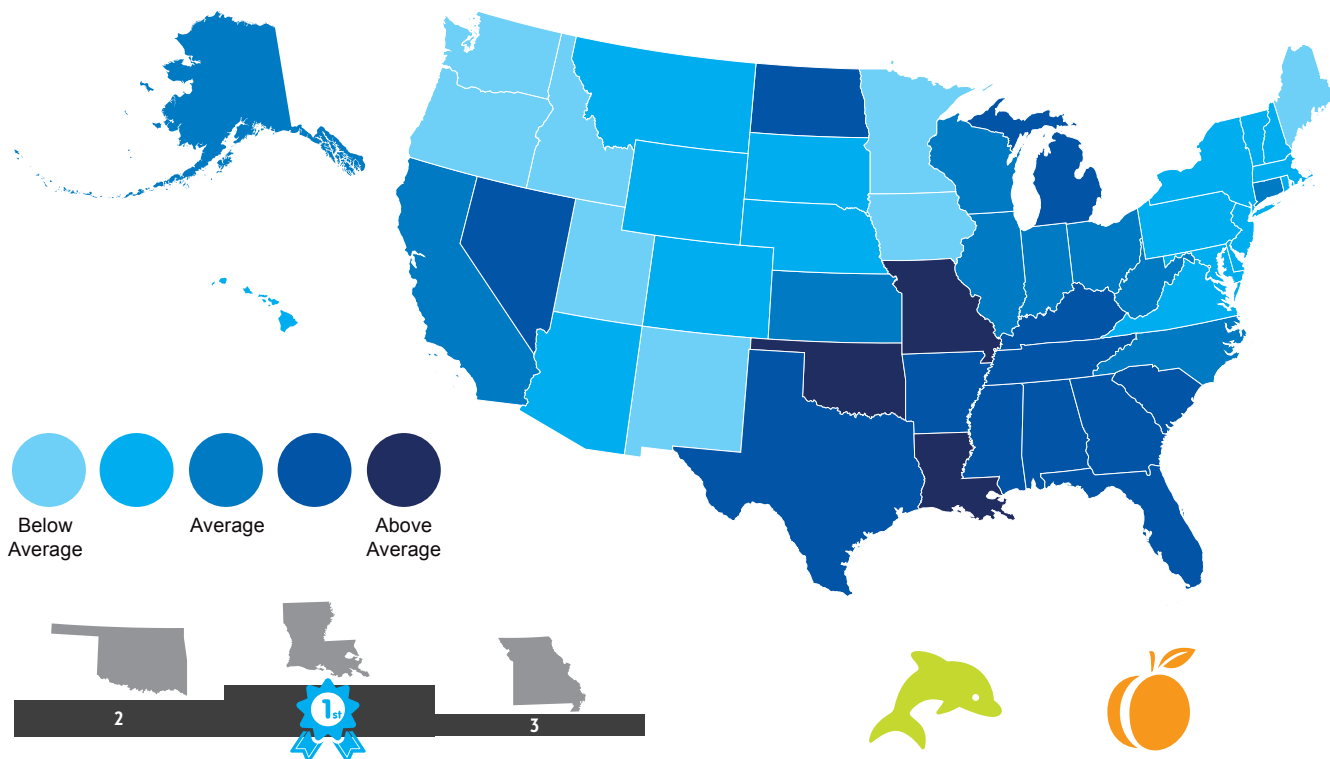


California, Texas and Florida contributed the most searches by volume, combining for over 400 million local searches for the year.



New York City was the "Local Search City Capital" of the year, narrowly edging out Houston and Los Angeles with the most searches made in a city.

Local Searches Per Capita



Surprisingly, Louisiana led the nation in per capita searches, beating out runners-up Oklahoma and Missouri. Citizens of the Bayou State also made the most mobile searches per capita.











Residents of Miami and Atlanta tied for the top online search city per capita. Residents of these southern metropolises made 8x more online searches, per person, than the national average.

YP internal data, Q4 2011 – Q3 2012. Per capita searches based on state populations from 2010 U.S. Census (2010census.gov).

Spotlight: Clicks and Calls on the YPSM Local Ad Network

The small and medium sized local businesses that advertise on the YPSM Local Ad Network are often most interested in generating leads. The Network has proven to be very effective at getting consumers to click on their ad listing and call their business. On average, three calls are made to businesses every second of every day from the YPSM app, a key property on the Network.

Across the Network, for every 10 clicks one call is also made to a business, known as a 10:1 clicks per call ratio. We decided to look deeper into clicks per calls for certain top categories in order to show how different types of businesses convert searches to calls.

Lowest Clicks per Call Ratio	Highest Clicks per Call Ratio	Top Clicked Categories of 2012
2:1 Driving Services	19:1 Grocery Stores	 1. Restaurants
2:1 Bus Lines	17:1 Real Estate	 2. Auto Parts
3:1 Car Rental	16:1 Health Resorts/Spas	 3. Building Contractors
3:1 Auto Parts	15:1 Child Care	 4. Physicians & Surgeons
3:1 Trucks	15:1 Wedding Supplies & Services	 5. Legal Services
4:1 Security Services	14:1 Restaurants	 6. Auto Repair and Service
4:1 Pest Control Services	14:1 Travel Agencies	 7. Pet & Animal Service
4:1 Medical Equipment & Supplies	13:1 Clinics	 8. Real Estate
4:1 Moving & Storage Services	13:1 Furniture Stores	 9. Automobile Sales
4:1 Insurance	13:1 Schools	 10. Financial Services

YP internal data, Q3 2011-Q2 2012. Categories with call tracking and minimum of 10,000 calls over 12 month period.

In general, the categories that convert clicks to calls the best (i.e., lowest clicks per call ratio) are those that service an urgent need. For instance, consumers are likely to click on a business listing to access a phone number to call a taxi, to get rid of a hornet's nest or to see if a car part is in stock.

Certain categories have high clicks per call ratios because searchers tend to browse among multiple choices, like Restaurants and Spas. Others tend to be businesses that are less likely to get phone calls, such as Grocery Stores and Schools. For these categories, a user's search need may be satisfied just by clicking to a website or getting directions online.

Local Ad Value Comparison - An Empirical Evaluation of Cost-Per-Call Performance: YPSM Ads vs. Google AdWordsTM

Research firm Altman Vilandrie & Company recently published a study that found the average AdWordsTM sourced call is nearly twice as expensive as one from YPSM ads. Of the businesses in the study that advertised with both companies, 77% realized a better value from YPSM ads.

Read the full study at <http://corporate.yp.com/altmanvilandrie>

Advertisers on the YPSM Local Ad Network

There are over 500,000 advertisers on the YPSM Local Ad network, spanning 200 industries and 4,600 categories. These advertisers, mostly small and medium-sized local businesses, rely on the YPSM Local Ad Network to connect them with the over 65 million local consumers who access YPSM listings and advertisements every month.

Top Local Advertiser Categories in 2012 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. Maintenance & Cleaning Services
9. Heating & Air Conditioning Contractors
10. Pet & Animal Services

YP internal data, based on category ad spend, Q4 2011-Q3 2012.

Top Growth Advertiser Categories in 2012 Based on Change in Number of Advertisers

1. Antiques ▲59%
2. Gift Shops ▲35%
3. Art ▲25%
4. Exercise & Fitness Programs ▲24%
5. Tobacco Stores ▲23%
6. Child Care ▲13%
7. Collectibles ▲12%
8. Clinics ▲11%
9. Second Hand Stores ▲10%
10. Building Specialties ▲5%

YP internal data, based on number of advertisers, Q4 2010 - Q3 2011 vs. Q4 2011 - Q3 2012. Minimum 200 advertisers

Over the past year, contractors, lawyers, medical professionals, and auto services invested the most with the YPSM Local Ad Network to attract local customers.

Annual growth in the number of advertisers in a category may indicate that more of these businesses started up over the past year, or that more of these businesses began to spend money on advertising to attract more customers.



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 YPSM products to find, compare and select local merchants. The company's flagship consumer brands include the YP.comSM site, a top 40 U.S. Web domain, the highly rated YPSM app and the YP Real Yellow PagesSM 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 YPSM Local Ad Network provides advertisers with an opportunity to reach more than 180 million monthly users 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. YPSM products and service are backed by thousands of media consultants and customer service professionals in local markets across the US with relationships spanning over 600,000 businesses.

About the YPSM 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 YPSM Local Insights Report focuses solely on data from the YPSM 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.