

Glossary

The Act	The Enterprise Act 2002.
AIA	Andrew Irving Associates, which conducted a qualitative study of large advertisers for this investigation.
ARPA	Average revenue per advertiser.
BMRB	BMRB International, which conducted a survey of advertisers for this investigation.
BT	BT Group plc.
BTD	BT's Directories unit which includes operator services, telephone directories and online directories.
Bundling	The sale of at least two products together at a price that is less than the sum of each of them individually.
Capital Directories	Capital Directories Ltd.
CC	Competition Commission.
CDAS	Classified directory advertising services. These were defined in the OFT's terms of reference for the investigation as referring to classified advertising in printed directories.
Classification	The heading under which an advertisement appears.
Classified directory	The CC is of the view that a publication is a classified directory falling within the scope of the terms of reference if it is a printed publication; shows a broad range of goods and services classified by reference to the goods or services supplied; contains advertisements; and is distributed wholly or mainly to consumers. See Appendix 1.1.
Cost per lead	The cost per lead is the cost of an advertisement divided by the number of leads or enquiries generated by the advertisement. Some advertisers will also seek to measure the return from their advertising investment by estimating the value to them of leads generated. See paragraph 2.11.
Critical loss analysis	Critical loss analysis estimates the proportion of sales that would need to be lost in order for a price increase not to be profitable ; critical loss analysis requires an assumption to be made about margin levels.
Dentons	Dentons Directories Ltd.
Discount rate	The interest rate used in determining the present value of future cash flows.
Distribution area	The area within which a directory is distributed.

EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortization.
EV	Enterprise value: the sum of a firm's market capitalisation plus the market value of its debt, less cash and cash equivalents It represents the total market value that all investors (equity and debt) have placed on a company's operations.
FDS survey	A survey carried out by a company called FDS for Yell on substitution by advertisers that had ceased to advertise in Yell or decreased spend with Yell. See paragraph 5.8.
Footprint	The geographic area within which a directory is distributed.
GMC	Guaranteed minimum circulation. The cost of advertising is often expressed in terms of cost per thousand, based on GMC, relating the cost of advertising to the number of potential users.
Google	Google Inc.
IRR	Internal rate of return: The discount rate which gives a Net Present Value (NPV) of zero. It is calculated in investment appraisal to calculate the return earned on capital invested in a project. A project is a good investment proposition if its IRR is greater than the WACC .
Kingston	Kingston Communications (HULL) plc.
Major classified directory providers	Yell, Thomson , BT, Trinity Mirror and Kingston.
MMC	Monopolies and Mergers Commission.
NPV	Net present value: the sum of a series of future cash inflows and outflows discounted to their present value.
Network effect	Interaction of usage (that is, the contacting of advertisers by readers) and advertiser demand creates a 'network effect' by which more advertising creates more usage, which in turn attracts more advertisers. See paragraph 2.5.
NRS	National Readership Survey.
Ofcom	Office of Communications.
OFT	Office of Fair Trading.
OSIS	Operator Services Information System, a database compiled by BT based on all business telephone numbers in the UK and sold to major directory providers. See paragraph 2.12.
Pink	Pink Local Directory Ltd.
Price index	A price index is a series that reflects a weighted average of prices. It is used for studying price changes. The CC calculated a

price index for each of **Yell** and **Thomson**, showing the price change that an advertiser buying the same advertisement (or set of advertisements) in consecutive years would expect to face. See paragraph 6.26.

PV	Present value: the amount that a future sum of money is worth today using a specific discount rate .
Rate card prices	The prices for advertisements stated on a directory publisher's rate card.
Realized prices	The prices actually paid for advertisements. These may be rate card prices or alternatively may be prices that have been discounted relative to rate card prices.
Rescoping	The process of altering the distribution area of a directory, usually by subdividing directories.
ROCE	Return on capital employed.
ROS	Return on sales.
Second tiering	The introduction of more than one directory in a given geographic area.
Share of voice	Share of advertising activity achieved by an advertiser or product in a category or market over a fixed period of time.
SSNIP	Small but significant non-transitory increase in price. The SSNIP test is described in the CC market guidelines, CC 3, paragraphs 2.4 to 2.25.
Tele Pages	The Local Group of Directories Limited (Tele Pages).
Thomson	Thomson Directories Ltd.
Trinity Mirror	Trinity Mirror plc.
Truncated IRR	The truncated IRR is the discount rate at which the present value of the cash flows over a period plus the discounted value of the closing assets at the end of the period equals the opening value of the assets. It is calculated over a truncated part of the life of the investment (as compared to the traditional IRR which considers the whole life of the investment).
Two-sided market	A term used to describe markets in which suppliers serve two or more distinct sets of customers. Classified directory providers operate in a two-sided market in which providers compete both for users and for advertisers to their directory. See paragraph 5.9.
WACC	Weighted average cost of capital, which is the average of the cost (or rate) of each source of finance, or capital (such as equity, bonds and any other long term debt) weighted by the relative proportions of that capital in a firm's financing structure. A firm's WACC is the overall return required by its providers of finance.

Waiver	The waiving by a CDAS provider of charges (ie not charging) an advertiser following a disagreement, usually relating to errors in typesetting.
Yahoo!	YAHOO! inc.
Yell	Yell Group plc.
The Yell undertakings	The undertakings given to the Secretary of State for Trade and Industry by Yell , formerly Castaim, in 2001. See Appendix 1.2.