

**Analysis of *Yellow Pages*' revenues in classifications which are popular on online directories and Internet search engines**

1. We analysed the changes in *Yellow Pages*' revenue for those classifications which are most popular in Yell's online directory (Yell.com). Table 1 shows, for each of Yell.com's top 20 classifications, the yearly percentage change in this classification's *Yellow Pages* revenue between 1999/2000 and 2004/05, the total percentage change over the whole period, and the rank of this classification in terms of Yell's *Yellow Pages* revenue as well as its discount tier. It is worth noting that ten of Yell.com's top 20 classifications are also in *Yellow Pages*' top 20 classifications. One of the top 20 classifications was 'special advertising', which we did not analyse further because it did not correspond to an identifiable classification in the *Yellow Pages*.

TABLE 1 *Yellow Pages* revenues in Yell.com's top 20 classifications

Top 20 Yell.com classifications	Year-on-year growth					Total growth 2000–05	Total growth 2000–05 in real terms	per cent	
	2000/01*	2001/02	2002/03	2003/04	2004/05			Rank of classification in Yellow Pages in 2004	Discount tier

Source: CC, based on Yell.

\*The notation 2000/01 means growth between financial year 2000 (year ended 31 March 2000) and financial year 2001 (year ended 31 March 2001).

2. For [X] classifications out of the 19 classifications analysed, there was a drop in real revenues over the period. These were: [X]. For [X] out of these [X] classifications, the drop was moderate and less than the drop in prices implied by the price cap (RPI-6 per cent), which means that total volumes of advertising, or advertisement sizes, must have increased during the period. Only [X] classification experienced a decrease in nominal revenues over the period: [X], whose nominal revenues dropped by [X] per cent in nominal terms over the period.
3. In terms of overall growth, the total growth of these 19 classifications has been lower than the total growth of *Yellow Pages*' revenues between 2003/04 and 2004/05, but it was comparable in the other years as shown in Table 2.

TABLE 2 Growth in Yell's printed revenues of the top 20 Yell.com classifications

	2000/01	2001/02	2002/03	2003/04	2004/05
Total growth of top 500 <i>Yellow Pages</i> ' classifications	(		X		)
Total growth of <i>Yellow Pages</i> revenues in the top 20 Yell.com classifications					

Source: CC, based on Yell.

4. Finally, apart from [X] which is in the bronze discount tier and therefore attracts the highest discounts to new customers, [X]. Therefore *Yellow Pages*' pricing policy does not appear to have reacted very strongly to the fact that these classifications were popular on online directories, although Yell told us that the lead times involved between publishing a rate card and seeing sales revenue associated with that rate card were of up to 18 to 20 months.
5. We do not have the same type of information as for online directories in terms of the top Internet search engine classifications. According to the *Advertising Statistics Yearbook 2005*, the top ten categories of Internet advertising in 2004 were:
  - (a) specialized e-commerce;
  - (b) corporate services;
  - (c) entertainment, leisure, games;
  - (d) employment;
  - (e) finance;
  - (f) travel and tourism;
  - (g) consumer & community editorial/content;
  - (h) computing;
  - (i) general e-commerce; and
  - (j) specialist interest editorial/content.
6. A number of these categories have no obvious *Yellow Pages* equivalents (e-commerce, editorial/content, corporate services, entertainment, leisure, games). For the other categories, this broadly confirms what we were told in terms of

classifications moving to the Internet: insurance/finance, hotels, recruitment/employment, travel agents, car rentals.

7. Table 3 shows the *Yellow Pages* revenue yearly growth from the year ended 31 March 2000 to the year ended 31 March 2005 for those classifications which we identified as being equivalents to the top ten Internet categories. There is some overlap with the Table 1 ([REDACTED]).
8. *Yellow Pages*' revenues [REDACTED] classifications have grown steadily over the past five years, driven by strong growth in the largest classifications [REDACTED]. The [REDACTED] classification to have declined in real terms is [REDACTED]. It is interesting to note that [REDACTED] companies are classified as bronze under Yell's discount scheme for *Yellow Pages*, and therefore attract the largest discounts to new and first-year renewing customers, even though they are part of *Yellow Pages*' top ten classifications. This could suggest that Yell is finding it more difficult to gain/retain customers in this category.
9. All the [REDACTED] categories have experienced a fall in revenues since 2002, at a growing rate for [REDACTED], although [REDACTED] stabilized in 2004. [REDACTED] is classified as gold, and therefore does not attract any new or first-year renewing discount under Yell's discount scheme, whereas [REDACTED] and [REDACTED] receive the maximum discounts.
10. With regard to [REDACTED] classifications, some experienced a strong fall in revenue [REDACTED], while others increased revenue [REDACTED] and overall [REDACTED] advertising revenues remained relatively stable during the period in nominal terms and fell by [REDACTED] per cent in real terms.

TABLE 3 **Yellow Pages' revenues in popular Internet classifications**

Classification name	Total revenue 2004/05 £m	Year-on-year growth (%)					Total growth 2000–05	Total real growth 2000–05	Discount tier
		2000/ 01*	2001/ 02	2002/ 03	2003/ 04	2004/ 05			
<i>Employment</i>									
Employment agencies and consultants									
<i>Finance</i>									
Insurance (total aggregated)†									
Mortgages									
Credit and finance companies									
Financial advisers									
Banks and financial institutions									
Finance brokers									
Total finance									
<i>Travel and tourism</i>									
Car hire—self drive									
Travel agents and services									
Hotels and inns									
Total travel and tourism									
<i>Computing</i>									
Computer services									
Computer maintenance									
Computer systems									
Web design									
Computer networking and cabling									
Computer consultancy									
Computer training									
Computer consumables									
Total computing									

Source: CC, based on Yell.

\*The notation 00/01 means growth between financial year 2000 (year ended 31 March 2000) and financial year 2001 (year ended 31 March 2001).

†We have aggregated all insurance classifications to create an overall Insurance category because Yell changed the names of its Insurance classifications during the period.