

BT pricing and revenues 2003/04 to 2005/06

1. The data sets received from BT contained entries each representing a single advertisement in *The Phone Book* in a given year. The data received cover the publishing cycles 2003/04 to 2005/06.
2. Table 1 shows the number of advertisements, value of advertising sales (total net revenue)¹ and average price of advertisements recorded in the data set. Prices are actual average prices paid; they are nominal, ie not adjusted to control for underlying increases in the RPI.

TABLE 1 Summary data, all advertisements

	2003/04	2004/05	2005/06
Number of advertisements Total net revenue (£ million) Average revenue per advertisement (average price paid) (£)	$\left(\begin{array}{c} \\ \\ \end{array} \right)$	$\left(\begin{array}{c} \\ \times \\ \end{array} \right)$	$\left(\begin{array}{c} \\ \\ \end{array} \right)$

Source: BT; CC calculations.

3. Table 1 shows that the number of advertisements sold and the revenues received by BT have grown rapidly since BT's entry to the classified directory market. Though there is insufficient data to make definitive statements about long-term trends, the average price paid per advertisement² seems to be broadly stable.
4. Table 2 shows similar statistics calculated per BT advertiser. The number of advertisers grew by $\left[\begin{array}{c} \\ \times \\ \end{array} \right]$ per cent between 2003/04 and 2005/06. The average revenue per advertiser and the average number of advertisements per advertiser $\left[\begin{array}{c} \\ \times \\ \end{array} \right]$ between 2003/04 and 2005/06.

TABLE 2 Summary data, per advertiser

	2003/04	2004/05	2005/06
Number of advertisements Number of advertisers Total net revenue (£ million) Average revenue per Advertiser (£) Number of average advertisements per advertiser	$\left(\begin{array}{c} \\ \\ \\ \\ \end{array} \right)$	$\left(\begin{array}{c} \\ \times \\ \end{array} \right)$	$\left(\begin{array}{c} \\ \\ \\ \end{array} \right)$

Source: BT; CC calculations.

5. Tables 3 and 4 show the number, revenue and average prices of monochrome and colour advertisements. Colour was only introduced in the 2005/06 cycle so the results for 2003/04 and for 2004/05 coincide with the results for all advertisements.³ The 2005/06 results show that colour advertisements were more expensive than

¹Using the value of each advertisement sale net of any discount.

²The simple average: total revenues divided by number of advertisements = average price paid.

³In fact the data set shows that there is one colour advertisement in the 2004/05 cycle.

monochrome advertisements. (BT offered colour free in 2005/06 and therefore there was no 'colour premium' at that time; BT told us that [X].) The difference in average revenue per colour and monochrome advertisement may be due to the fact that BT is only offering colour as an option on its bigger sizes of (and hence more expensive) advertisements.⁴

TABLE 3 Summary data, monochrome advertisements only

	2003/04	2004/05	2005/06
Number			
Revenue (£ million)		X	
Average price paid (£)			

Source: BT; CC calculations.

TABLE 4 Summary data, colour advertisements only

	2003/04	2004/05	2005/06
Number	-	-	(X)
Revenue (£ million)	-	-	(X)
Average price paid (£)	-	-	(X)

Source: BT; CC calculations.

6. Table 5 shows that the GMC in the average BT directory has been roughly stable over the three publishing cycles 2003/04 to 2005/06.

TABLE 5 BT classified directories: GMC 2003/04 to 2005/06

	2003/04	2004/05	2005/06
GMC total (millions)	14.2	21.7	22
Number of directories	112	171	175*
Average GMC (millions)	0.126	0.127	0.126

Source: BT; CC calculations.

*BT publishes directories covering 171 different localities. In 2005/06 four of these directories were published twice so that the total number of published directories for 2005/06 was 175.

7. Table 6 shows BT's revenue, average price paid per advertisement and average revenue per advertiser, in terms of GMC. The average revenue per advertisement and the average revenue per advertiser have followed patterns matching those present in Table 2.⁵

⁴BT told us that the colour option did not apply to the 25mm and super bold entry advertisement sizes.

⁵This is explained in part by comparative lack of GMC changes between 2004/05 and 2005/06.

TABLE 6 Price per million GMC, for advertisers and advertisements

	2003/04	2004/05	2005/06
Average revenue per GMC (£)*	(✂)
Average revenue per advertiser per million GMC (£)			
Average revenue per advertisement per million GMC (£)			

Source: BT; CC calculations.

*Total revenue divided by total GMC.

8. Table 7 shows that an increasing percentage of advertisements, both in terms of number and revenue, have been in colour. BT introduced colour advertisements at no additional cost⁶ in 2005/06; this explains the rapid uptake of colour.

TABLE 7 BT colour penetration

	2003/04	2004/05	2005/06
Number of advertisements	(✂)
Number of colour advertisements			
Colour percentage of advertisements			
Total revenues (£ million)			
Colour revenues (£ million)			
Colour percentage of revenues(%)			

Source: BT; CC calculations.

9. Table 8 shows that the average size of an advertisement in BT's directories increased between 2003/04 and 2005/06.

TABLE 8 Average advertisement size in BT directories

	2003/04	2004/05	2005/06
Number of advertisements	(✂)
Total size (columns)*			
Average size (columns)			

Source: BT; CC calculations.

*The total column size is calculated by assigning a column size to each BT advertisement size. The column size that is used (for advertisement sizes not already expressed in columns) is 275mm, with three columns a page.

⁶25mm and super bold entries were not available in colour at no additional cost (see last footnote to paragraph 5).