ADP 2018 Ad Effectiveness Study

January, 2018
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CRM Associates

Data from:

- 17 publisher members of ADP
- 136,266 ads from the past 3 years (2015-2017)
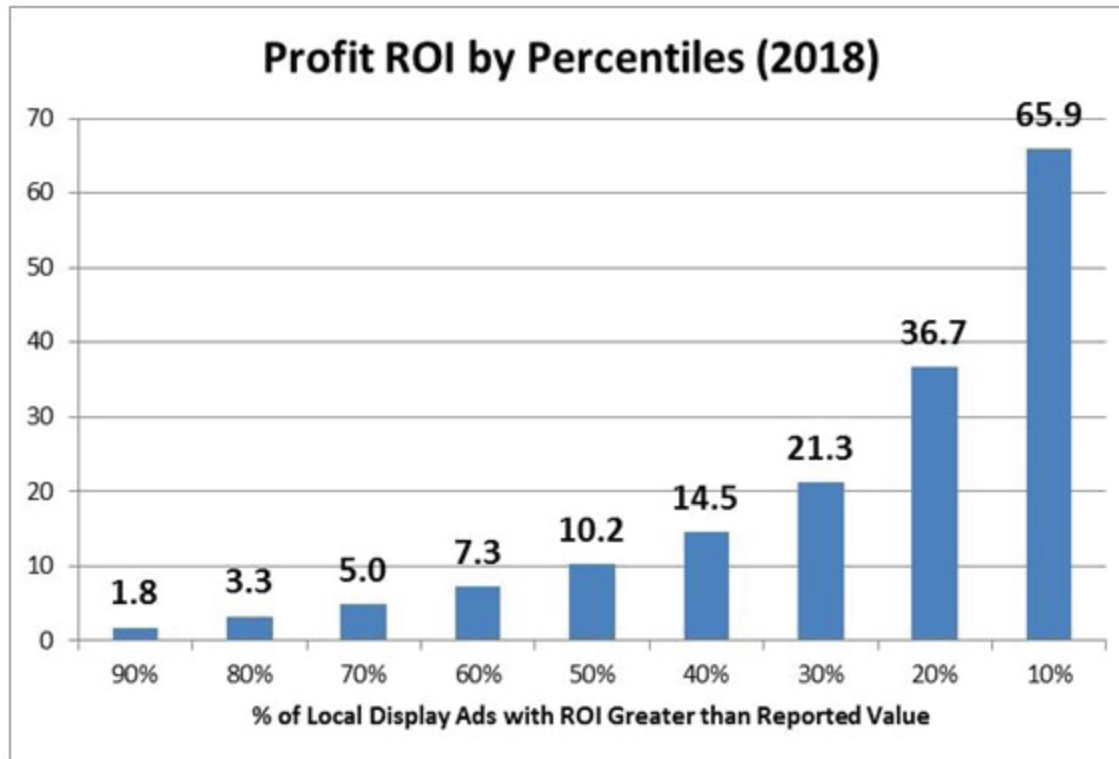- 1,222 directories
- 1,932 headings

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Value Summary

	Annual
Typical Ad Cost:	$2,551
Revenue Generated from ad:	$91,000
% Ads Profitable to Business:	99%
Annual calls per ad package	201
Cost per call:	$15.9
SROI ($ sales per $ spent on ad):	33 : 1
Profit ROI:	12 : 1
Typical consumer purchase expenditure:	$900
Typical calls needed to be profitable:	16

The typical advertiser for ADP members pays about $2,550 for their ad and receives about $91,000 in sales from users of the ads.

99% of ads are profitable.
(results vary by heading, directory, and publisher.)

Results based on 67,846 local display ads for 17 publishers – 2015 to 2017

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Most Ads Payoff – Bigtime - for Advertisers

Profit ROI by Percentiles (2018)

Chart showing Profit ROI by percentiles:
- 90%: 1.8
- 80%: 3.3
- 70%: 5.0
- 60%: 7.3
- 50%: 10.2
- 40%: 14.5
- 30%: 21.3
- 20%: 36.7
- 10%: 65.9

% of Local Display Ads with ROI Greater than Reported Value

99% of ad programs are profitable for advertisers.

Source: CRM Associates, 2018 ADP Ad Effectiveness Study

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Trends

Yellow Pages: Cumulative Call Change Over Time
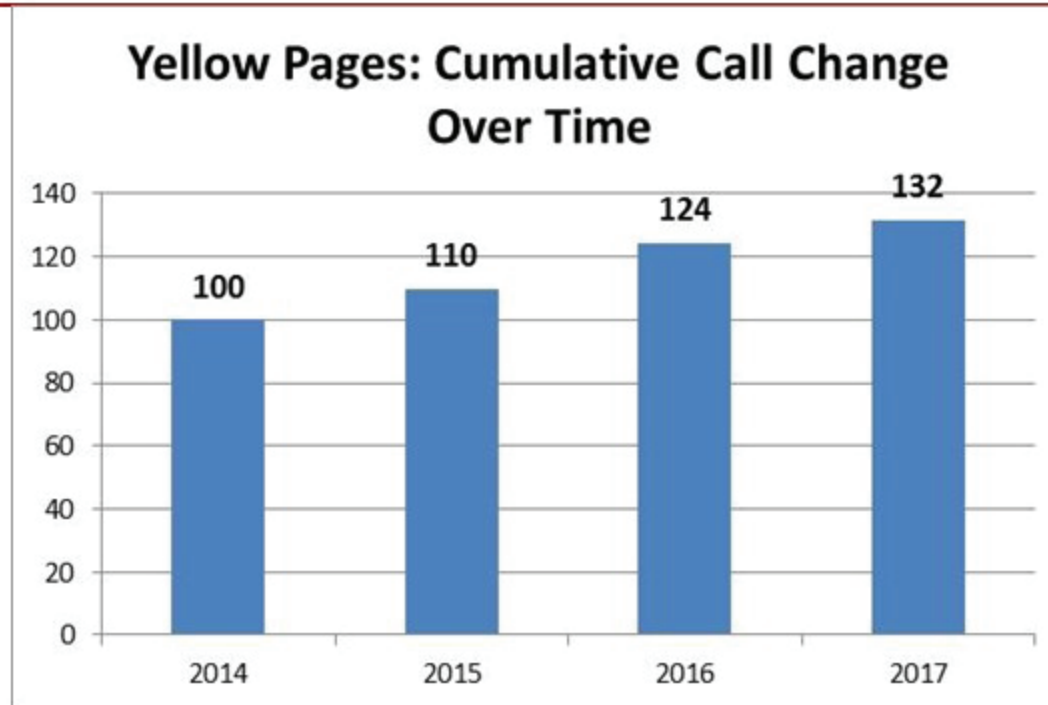
Calls to ADP member ads have increased in each of the past 3 years. Over the past 3 years, the cumulative average increase is 32%.

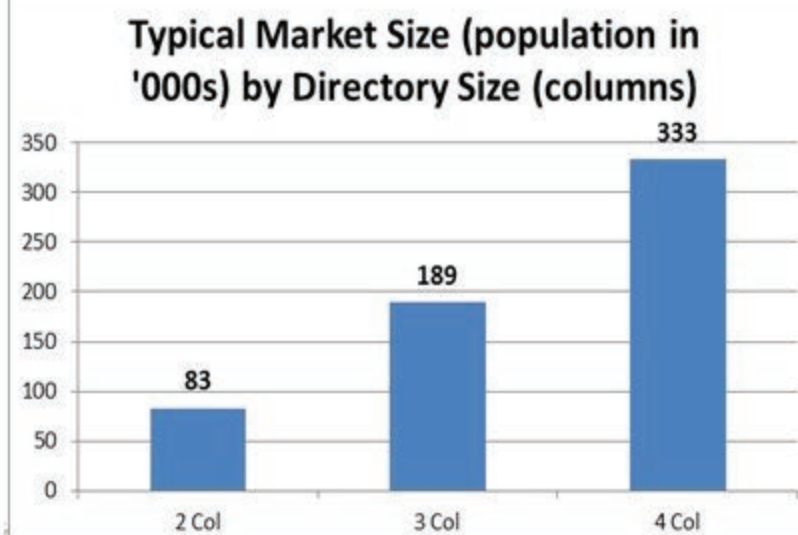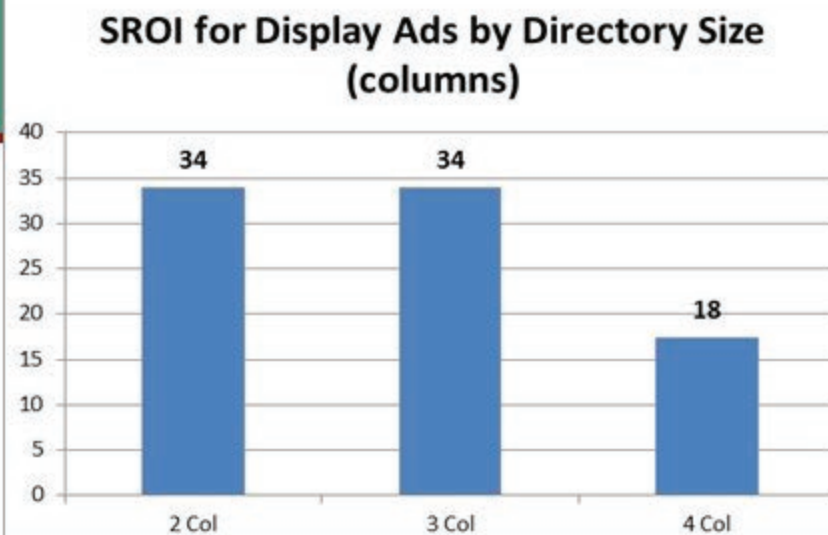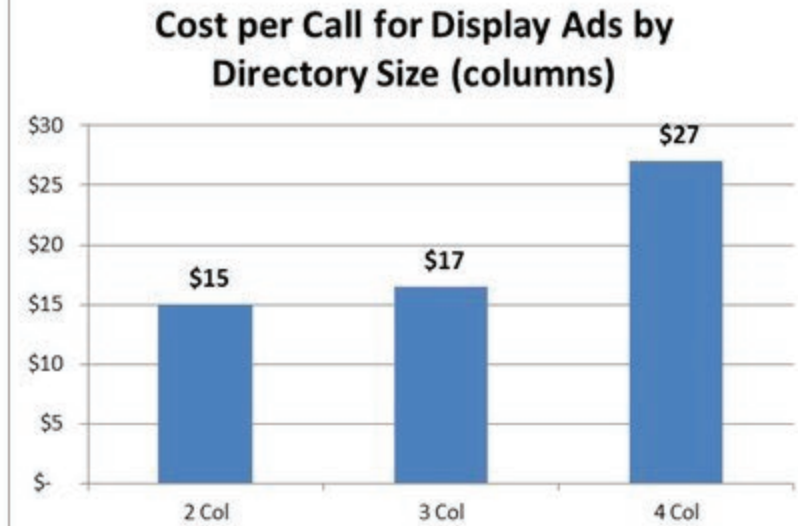Results based on 93,223 multi-year same-advertiser ad pairs from 16 different publishers.

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Trends:

Call Increases (based on same advertiser, 2-year studies):

	Increase	Studies	Publishers
2016-2017	5.9%	29,826	16
2015-2016	13.1%	14,806	15
2014-2015	9.9%	48,591	14

The trend results are based on a "substantial" database of over 93,000 ad tracking results.

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Value Summary by Directory Size:

Calls per Display Ad by Directory Size (columns)

- 2 Col: 178
- 3 Col: 201
- 4 Col: 150

Cost per Call for Display Ads by Directory Size (columns)

- 2 Col: $15
- 3 Col: $17
- 4 Col: $27

SROI for Display Ads by Directory Size (columns)

- 2 Col: 34
- 3 Col: 34
- 4 Col: 18

Typical Market Size (population in '000s) by Directory Size (columns)

- 2 Col: 83
- 3 Col: 189
- 4 Col: 333
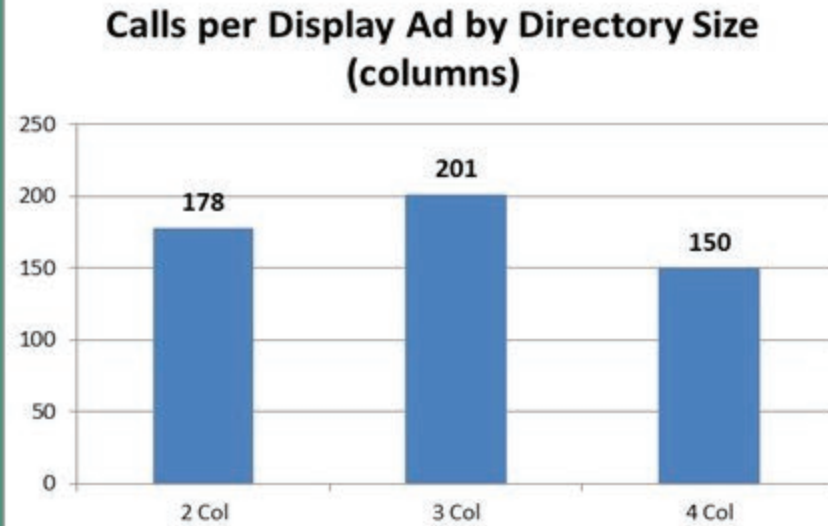
Value Summary by Directory Size:

	2 Col	3 Col	4 Col
% Profitable Ads	97%	98%	96%
Sales Revenue	$ 80,197	$ 90,557	$ 69,312
Ad Cost	$ 2,435	$ 2,617	$ 3,562
Annual Calls	178	201	150
Cost per Call	$ 15	$ 17	$ 27
SROI ($ revenue per $ spent on ad)	34	34	18
Profit ROI	12	12	6
Breakeven Calls	17	15	23
Typcial Consumers Expenditure	$ 919	$ 884	$ 741
Typical Ad Size (QCs)	4.4	4.8	4.7
Population ('000)	83	189	333
Distribution ('000)	56	92	207

While results are strong for all directories, 2 and 3-column directories offer the highest return-on-investment and lowest cost per call. Ad cost for the advertiser is lowest in these directories as well.
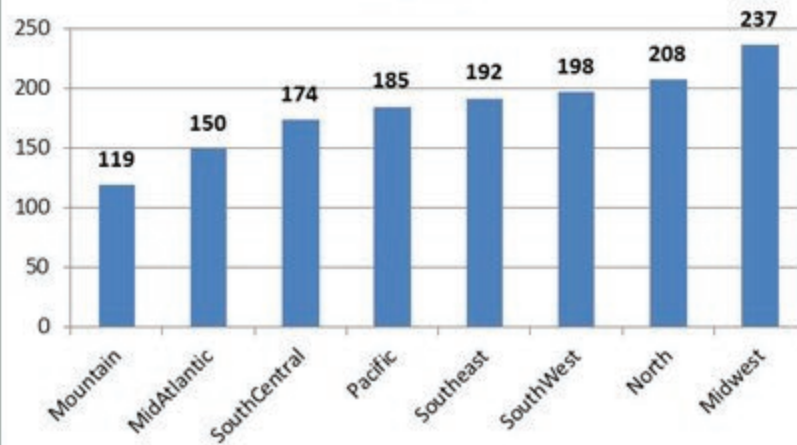
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Value – by Ad Type

	Display	Incolumn
Typical Ad Cost:	$2,550	$873
Revenue Generated from ad:	$91,000	$51,450
% Ads Profitable to Business:	99%	99%
Calls per ad package	201	144
Cost per call:	$15.9	$10.9
SROI ($ sales per $ spent on ad):	33 : 1	60 : 1
Profit ROI:	12 : 1	21 : 1
Typical "Largest" Ad Size:	1/3 page	3-4 HS
Typical consumer purchase expenditure:	$900	$627
Typical calls needed to be profitable:	16	8

Incolumn ads act as a customer retention tool; display ads act as a customer acquisition tool. Display ads bring more calls, but have more work to do to "win over customers", so have a higher cost per call.
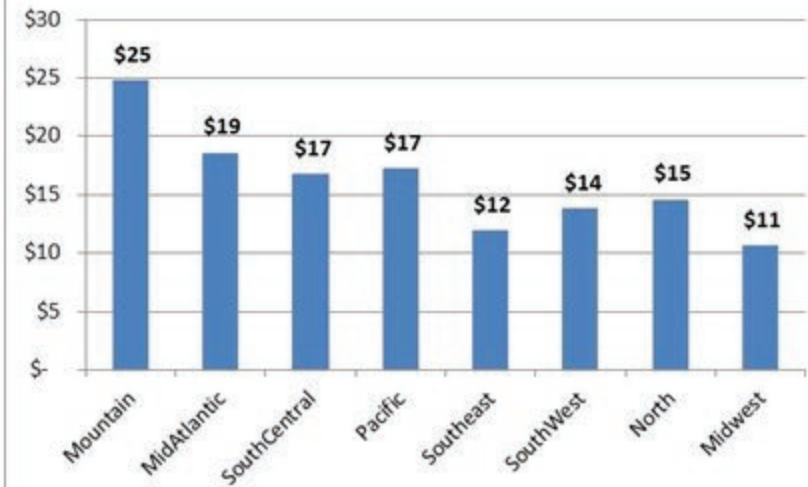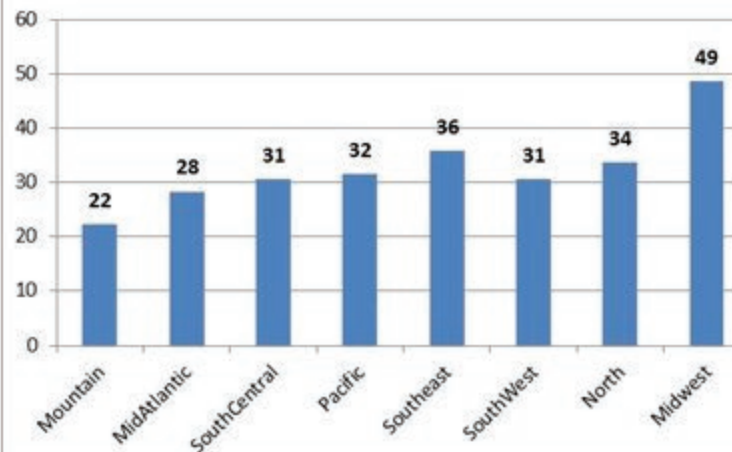
Results by Region

Average Calls per Display Ad by Region

Mountain	MidAtlantic	SouthCentral	Pacific	Southeast	SouthWest	North	Midwest
119	150	174	185	192	198	208	237

Display Ad Cost per Call by Region

Mountain	MidAtlantic	SouthCentral	Pacific	Southeast	SouthWest	North	Midwest
$25	$19	$17	$17	$12	$14	$15	$11

Display Ad SROI by Region

Mountain	MidAtlantic	SouthCentral	Pacific	Southeast	SouthWest	North	Midwest
22	28	31	32	36	31	34	49

Regions - States

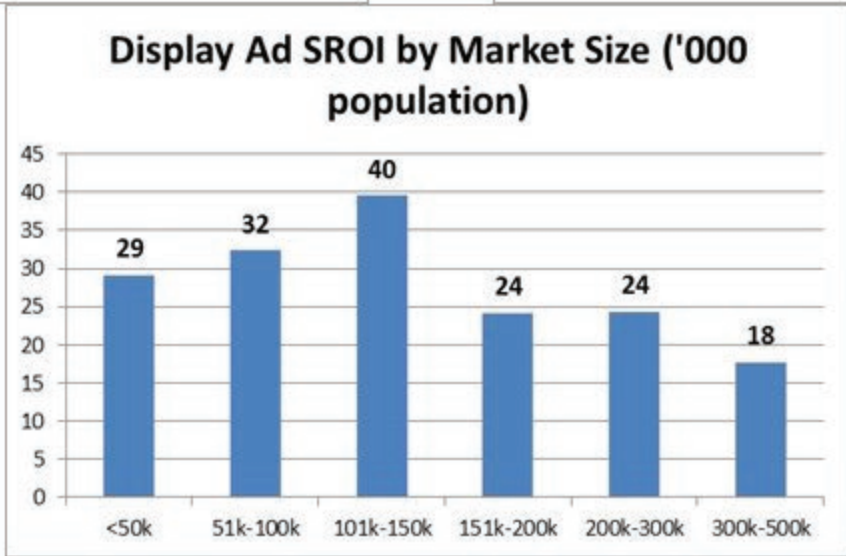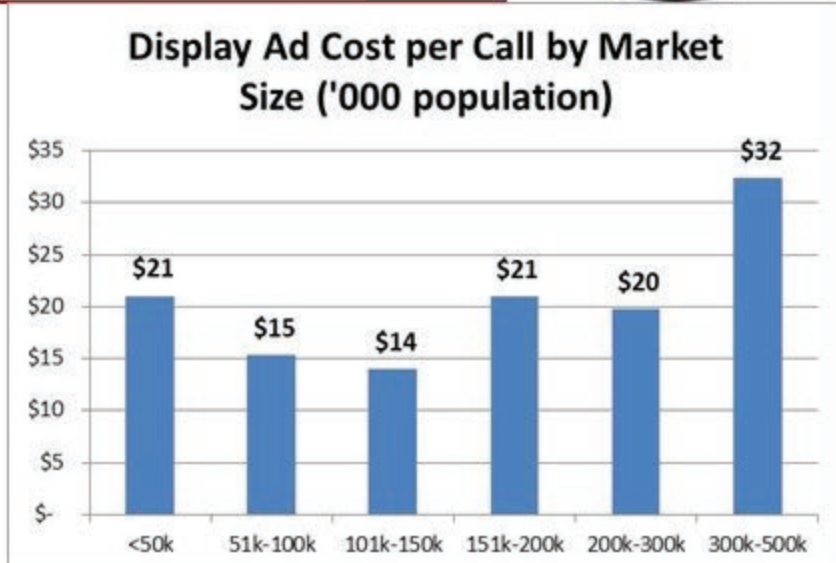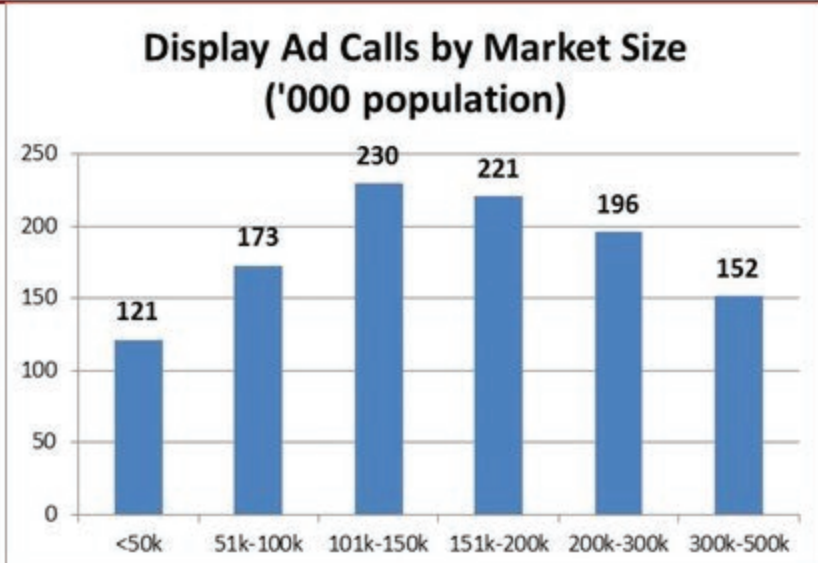| Region	State	Region	State	Region	State
Mid Atlantic	DC	Mountain	CO	Pacific	CA
	DE		ID		HI
	MD		MT		OR
	NJ		UT		WA
	PA		WY	South Central	AR
	VA	North	MN		OK
	WV		ND		TX
Midwest	IA		SD	Southeast	AL
	IL		WI		FL
	IN	Northeast	CT		GA
	KS		MA		KY
	MI		ME		LA
	MO		NH		MS
	NE		NY		NC
	OH		RI		SC
			VT		TN
				Southwest	AZ
					NM
					NV

See next slide.

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Regional Results - Detail

Region	Ad Cost	Sales Revenue	% of Ads Profitable	Annual Calls	Cost per Call	SROI	ProfitROI	Typical Consumer Purchase	Break-even Calls	Ad Size (QCs)
Mountain	$ 2,434	$ 50,589	96%	119	$ 25	22	7.9	$ 768	16	4.8
MidAtlantic	$ 2,217	$ 70,836	98%	150	$ 19	28	9.9	$ 942	13	4.0
SouthCentral	$ 2,868	$ 94,358	99%	174	$ 17	31	11.2	$ 1,164	14	6.1
Pacific	$ 2,615	$ 92,141	98%	185	$ 17	32	13.2	$ 982	20	4.6
Southeast	$ 2,069	$ 81,560	100%	192	$ 12	36	12.3	$ 845	15	4.0
SouthWest	$ 2,246	$ 72,647	98%	198	$ 14	31	11.9	$ 577	17	4.6
North	$ 2,217	$ 88,263	99%	208	$ 15	34	10.9	$ 739	15	3.0
Midwest	$ 2,085	$ 122,791	99%	237	$ 11	49	17.2	$ 964	13	3.8

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Market Size

Display Ad Calls by Market Size ('000 population)

Market Size	Calls
<50k	121
51k-100k	173
101k-150k	230
151k-200k	221
200k-300k	196
300k-500k	152

Display Ad Cost per Call by Market Size ('000 population)

Market Size	Cost per Call
<50k	$21
51k-100k	$15
101k-150k	$14
151k-200k	$21
200k-300k	$20
300k-500k	$32

Display Ad SROI by Market Size ('000 population)

Market Size	SROI
<50k	29
51k-100k	32
101k-150k	40
151k-200k	24
200k-300k	24
300k-500k	18

Results are strong in all markets; Results are best in markets under 300,000 in population.
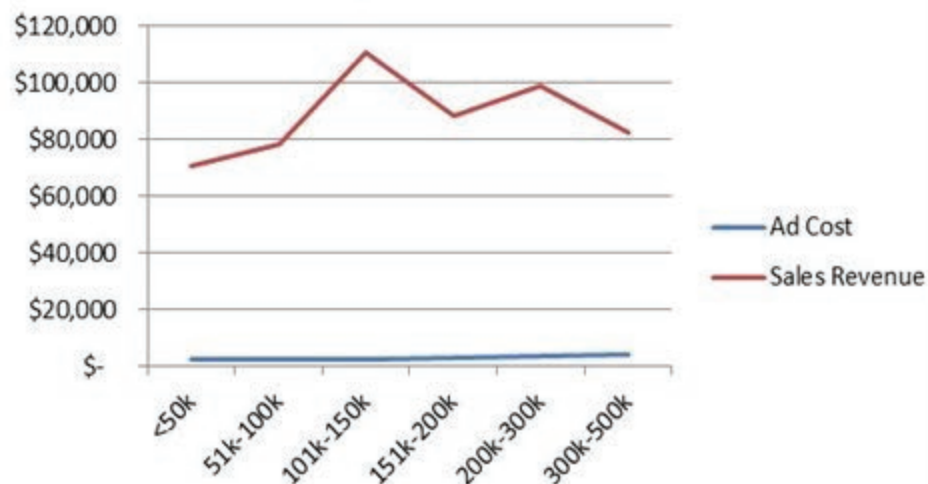
4/27/2018

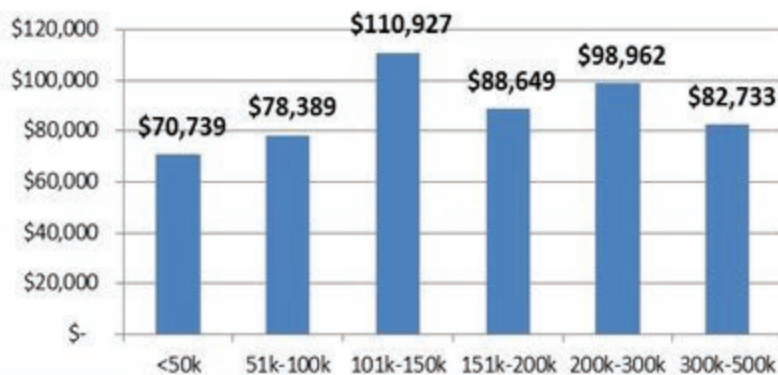ADP 2018 Ad Effectiveness Study

13

Market Size (2)

Ad Program Cost by Market Size ('000 population)

Bar chart values:
- <50k: $2,255
- 51k-100k: $2,311
- 101k-150k: $2,624
- 151k-200k: $3,166
- 200k-300k: $3,504
- 300k-500k: $4,133

Advertiser Sales Revenue by Market Size ('000 population)

Bar chart values:
- <50k: $70,739
- 51k-100k: $78,389
- 101k-150k: $110,927
- 151k-200k: $88,649
- 200k-300k: $98,962
- 300k-500k: $82,733
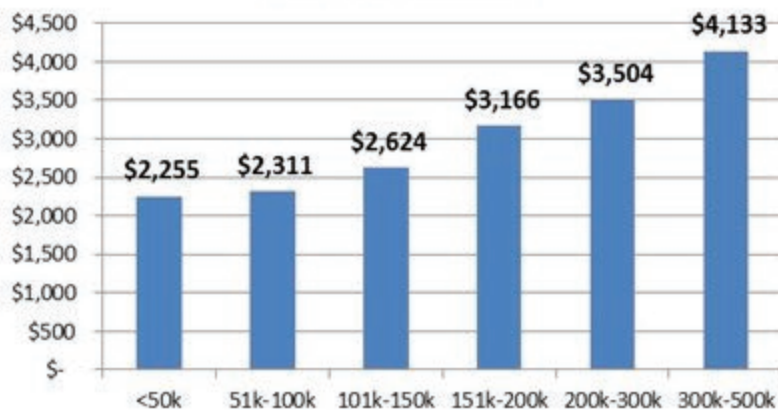
Advertiser Sales Revenue vs. Ad Cost by Market Size

Line chart with legend: Ad Cost, Sales Revenue

Returns are exceptional in all small and mid-size markets.

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14

Calls by Ad Size (Display Ad)

Calls by Display Ad Size (QCs)

Values: 112 (1), 145 (2 DQC), 204 (3 TQC), 188 (4 DHC), 205 (6 THC/HP), 258 (8), 246 (12), 229 (16), 331 (24)
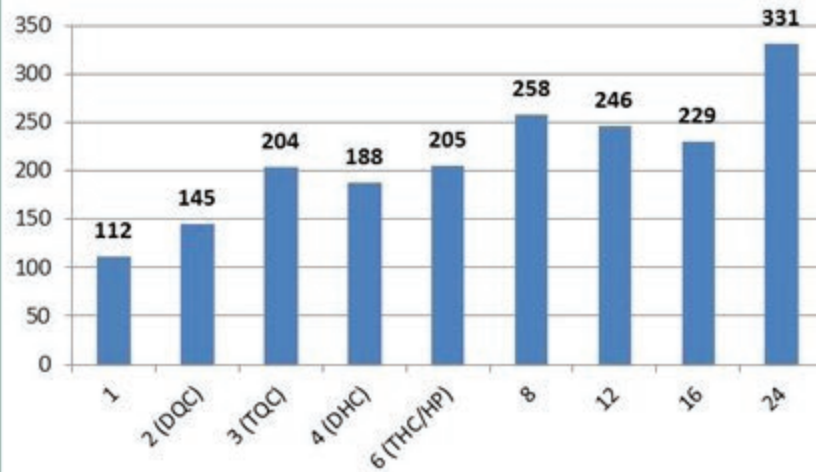
Cost per Call by Display Ad Size (QCs)

Values: $9 (1), $13 (2 DQC), $20 (3 TQC), $13 (4 DHC), $21 (6 THC/HP), $22 (8), $22 (12), $41 (16), $32 (24)

SROI by Display Ad Size (QCs)

Values: 51.8 (1), 34.1 (2 DQC), 35.0 (3 TQC), 36.1 (4 DHC), 31.2 (6 THC/HP), 39.0 (8), 31.4 (12), 20.2 (16), 22.0 (24)
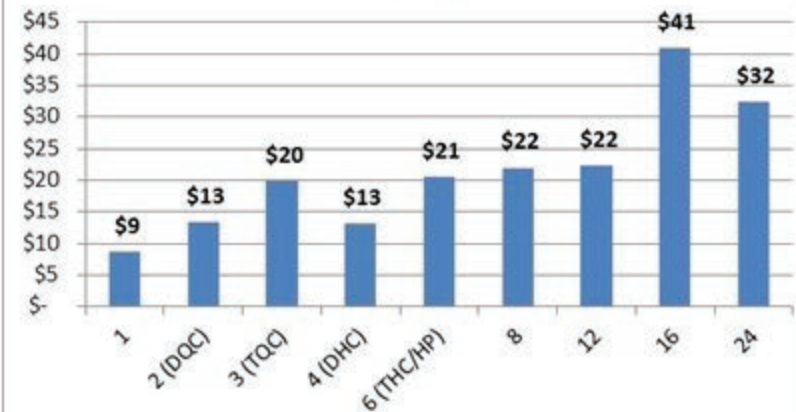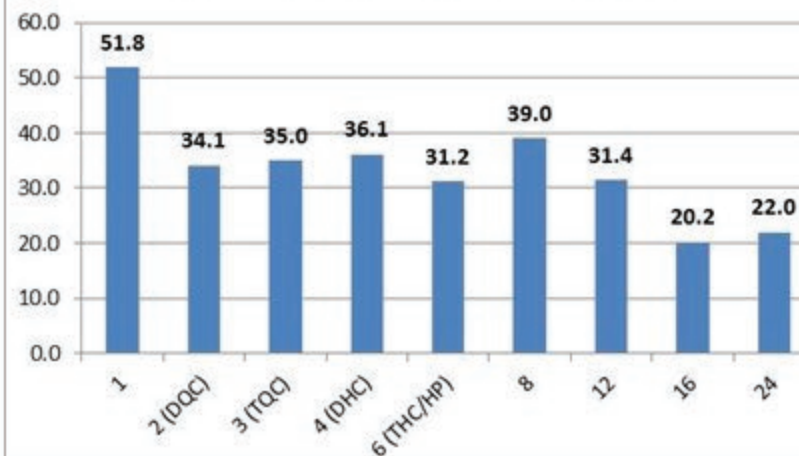
Larger ads receive more calls – because they contain more content.

4/27/2018

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15

Calls by Ad Size (Lead Display Ad)

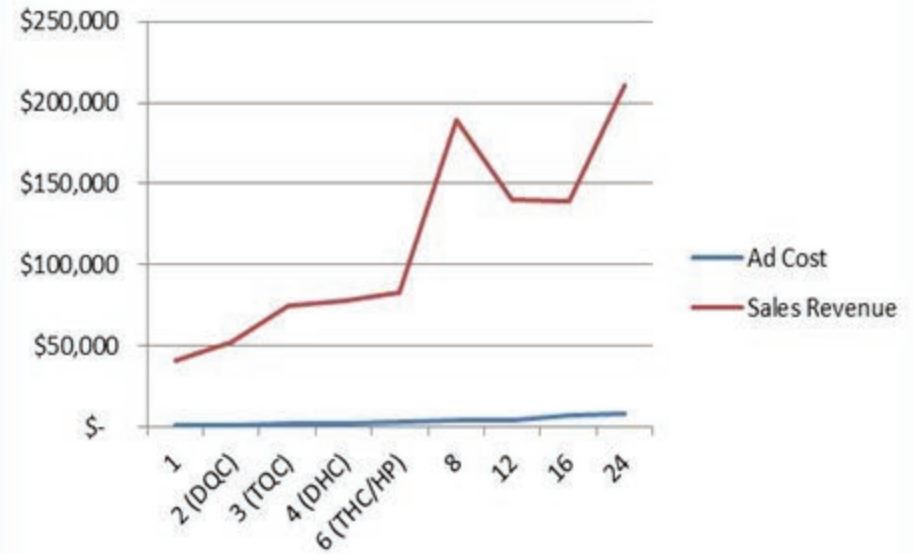### Rate Paid by Display Ad Size

Advertiser Sales Revenue from Display Ad by Ad Size


Sales Revenue vs. Ad Cost by Ad Size

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16

Using Multiple Lines in Ads Increases Calls

Calls by # of Lines in Display Ad
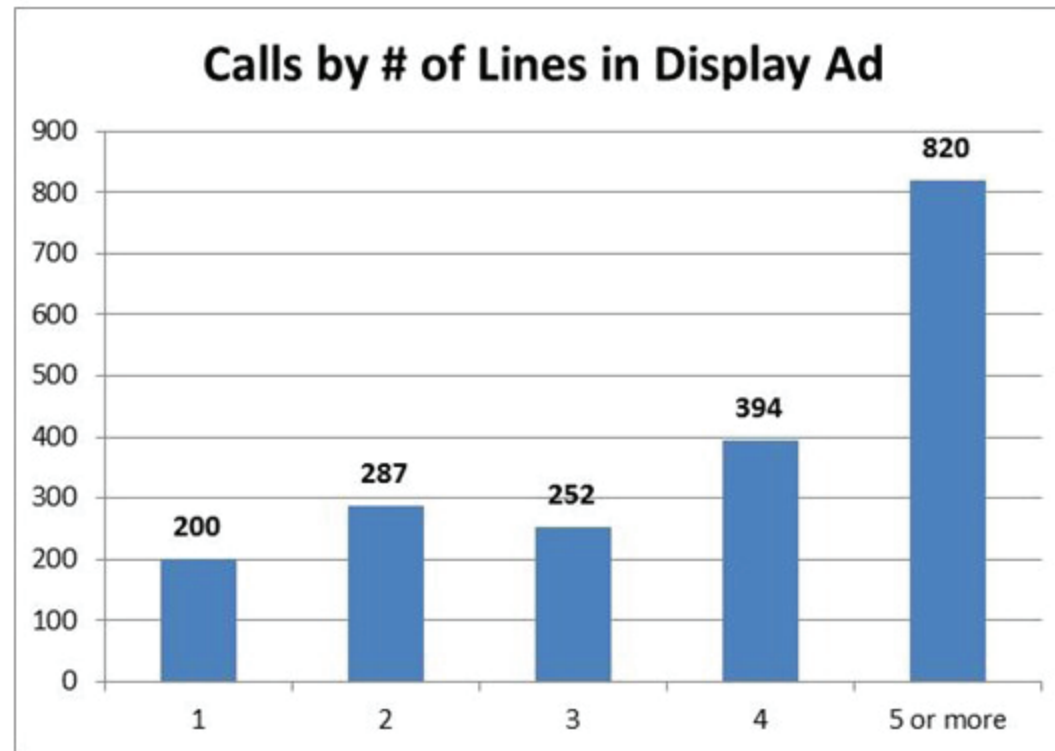
Yellow Pages is an intensely local medium – consumers prefer businesses that serve their "local neighborhoods".

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Local Numbers Are Better than 800 or Toll-Free Numbers

Display Ad Calls: Local Numbers vs. 800 or Toll-Free Numbers
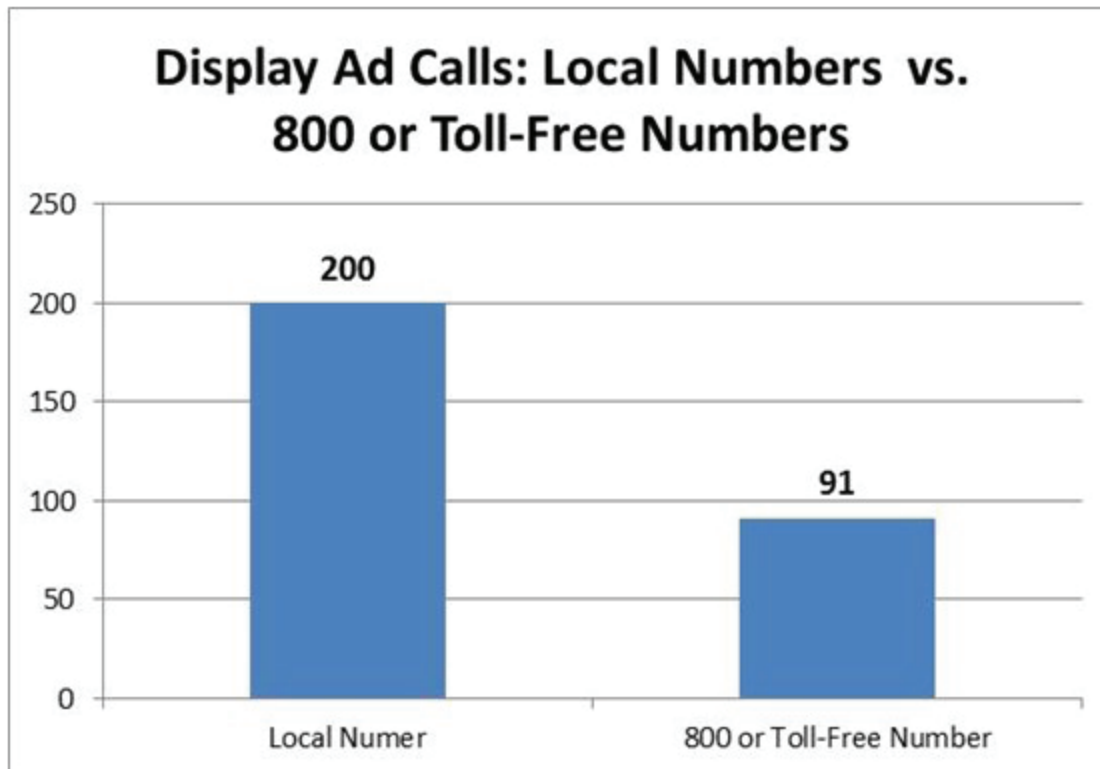
When both are used in the same ad, the local number receives more than <u>twice</u> as many calls as the 800 or toll-free number.

Consumers have a higher expectation of personalized service from local numbers. Yellow Pages is intensely local.

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Rules of Thumb for the Mathematically Inclined:

Call Increase for a doubling in:			
Copies per Person	30%		
No. of Copies	9%		
Lines in Ad	73%		
Ad Size	22%		
Consumer $ Spent	-7%		

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Summary

- The typical advertiser receives about 200 calls per year from their ad program, at a cost per call of $16.

- Advertisers receive about $33 of sales for every dollar spent on their ad.

- An advertiser spending $2,500 per year typically receives $90,000 in sales revenue per year.

- 99% of advertisers in ADP publisher directories receive more than enough calls and sales to make their ad investment profitable.

- Calls to ADP publisher ads have increased 32% in the past 3 years.

- Ad performance is strongest in smaller and mid-size markets.

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