



Welcome to the Webinar:

# Closing the Local Loop: What's Important in Local *(and Why)*

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# Agenda

- A Look at BIA/Kelsey's Updated Local Media Forecast
- Emerging Trends in the Local Digital Media Space
- Explosion of Local Video
- Preview of ILM West (San Francisco, Dec. 12-14, 2011)

**ILM** | *west*  
**CLOSING THE LOCAL LOOP**  
Dec. 12 - 14 | Hyatt Regency San Francisco | San Francisco, CA

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# Today's Speakers



**Peter Krasilovsky**  
VP and PD  
Vertical Local Media



**Matt Booth**  
Senior VP and PD  
Interactive Local Media



**Bobbi Loy-Luster**  
VP, Client  
Services



**Rick Ducey**  
Chief Strategy Officer and PD  
Video Local Media

# On the Cusp of Real Growth

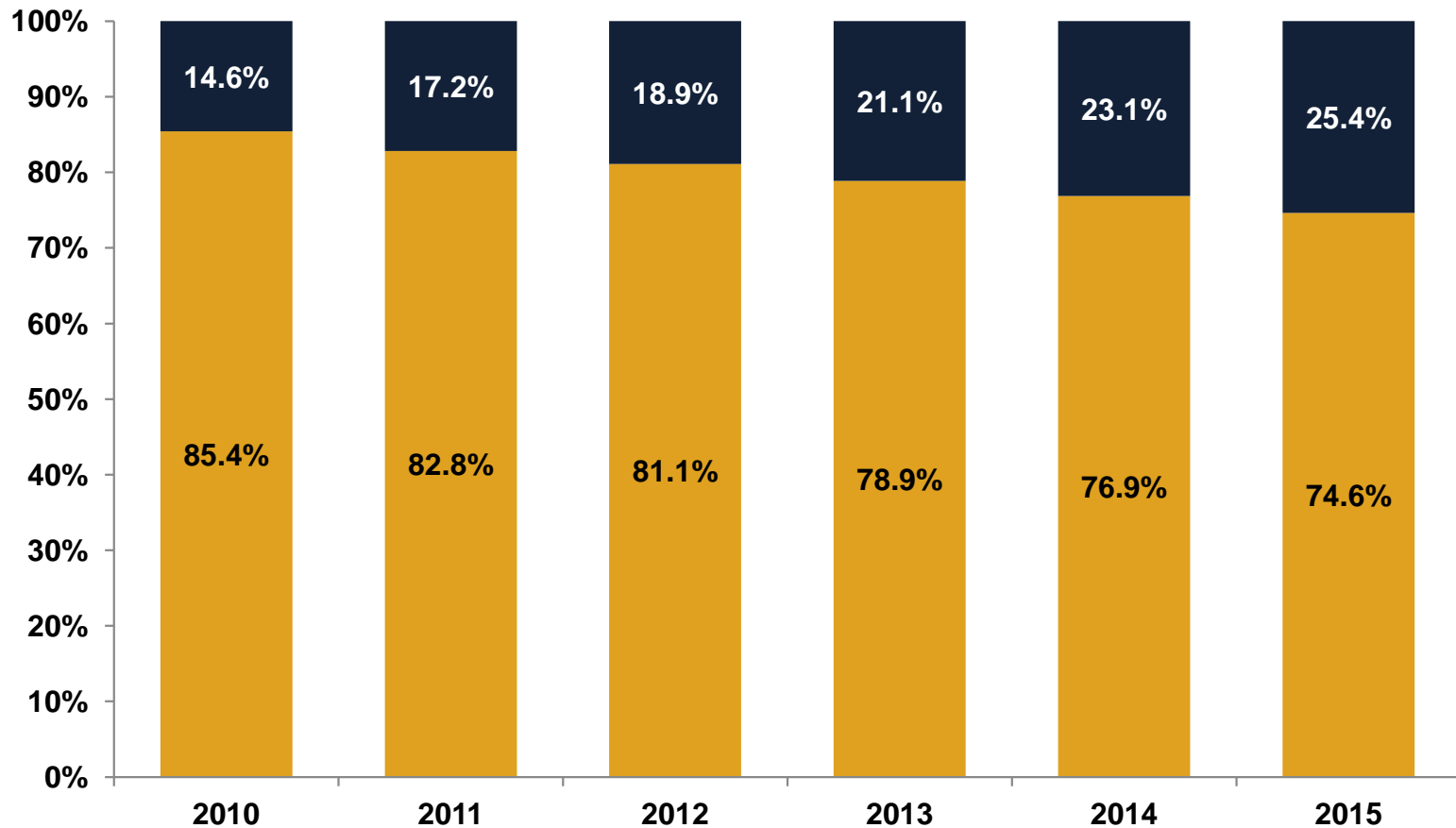
- Local has always been “*right around the corner*” for Internet advertising and marketing. But we are now on the cusp of real growth for two reasons:
  1. Cash out re-fi blow-up changes behaviors
  2. Digital offers
- Offers: New customers are acquired with no money down, driving real working capital for SMBs.
- The trend to watch: SMBs manage and leverage Internet opportunities. Tech platforms like CRM and reputation management will become important pieces for them.
- The ILM West conference theme — and much of our SMB research — “Closing the Loop” is about the tools, platforms and companies working to pull these pieces together.

*“Now that I’m getting customers, I need to know who they are and how to keep them coming back ... but also get more customers like them.” – Interviewee*

# Local Digital Advertising Outpaces Overall Local Ad Market

- Local digital growth will ride on such “closing the loop” features, as well as a boom in search and targeted display.
- We’re seeing a 2010-2015 CAGR of 13.6% for online/interactive/digital advertising revenues.
- By 2015 local online/interactive/digital advertising revenues will be \$37.9 billion.
- That compares with a 2010-2015 CAGR of -1.0% for traditional advertising revenues; and a 1.7% CAGR for local media.
- The overall local media market will grow slowly over the next five years (at a 1.7% CAGR). It will only total \$149.4 billion by 2015.

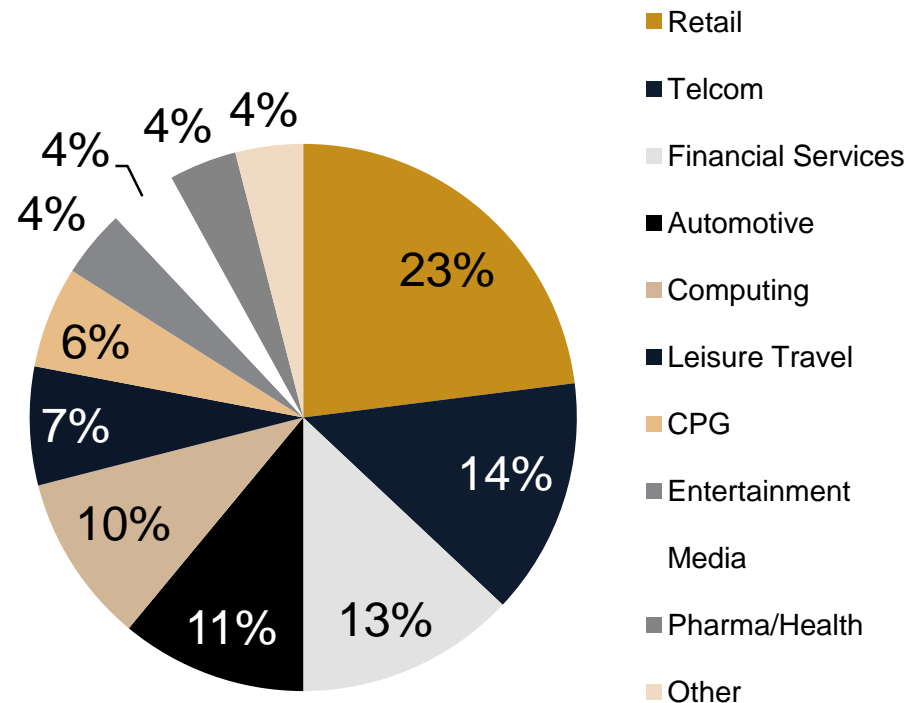
# Steady Shift Toward Digital Media



# Interactive Ad Spend: Looking for Signs of Softness in the Category Distribution

- Retail, Financial Services, Auto and Leisure account for 54% of all interactive spend.
- Some weakness.
- Retail is critical for search and therefore interactive spend.
- We have ongoing macro concerns, especially for Retail (23% of interactive ad spend).
- FedEx & UPS — indicators of GDP and Q4.
- FedEx handles shipments roughly equal to 4% of U.S. GDP. UPS' Oct. 23 (Q3) earnings announcement was positive with good expectations for Q4 2011.

Advertising Distribution Q1 & Q2 2011

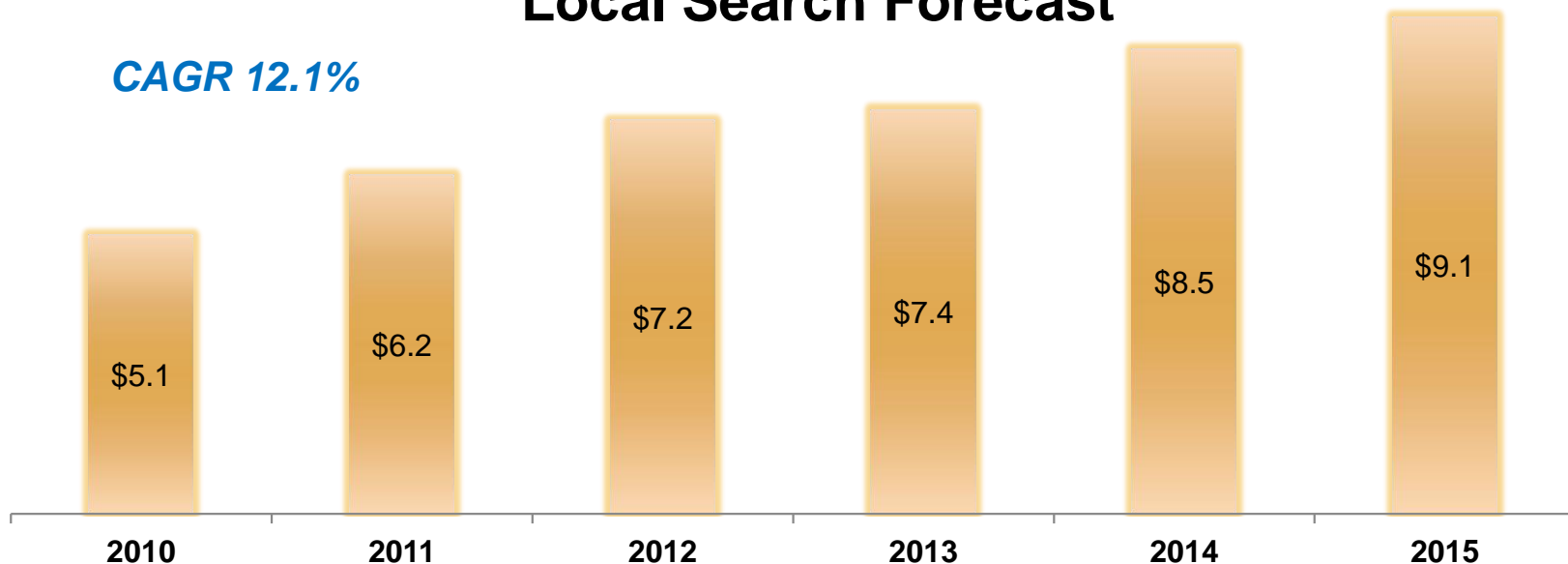


Source: IAB (midyear 2011)

# U.S. Search Market Forecast

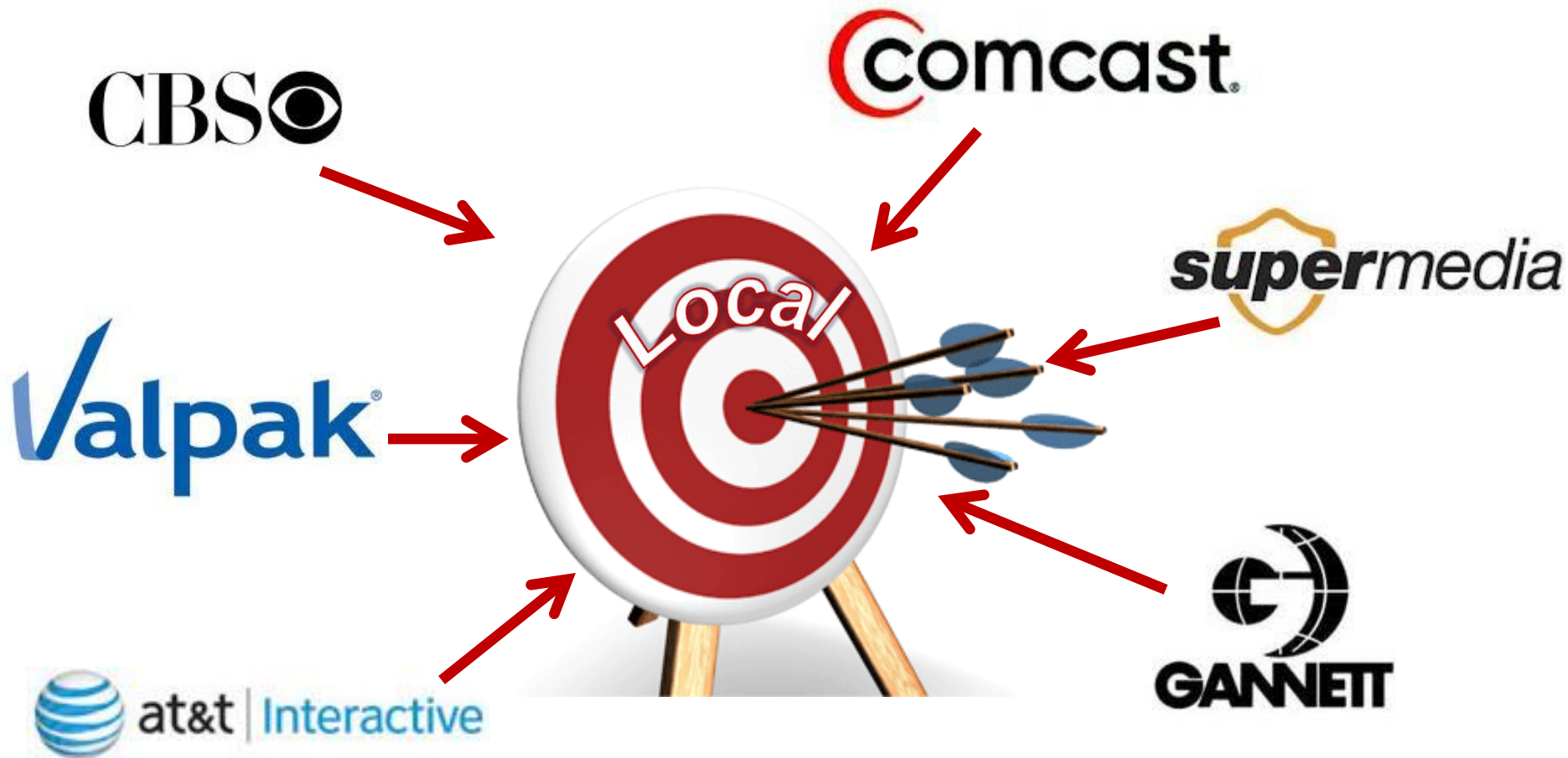
## Local Search Forecast

CAGR 12.1%

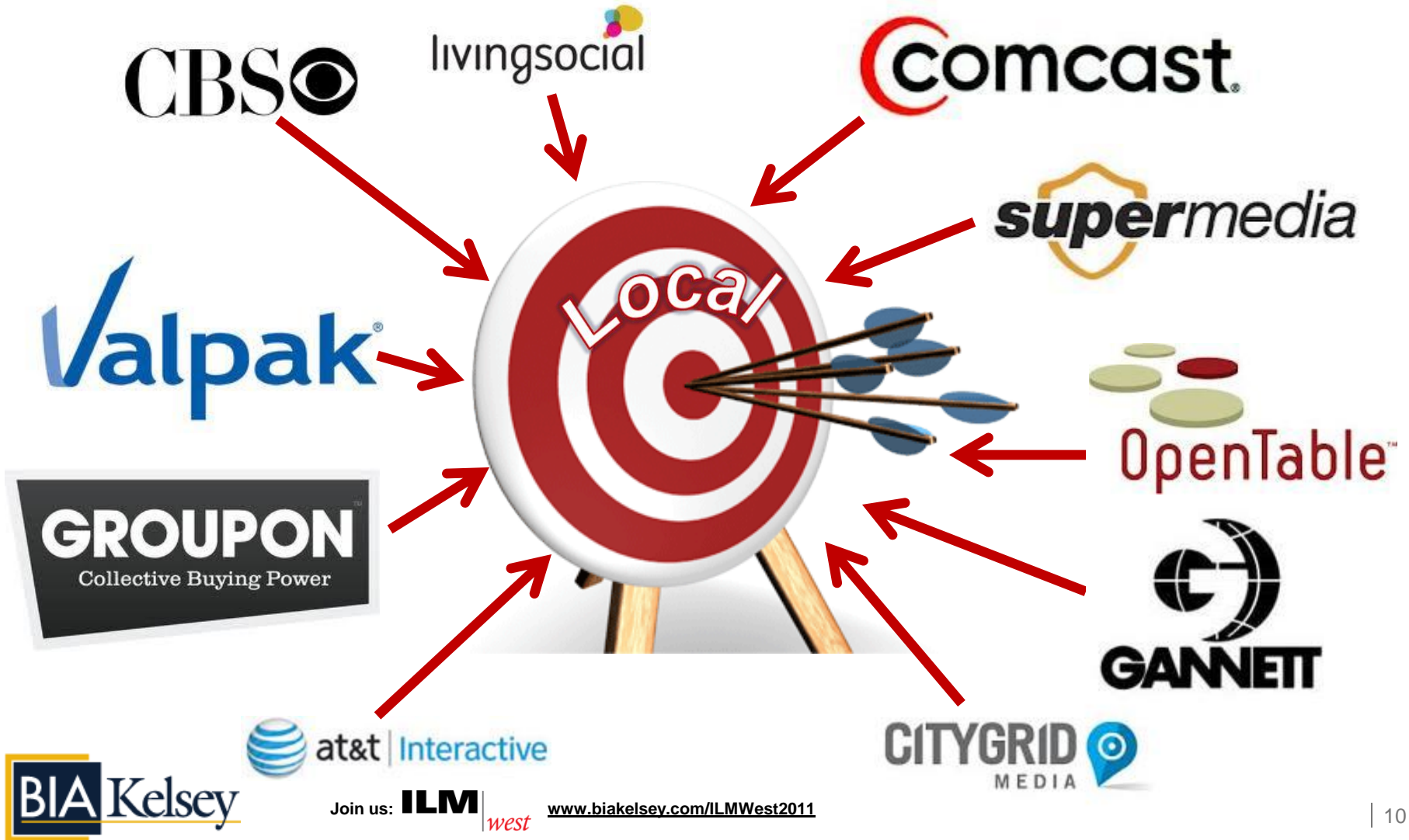


- Local search revenues ended 2010 at \$5.1 billion due to increasing query coverage especially on Google where the 6 pack drove improved local listings placement.
- We expect robust local search revenue growth at a CAGR of 12.1% through 2015.
- By 2015 we expect local search revenues to grow to \$9.1 billion.

# Local Targeted From All Angles



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# Amazon: Deploying Local Sales Effort

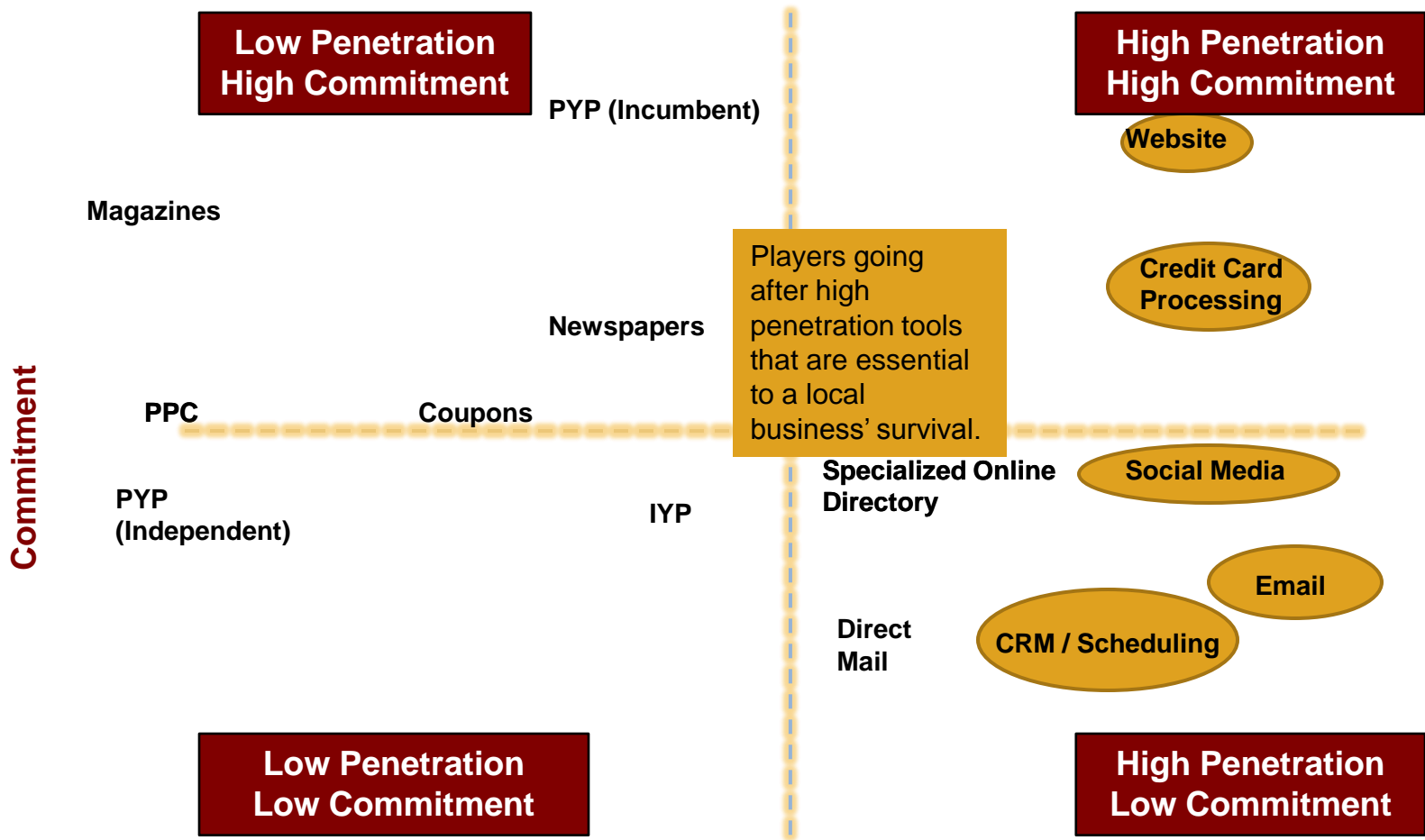
- Equity stake in LivingSocial
- Millions of credit card numbers and email address
- Amazon will begin selling offers directly to local merchants
- Hiring a feet-on-the street sales force
- Two markets: NYC & Seattle



# Growing Importance of Business Services

- Awareness now of services typically utilized in larger businesses
- Companies developing enterprise software for SMBs
- Individualized services are a precursor to a larger platform

# Advertising & Business Services: Penetration vs. Commitment



# Closing the Loop: Local Business Solutions

- **Scheduling/CRM players** like Schedulicity and DemandForce have experienced phenomenal growth in the past 12 to 24 months.
- Solutions manage appointments for SMBs. Additionally, they help manage email communication, social marketing, coupon/deal offers and the like.
  - Schedulicity: 14K SMBs; Deal Manager
  - DemandForce: 168% growth in enterprise solutions 2009-2010; 11K SMBs focused in key service-based verticals
- **Transaction services:**
  - Payment: Many major player moving toward enabling SMBs to process transactions — from early leader PayPal to Google (Wallet)
  - Inventory: Amazon, Krillion, eBay see opportunity in local — allows merchants to make inventory available online

# 'Emergence and Collision' of SoLoMo

- SoLoMo (social local mobile) adds immediacy, engagement and targeting to the mix.
- Integration with search, transactions, processing and delivery leads to closing the local loop.
- EBay: Rollup of Where (ads), Milo (local inventory), RedLaser (point of sale) and PayPal (transactions).
- Groupon Now: Announced in May that mobile deals will represent 50% of its sales within 2 years. So far, not moving at that brisk pace, but a big opportunity nonetheless.

# Video WORKS in the Local Market



# Emerging Business Models to Support Video Distribution

- Emerging business models among offline and online video media are changing the rules of engagement in local markets in terms of audiences, advertisers and media.
- Success in serving audiences and advertisers in video media is driven by technology, content and competitive strategies.



# Local Video Advertising Is Explosive in the Local Market

- Web video is on a fast growth trajectory as users fully engage with content ranging from Netflix to Web video advertising.

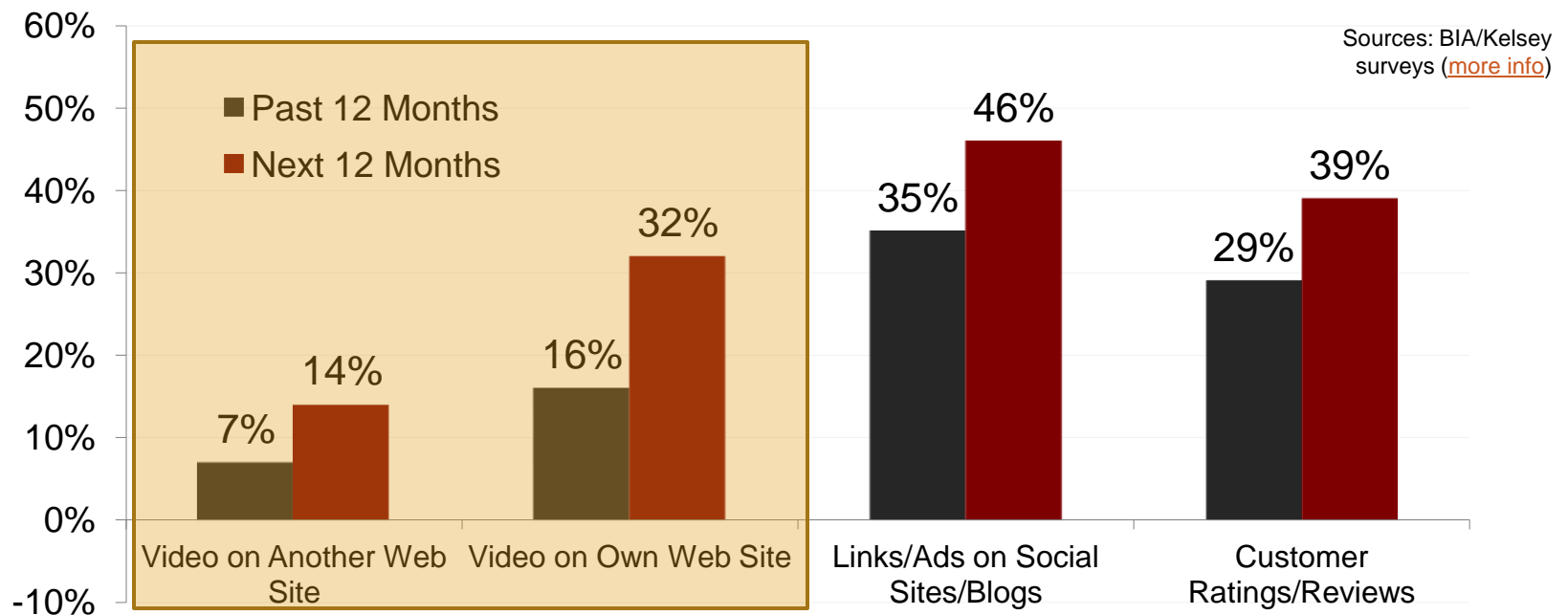


- Businesses of all sizes are now able to produce high-quality video content due to more affordable technology.
- Video distribution has evolved from what was once the sole province of local over-the-air broadcasts into multiple forms of video being distributed on heterogeneous networks (e.g., out-of-home, online, mobile, etc.) and devices.

# BIA/Kelsey Research Confirms the Adoption of Video Media

- Our SMB surveys show that video advertising usage by Plus Spenders (*small and medium-sized businesses spending at least \$25,000 annually on advertising*) is on track to **double** year over year.

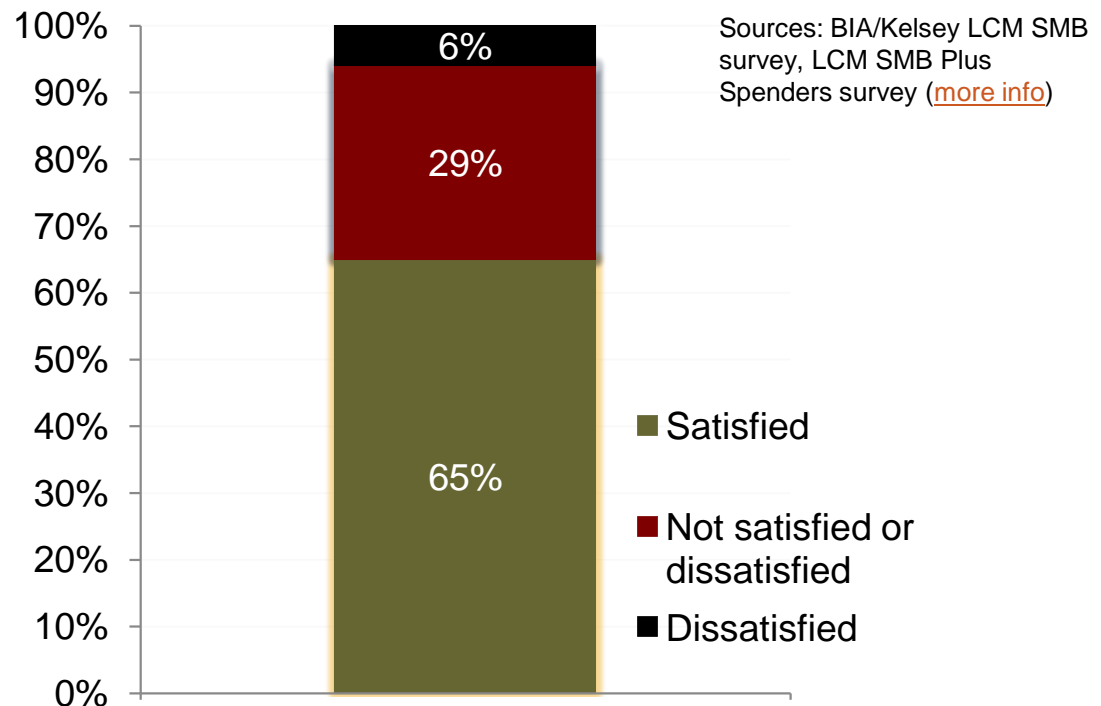
## Advertisers Intend to Use New Capabilities Aggressively



# High Satisfaction With Results of Online Video Advertising

## Most Online Video Advertisers Satisfied With Results

- BIA/Kelsey research shows the overall satisfaction level with online video advertising by SMB Plus Spenders came in surprisingly high, with only 6% saying they were outright dissatisfied with the results.
- Remarkable level of satisfaction for such a young format.



# ILM West: Mega Local Media Transformation



**Bob Pittman**, CEO, Clear Channel Communications



**Kara Swisher**, Co-executive Editor, AllThingsD



**Clark Gilbert**, CEO, Deseret Media



**John Paton**, CEO, Digital First



**Michael Yang**, Managing Director, Comcast Ventures



**Lisa Meier**, EVP, Time Warner Cable Media



**Jonathan Edson**, VP, EveryScape



**Somrat Niyogi**, CEO, Bazaar Networks/Miso



**David Sharman**, CSO, Dex One



# ILM West: The Promotional and Vertical Ecosystems



**Michael Vivio**, President,  
Cox Target Media



**Mike Rothman**, VP,  
Thrillist



**Dean DeBiase**, CEO,  
Entertainment.com



**Michael Tavani**,  
Cofounder, Thrillist



**Ezra Kucharz**, CEO,  
CBS Local Media



**Mark Britton**, CEO,  
Avvo



**Joe Weir**, GM,  
Interactive Media, Belo



**Pete Flint**, CEO,  
Trulia



**Dan Hess**, CEO, Local  
Offer Network



**Larry Illg**, VP and GM,  
eBay Classifieds



**Matt Maloney**, CEO,  
Grubhub



# ILM West: Leads and Local Sales



**Court Cunningham**, CEO,  
Yodle



**Todd Rowe**, Head of Global  
Channel Sales, Google



**Dick O'Hare**, CEO, Local  
Yokel Media



**Tom Higley**, CEO, Local  
Matters



**Craig Smith**, President,  
ServiceMagic



**Matthew Berk**, EVP,  
Marchex



**Pamela Springer**, CEO,  
Manta.com



**Marco Zappacosta**, CEO,  
Thumbtack



**John Hilton**, Channel Sales,  
Pandora



**Peter Christothoulou**,  
COO, Marchex



# ILM West: SoLoMo



**Niel Robertson**, CEO,  
Trada



**Craig Donato**, CEO,  
Oodle



**Sivan Metzger**, GM,  
Kenshoo Local



**Mok Oh**, Chief Scientist,  
PayPal



**Craig Hagopian**, CMO,  
xAd



**Andrew Osis**, CEO,  
Poynt

- **David Williams**, SVP,  
ATTi
- *Much More to Come!!!*



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**ILMWEBINAR**

Receive **\$200 off price** and **one free local market ad report** (Media Ad View).



Join the local digital community at **ILM West: Closing the Local Loop**, where we will spotlight the latest developments *in “final mile commerce”* — from tools to transactions.

[www.biakelsey.com/ILMWest2011](http://www.biakelsey.com/ILMWest2011)



**Thank you.**

Questions and comments:

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