

Yell pricing and revenues 1999/2000 to 2004/05

1. Yell provided the CC with four datasets¹ which were amalgamated giving an overall time series data set of size [X]. The data sets contain information over time on the top 500 *Yellow Pages* classifications.²
2. Yell also provided the CC with information relevant to pricing and revenues.
3. The observations in the Yell time series data set do not represent individual transactions. Data are aggregated so that each observation contains the data for an advertisement 'type'. An advertisement 'type' was defined by Yell using a combination of the size, colour, classification, directory, and year that an advertisement appears.
4. Table 1 presents the number, value and average price of all advertisements. 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

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
Number of advertisements						
Total net revenue (£m)						
Average revenue per advertisement (average price paid (£))						

Source: Yell; CC calculations.

5. Table 1 shows that the number of advertisements sold and the revenues received by Yell have increased year on year. The number of advertisements has risen proportionately more quickly than revenues with the result that the average revenue per advertisement³ has fallen year on year.
6. Table 2 shows similar statistics calculated per *Yellow Pages* advertiser. The number of advertisers increased year on year between 1999/2000 and 2003/04, with a small reduction between 2003/04 and 2004/05. The revenue per advertiser fell slightly over the period. The average number of advertisements purchased per advertiser fell between 1999/2000 and 2000/01; it then rose over the next four years.

¹CC Table 4 New Mart and CC Table 4 Old Mart–2 containing data on the top 500 Yell categories. CC Table 4 Insur and CC Table 4 Old Mart Insur containing data on insurance categories.

²Defined with reference to the 2004/05 publishing cycle. Due to a change in classifications, selecting the top 500 classifications (in 2004/05) meant that insurance data was not present for the earlier years of the sample; data on selected insurance categories were subsequently added.

³The simple average: total revenues divided by number of advertisements = average price paid.

TABLE 2 Summary data, per advertiser

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
Number of advertisements	370,435	412,888	434,040	447,209	475,030	473,274
Number of advertisers*						
Total net revenue (£m)	[]	✂]]]
Average revenue per advertiser (£)						
Average number of advertisements per advertiser						

Source: Yell; CC calculations.

*The figures for the number of advertisers relate to publishing rather than financial years and therefore are not equivalent to figures in Section 7.

7. Tables 3 and 4 show the number, revenue and average prices of colour and monochrome advertisements in the Yell time series data set.

TABLE 3 Summary data, monochrome advertisements only

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
Number of advertisements	[]	✂]]]
Total net revenue (£m)						
Average revenue per advertisement (average price paid (£))						

Source: Yell; CC calculations.

TABLE 4 Summary data, colour advertisements only

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
Number of advertisements	[]	✂]]]
Total net revenue (£m)						
Average revenue per advertisement (average price paid (£))						

Source: Yell; CC calculations.

8. The pattern of rising revenues and number of advertisements combined with falling average revenue per advertisement presented in Table 1 is also present in the data for colour and monochrome advertisements. Over the period the average revenue per colour and monochrome advertisement fell by around £[✂]. In percentage terms revenue per advertisement (average price paid per advertisement) has fallen much more for monochrome than for colour advertisements: the average revenue for a monochrome advertisement fell to [✂] per cent of its initial value while the average revenue for a colour advertisement fell to only [✂] per cent of its initial value.

9. The data presented in Tables 3 and 4 suggest that colour advertisements are far more expensive than monochrome advertisements. It is important to note that the colour subsample contains a higher proportion of more expensive advertisement types since colour advertisements tend to be large. Very expensive advertisement types such as bound inserts and advertising on the spine of the book are also colour advertisements. The implication of these factors is that the difference in average revenue between monochrome and colour advertisements is being driven by factors other than colour.

10. Yell has engaged in 27 re-scopings since 1999/2000, the majority of these splitting one directory into two smaller directories.⁴ These re-scopings, combined with changes in the GMC of some directories, have affected the GMC that Yell advertisements provide advertisers. Table 5 shows that there has been a year-on-year decline in the GMC of the 'average' *Yellow Pages* directory.

TABLE 5 *Yellow Pages* GMC, 1999/2000 to 2004/05

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
GMC total (m)	22.23	22.26	22.44	22.5	22.54	23.03
Number of books	78	78	85	88	90	102
Average GMC (m)	0.285	0.285	0.264	0.256	0.250	0.226

Source: Yell; CC calculations.

11. Table 6 shows in terms of GMC Yell's average *Yellow Pages* revenue, average revenue per advertiser and average revenue per advertisement. The average revenue per advertisement and the average revenue per advertiser follow similar patterns to those present in Table 2: revenue per advertiser is broadly stable, while revenue per advertisement has declined over the period.

TABLE 6 Average revenue per advertisement (average realized price) per million GMC, for *Yellow Pages* advertisers and advertisements

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
Average revenue per GMC (£)*	(✂)
Average revenue per advertiser per million GMC (£)						
Average revenue per advertisement per million GMC (£)						

Source: Yell; CC calculations.

*Total revenue divided by total GMC.

12. The mixture of advertisement types present in *Yellow Pages* books has changed over the period 1999/2000 to 2004/05. Table 7 shows that an increasing percentage of advertisements in *Yellow Pages* books have been in colour. It also shows that colour advertisements have become much more important in revenue terms over the period 1999/2000 to 2004/05. In the 1999/2000 publishing cycle, colour advertisements generated 8 per cent of advertising revenue; in 2004/05 the figure was 60 per cent.

⁴Twenty-five re-scopings split one directory into two; one re-scoping split two directories into three and one re-scoping extended the coverage of the directory. The two most recent re-scopings, Birmingham North and Birmingham South, do not have an impact on the data received.

TABLE 7 Colour penetration in Yell time series data set*

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
Number of advertisements						
Number of colour advertisements						
Colour percentage of advertisements (%)				✂		
Total revenues (£m)						
Colour revenues (£m)						
Colour percentage of revenues (%)						

Source: Yell; CC calculations.

*All data in this table are from the Yell time series data set.

13. Table 8 shows that there has been little change in the average size of an advertisement in Yell *Yellow Pages* directories.

TABLE 8 Average advertisement size in *Yellow Pages* directories, 1999/00 to 2004/05*

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
Number of advertisements						
Total size (columns)†				✂		
Average size (columns)						

Source: Yell; CC calculations.

*All data in this table are from the Yell time series data set.

†The total column size is calculated by assigning a column size to each *Yellow Pages* advertisement size. The column size that is used (for advertisement sizes not already expressed in columns) is 270mm, with three columns a page. So a 15mm advertisement has column size 15/270 and a whole page advertisement has column size 3.