

### Thomson pricing and revenues, 1999 to 2005

1. The Thomson data set<sup>1</sup> included [X] entries, each entry representing the purchase of a single advertisement in a *Thomson Local* directory in a single year. The data received cover the calendar publishing years 1999 to 2005.
2. Table 1 shows the number, value and average price of all classified 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

	1999	2000	2001	2002	2003	2004	2005
Number of advertisements							
Revenue (£m)							
Average revenue per advertisement (£)				X			

Source: Thomson; CC calculations.

3. Table 1 shows that, apart from the period between 1999 and 2000, the number of advertisements sold by Thomson has increased year on year. Advertising revenues have also risen year on year, apart from the period between the 2000 and 2001 publishing cycles. The number of advertisements has risen proportionately more quickly than revenues with the result that, apart from the period between 1999 and 2000, the average price paid<sup>2</sup> of an advertisement has fallen year on year.
4. Table 2 shows similar statistics calculated per Thomson advertiser. The number of advertisers fell between 1999 and 2001; it then rose over the next four years. The revenue per Thomson advertiser was broadly stable over the period 1999 to 2005. The average number of advertisements purchased per advertiser rose between 1999 and 2005.

TABLE 2 Summary data, per advertiser

	1999	2000	2001	2002	2003	2004	2005
Number of advertisements							
Number of advertisers							
Total net revenue (£m)							
Average revenue per advertiser (£)				X			
Average number of advertisements per advertiser							

Source: Thomson; CC calculations.

5. Tables 3 and 4 show the number, revenue and average prices paid of monochrome and colour advertisements.

<sup>1</sup>Data set received from Thomson.

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

TABLE 3 Summary data, monochrome advertisements only<sup>3</sup>

	1999	2000	2001	2002	2003	2004	2005
Number of advertisements							
Revenue (£m)				✂			
Average revenue per advertisement (£)							

Source: Thomson; CC calculations.

TABLE 4 Summary data, colour advertisements only<sup>4</sup>

	1999	2000	2001	2002	2003	2004	2005
Number of advertisements							
Revenue (£m)				✂			
Average revenue per advertisement (£)							

Source: Thomson; CC calculations.

6. Tables 3 and 4 show that since 2001 the average revenue derived from colour advertisements has fallen less markedly than that for monochrome advertisements; prices of individual colour advertisement types have fallen substantially, however. This suggests that a trend towards more expensive types of colour advertisement<sup>5</sup> is offsetting the reduction in prices of colour advertisements in these aggregate figures.
7. The data presented in Tables 3 and 4 also suggest that colour advertisements are far more expensive than monochrome advertisements. It is important to note that this price differential is being driven by both the 'colour premium' (the price of a colour advertisement over an identically-sized monochrome alternative) and other factors. The colour subsample includes more expensive types of advertisement since colour advertisements tend to be large.<sup>6</sup>
8. The average GMC for a Thomson Local book has changed little during the period, rising from 123 in 1999 to 129 in 2005. Thomson has not materially re-scoped in the past ten years; so this aggregate trend probably represents the pattern in individual directories. Table 5 shows the changes in Thomson's GMC that occurred between 1999 and 2005.

TABLE 5 Thomson's GMC, 1999 to 2005

	1999	2000	2001	2002	2003	2004	2005
GMC total (m)	20.59	21.16	21.54	21.51	21.51	22.2	22.37
Number of books	167	170	173	173	173	173	173
GMC average (m)	0.123	0.124	0.125	0.124	0.124	0.128	0.129

Source: Thomson; CC calculations.

9. In order to assess the effects of changes in Thomson's GMC, Table 6 presents Thomson's revenue, average revenue per advertisement and average revenue per advertiser, in terms of GMC. The average revenue per advertisement has fallen and

<sup>3</sup>Mono refers to advertisements containing no colour at all. A full colour breakdown is provided as an annex.

<sup>4</sup>Colour refers to any advertisement containing colour. The Thomson colour categories included are: Spot Colour, White Knock Out, Highlight, Full Colour.

<sup>5</sup>Larger advertisements or more expensive colour options.

<sup>6</sup>Bound inserts are not included in the figures presented in Table 4.

the average revenue per advertiser has been broadly stable. These patterns, which match those present in Table 2, suggest that changes in Thomson's GMC have not had a significant impact.

TABLE 6 Average revenue per GMC, for advertisers and advertisements

	£						
	1999	2000	2001	2002	2003	2004	2005
Average revenue per GMC*							
Average revenue per advertiser per million GMC				✂			
Average revenue per advertisement per million GMC							

Source: Thomson; CC calculations.

\*Total revenue divided by total GMC.

10. The mixture of advertisement types present in Thomson's books has changed over the period 1999 to 2005. Table 7 shows that an increasing percentage of advertisements in Thomson's books have been in colour. It also shows that colour advertisements have become much more important in revenue terms over the period 1999 to 2005. In the 1999 publishing cycle colour advertisements generated [✂] per cent of advertising revenue; in 2005 the figure was [✂] per cent.

TABLE 7 Thomson colour penetration\*

	1999	2000	2001	2002	2003	2004	2005
Number of advertisements							
Number of colour advertisements							
Colour percentage of advertisements (%)				✂			
Total revenues (£m)							
Colour revenues (£m)							
Colour percentage of revenues (%)							

Source: Thomson; CC calculations.

\*Mono advertisements are defined as those containing no colour, as in Table 3.

11. Table 8 shows that there has been a year-on-year increase in the average size of an advertisement in Thomson's directories. The change in average size may be being driven by the move towards larger advertisement types (for example, half and full page) that has occurred in some classifications.

TABLE 8 **Average advertisement size in Thomson Local directories, 1999 to 2005**

	1999	2000	2001	2002	2003	2004	2005
Total number of advertisements							
Total size (columns)				✂			
Average size (columns)							

Source: Thomson; CC calculations.

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\*The total column size is calculated by assigning a column size to each Thomson advertisement size. The column size that is used (for advertisements not already expressed in columns) is 255mm, with three columns per page.

## Thomson full colour breakdown<sup>1</sup>

TABLE 1 Revenues and number of advertisements

Colour	Item	1999	2000	2001	2002	2003	2004	2005
Mono	No of advertisements	(						
Spot colour	No of advertisements							
White knock out	No of advertisements							
Highlight	No of advertisements							
Full colour	No of advertisements							
Mono	Revenue (£m)					✂		
Spot colour	Revenue (£m)							
White knock out	Revenue (£m)							
Highlight	Revenue (£m)							
Full colour	Revenue (£m)							

Source: Thomson; CC calculations.

TABLE 2 Average revenue per advertisement

Colour	1999 £	2000 £	2001 £	2002 £	2003 £	2004 £	2005 £	Percentage reduction 1999–2005 %
Mono	(							
Spot colour								
White knock out					✂			
Highlight								
Full colour								

Source: Thomson; CC calculations.

<sup>1</sup>Source: Thomson.