

## Marketing Measurement Case Study: Print Yellow Pages

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### *Is Yellow Page Advertising Still Effective?*

In 2004, Yellow Page advertising was DrinkMore Water's number one source of new business, after referrals from existing customers. To reach everyone in DMW's service area (the Baltimore-Washington region) meant advertising in more than 10 different phone books because there are multiple books in Baltimore, DC, Maryland and Northern Virginia. In Montgomery County Maryland, where DMW is headquartered, there are two Idearc (Verizon) phone books, not to mention the Yellowbook and several Data National phonebooks. At the peak, DMW was spending upwards of \$15,000 per month as a "Gold ADvantage" Verizon Yellow Pages customer.

There is an old saying, "You can't win the game if you don't know the score." When it comes to Yellow Page advertising, the score is measured in metrics like: Calls (or leads) Per Phone Book per month, Cost Per Call, Sales and Cost Per Sale. Without this information, it is simply impossible to achieve maximum results. If you rely on your Yellow Page ad sales rep, you will receive advice that is guaranteed to boost their commissions – usually at your expense. Before we teamed up with DMW, the owner, used a specific phone number for every Yellow Page ad he ran – and I mean every single book had a different phone number. In fact, he used specific phone numbers for nearly every advertising strategy he employed – at times he would have 30-40 different phone numbers running at once! Every month, his marketing team would go through the phone bills, count up the calls received and put the data in a spreadsheet sorted by advertising strategy.

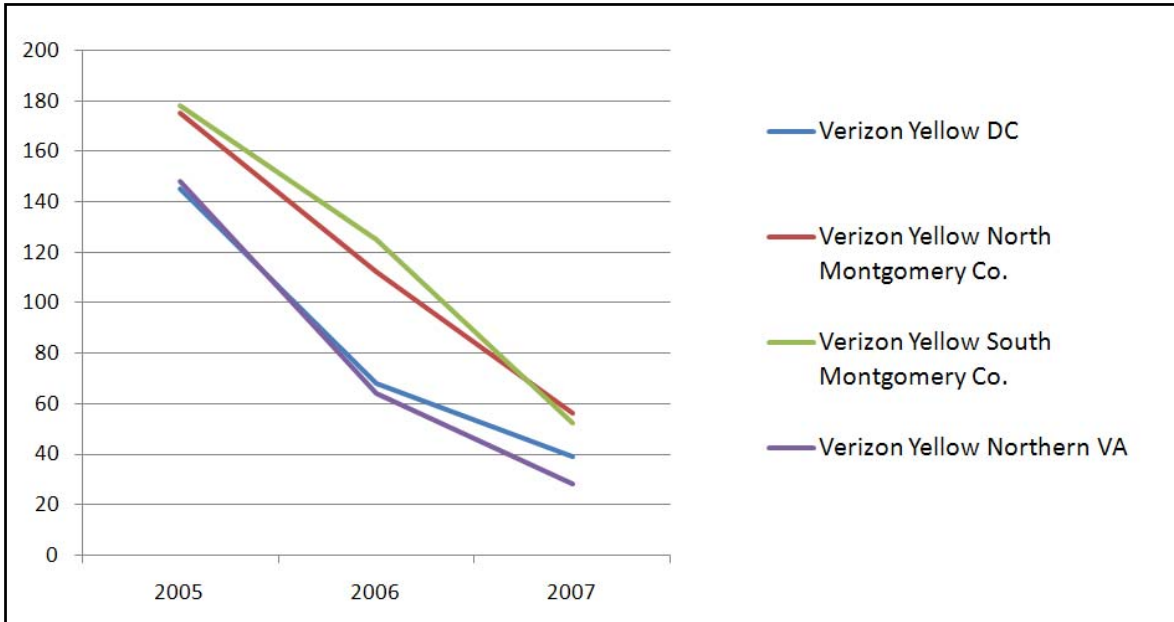
That was an extremely tedious process for the marketing team, the president argued that it was the only way to make smarter marketing decisions – particularly for media like the Yellow Pages where the cost is high and a direct response is expected. When renewal time would come for the phone books, DMW never had to rely on the Yellow Page rep's pitch, which was centered on general statistics and data that was never specific to the bottled water industry. They would hear, "the page counts are growing!! Your competitors are increasing their ad size." Right. DMW never listened to one word of their pitch. Instead, the owner relied on the marketing team's spreadsheet and used that data to decide which ads to renew, which ads to change, which books to drop and generally how best to proceed.

Should more budget be allocated to the Yellowbook? What about the Data National books – are they really worth it? Or, would leaving more budget for the Idearc (Verizon) books produce the best result? Which is more important – ad size, position, or color? All of these questions can be better answered *when you can see exactly which ads pull the best response.*

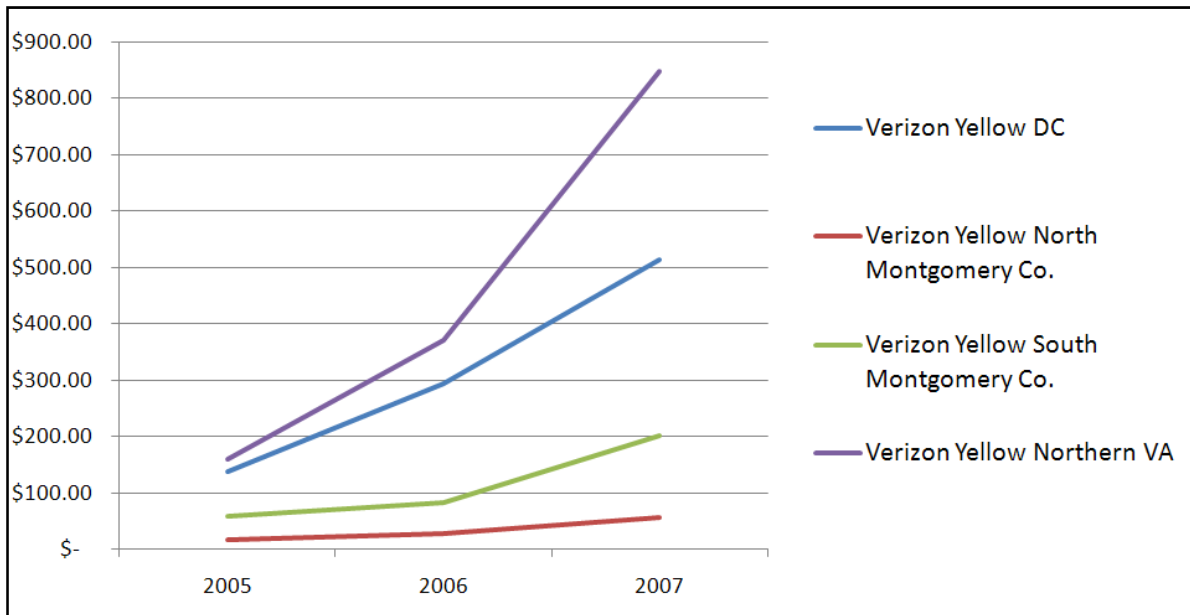
Shortly after we took over marketing at DMW, we took this concept to a whole new level. My background was in software and telecommunications. I created a web-based software platform that combined a powerful telecommunications system with a mini-Customer Relationship Management (CRM) type application. The system allowed us to continue to use specific phone numbers to track each Yellow Page ad, but instead of having to tally everything by hand, the software did it for us. It also allowed us to record every call and gave the DMW sales reps the ability to tag calls – sale, no sale, solicitation, etc. We were then able to quickly generate reports to compare and evaluate the performance of different advertising strategies – including the Yellow Pages. The recorded calls were also used to

better train customer service staff and sales reps as well as to listen for new opportunities in the market place – like BPA-Free glass bottles for example. Collectively, this software platform and process has become the center piece of my new company, Blue Corona. Here are DMW’s results from the Yellow Pages – 2005 through 2007 (See Figures 1 and 2):

**Figure 1:**  
Total phone calls per year from four Verizon Yellow books



**Figure 2:**  
Cost per phone call for four Verizon Yellow books



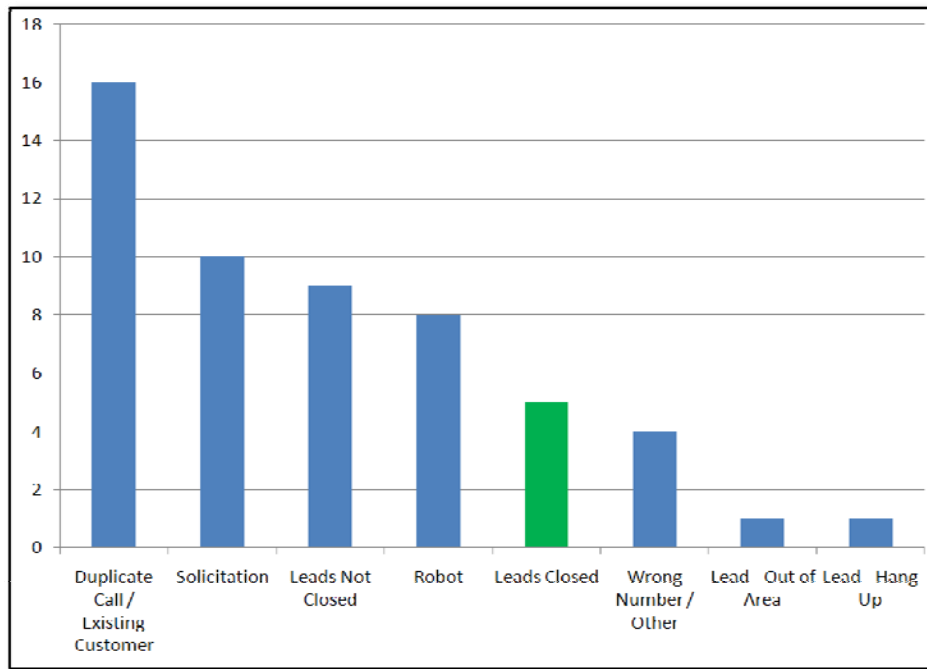
Several important discoveries came directly as a result of the Blue Corona system. It became immediately obvious that the total number of people using the Yellow Pages to find water delivery service was decreasing faster than anyone in the industry had suspected. Look at that graph!! Listening to the calls, we also found that most of the calls DMW was receiving were not from prospective customers or current customers ready to make a purchase as the Yellow Pages reps always suggested. Many of the calls were from automated campaign dialers (robots) and other sales reps (InfoUSA, Hoovers, etc.). While DMW's previous ability to count calls was helpful, Blue Corona's ability to gather and evaluate data that spoke to the quality of incoming calls was truly actionable.

Think about the past meetings you have had with your Yellow Page rep. Typically, they walk you through some line of questioning that involves your close rate on inbound sales calls and the revenue associated with a new sale. They always want to talk in terms of gross revenue numbers – never factoring in your costs to produce and deliver the products. Then they speak in terms of gross number of calls generated from their book(s), implying that every call you receive is from a prospective client who is ready to buy. Multiply the number of calls by your close rate and then by the gross annual revenue per customer and you get some convoluted number that exceeds what you pay them for the ads (thereby justifying your investment in their books).

**In 2008, DMW actually discontinued advertising in every Idearc (formerly Verizon) Yellow Page book because the actual sales calls generated are simply too low to justify the cost.** Read that sentence again. DMW is basically out of the Yellow Pages advertising game. That was a huge for a bottled water company that began with its marketing roots in the Yellow Pages. However, we suggested DMW renew one ad in the YellowBook – it was a 2008 book that had a deadline in 2007 and we were able to secure an extremely low price from our account rep. Even with the new low price, the decline in calls is so significant that DMW will NOT be renewing this ad for 2009 unless it is free!

Figure 3 (next page) shows the calls generated from the 2008 Yellow Book for Northern Virginia. If I had to pick one word to describe the performance, it would be *pathetic*. From January 1, 2008 to September 30, 2008, DMW has received a total of only 54 calls from the book. Without Blue Corona's advanced technology, the yellow book sales rep would have used this data to imply that if we typically close 75% of our inbound calls, his book has generated at least 40 new sales (times \$400 in annual revenue per account = \$16,000 of sales) – of course we're going to renew!! However, using Blue Corona's advanced call recording software, we can easily determine, out of 54 calls, how many came from actual prospective customers vs. existing clients, solicitations, robot calls, etc.

**Figure 3:**  
Calls generated by ad in the 2008 Yellow Book for Northern Virginia, Jan. 1 – Sept. 30, 2008



*It turns out that ONLY 16 of the 54 calls were made by prospective customers (leads) and only 5 of those leads turned into sales.* That is a much lower conversion rate (31% - calculated from closing 5 of the 16 valid prospective customer calls) than we have for other inbound sales calls (70-75%).

By recording and listening to every call, we found out that the majority of the calls from the Yellow Pages were not from prospective buyers and those that were tended to be of very low quality compared to other marketing channels. Of all the marketing channels used by DMW, Yellow Page callers were the least likely to have a credit card for residential billing – a requirement of DMW. Yellow Page customers were also the most likely to haggle on price with little attention paid to other important aspects like the quality of the water, what happens in the event of a problem, the value of live customer service provided by a local company, and so on.

The take away here is simple: the value of the Yellow Pages and Yellow Books has declined dramatically with the rise in availability of computers and the Internet. The impact is likely greater in urban and affluent markets than in the rural markets, but even many rural markets are now being offered Internet service at broadband connection speeds. If you DO continue to run ads in the Yellow Pages, it is imperative that you have in place a system to accurately measure and track the results. Don't rely on your sales rep for this information – their goals are often misaligned with yours. For a fraction of the cost of the actual advertising, Blue Corona can be overlaid onto your business and the impact it will have is hard to imagine until you've experienced it. Just ask the owner of DMW. In the past two years, we have used our system to eliminate over \$175,000 in Yellow Page advertising from DMW's budget, while increasing total leads and lowering cost-per-lead at the same time!