LOCAL SEARCH for NATIONAL BRANDS:

The Tactical View

November 19, 2015

Matt Muilenburg	Adarsh Nair	Michael Boland
SVP, Offline Product Solutions & Strategy	Sr. Director Product & Engineering	Chief Analyst & VP, Content
Marchex	Marchex	BIA/Kelsey

Overview

- BIA/Kelsey Analysis & Insights

- Marchex & Search-Driven Calls

- Q&A

- Special Report Offer for Attendees

Matt Muilenburg
SVP, Offline Product Solutions & Strategy
Marchex

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Chief Analyst & VP, Content
BIA/Kelsey

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About BIA/Kelsey

Leading in Local

Market Intelligence

- U.S. Local Media Forecast, local market data, small business research, broadcast and digital media industry data
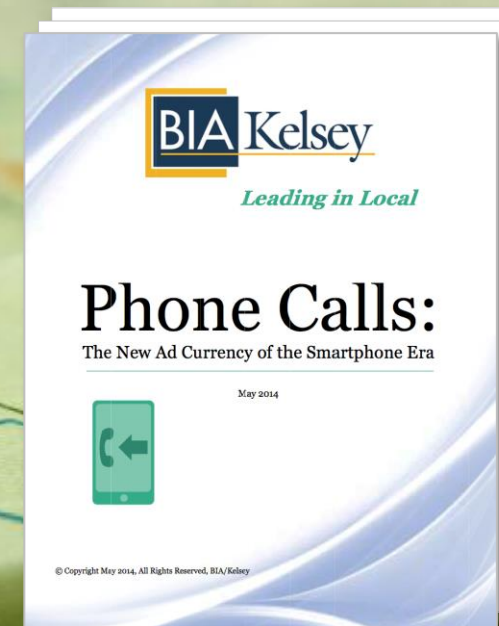
Strategic Consulting

- Custom research, market vetting, tactical analysis, brand/product positioning, defining the collision of technology and media

Conferences

- A-List events for tech & media execs

Content Publishing

- Insight papers, ad forecasts, vertical reports, webinars, blogging, newsletter

BIAKelsey

Leading in Local

Phone Calls:
The New Ad Currency of the Smartphone Era

May 2014

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Marchex is a mobile advertising analytics company that connects online behavior to real-world, offline actions.

- True, 100% attribution to optimize digital spend
- Custom solutions for search, display & performance-based media
- Enterprise-class scale, protection & security
- Proven performance with top brands & agencies

MARCHEX®

Agenda

1. BIA/Kelsey Analysis & Insights
2. Marchex & Search-Driven Calls
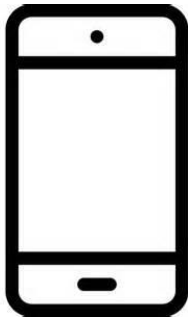3. Q&A
4. Special Report Offer for Attendees

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1. **BIA/Kelsey Analysis & Insights**

2. Marchex & Search-Driven Calls

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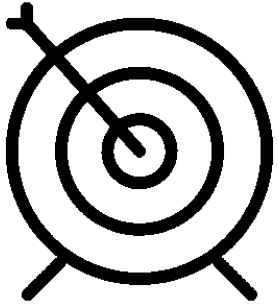
Mobile Usage: The Starting Point

79%
U.S. Smartphone penetration
(BIA/Kelsey)

51%
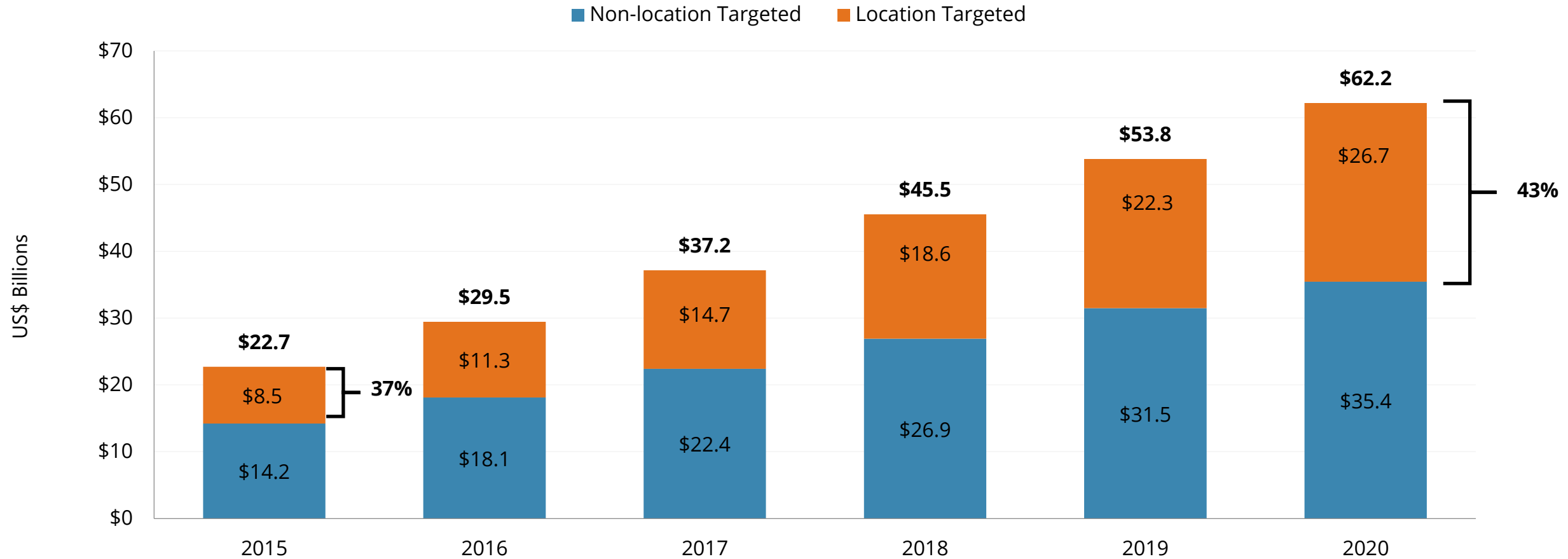of search query volume is on
smartphones (Google)

50%
of mobile search queries have
local intent (BIA/Kelsey)

Source: U.S. Local Advertising Forecast 2016

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BIA/Kelsey Fresh Mobile Ad Revenue Forecast (U.S.)

Legend: ■ Non-location Targeted ■ Location Targeted

US$ Billions

2015: **$22.7** — Location Targeted $8.5, Non-location Targeted $14.2 — 37%
2016: **$29.5** — Location Targeted $11.3, Non-location Targeted $18.1
2017: **$37.2** — Location Targeted $14.7, Non-location Targeted $22.4
2018: **$45.5** — Location Targeted $18.6, Non-location Targeted $26.9
2019: **$53.8** — Location Targeted $22.3, Non-location Targeted $31.5
2020: **$62.2** — Location Targeted $26.7, Non-location Targeted $35.4 — **43%**

Note: Numbers are rounded.

Source: U.S. Local Advertising Forecast 2016

Mobile Ad Share by Format

2015

Audio 1.8%

Native Social 18.5%

Traditional Display 18.6%

Video 5.0%

SMS 1.5%

Search 54.6%

2020

Native Social 22.8%

Traditional Display 21.0%

Audio 2.1%

Video 5.8%

SMS 0.6%

Search 47.8%
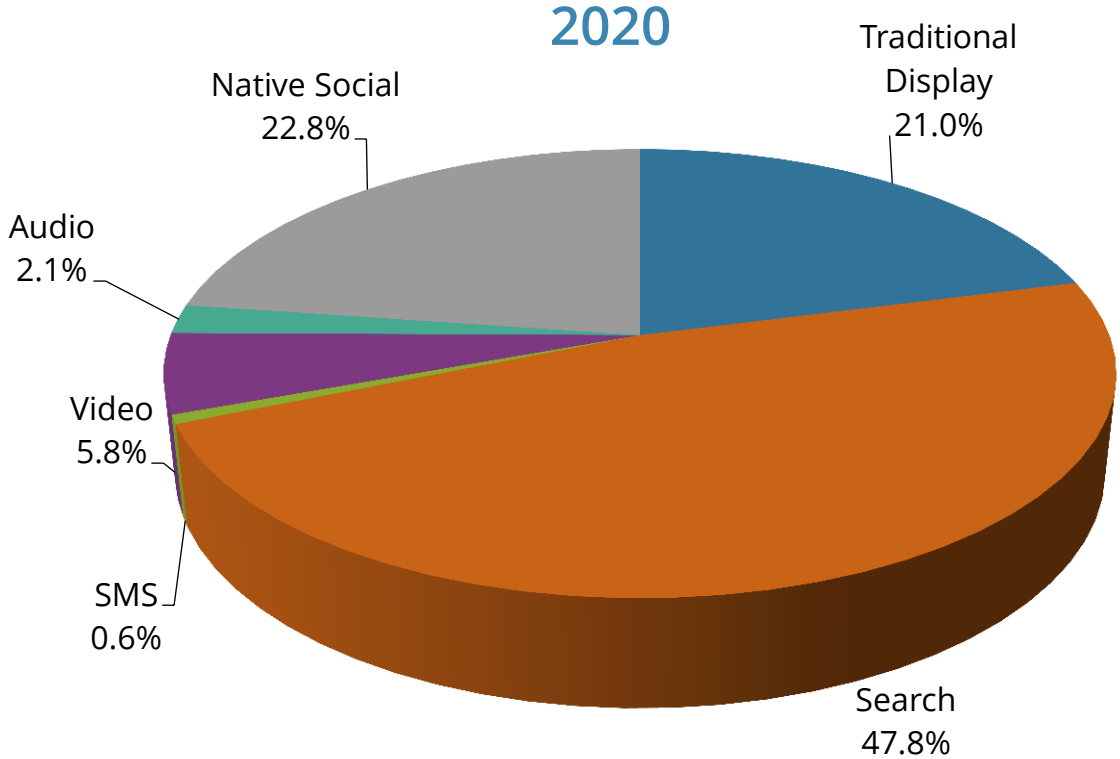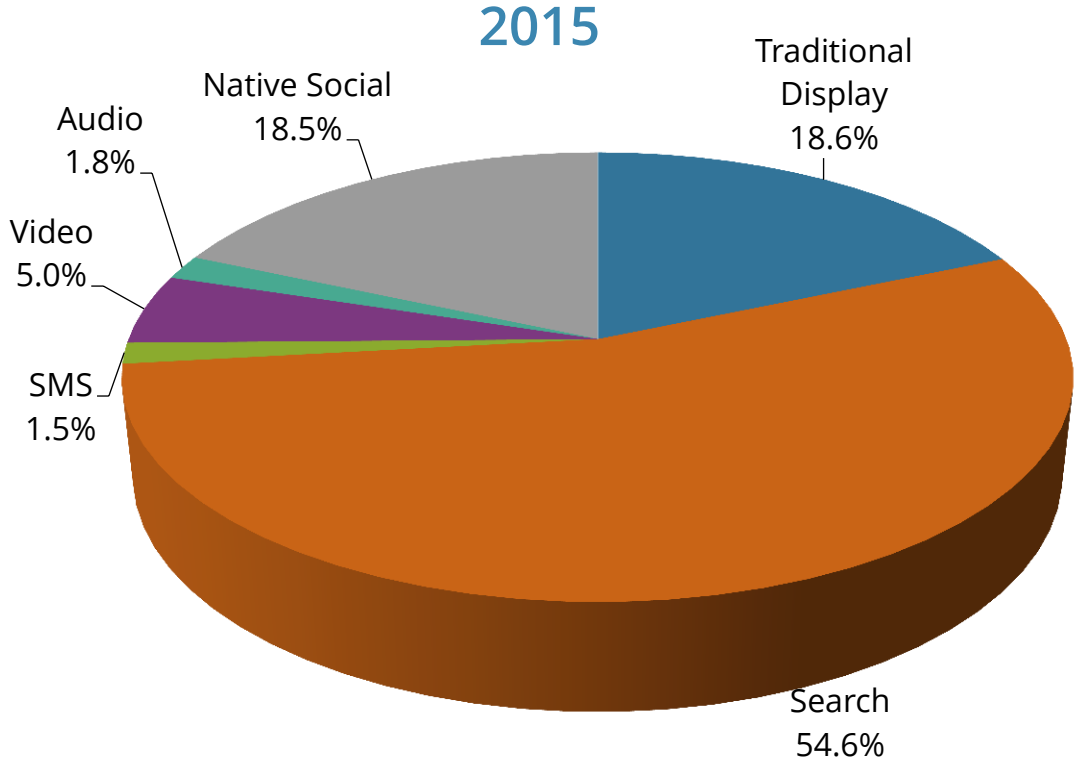
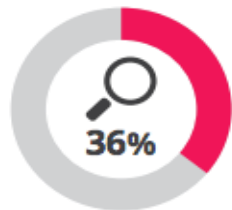Source: U.S. Local Advertising Forecast 2016
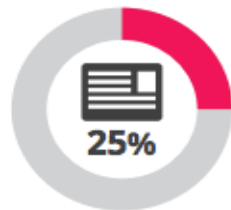
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Why Does That Matter?

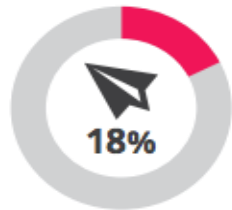Mobile searches drive valuable outcomes for businesses

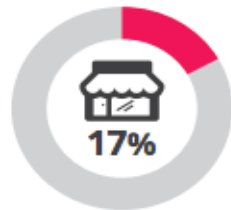**3 of 4** mobile searches trigger follow-up actions
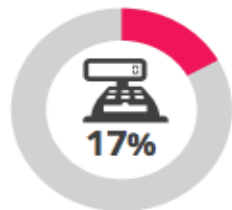
36% Continued Research

25% Visited a Retailer's Website

18% Shared Information

17% Visited a Store

**17%** Made a Purchase

7% Called a Business

Actions triggered by mobile search also happen very quickly

55% of conversions (store visit, phone call or purchase) happening within an hour

On average, each mobile search triggers nearly 2 follow-up actions

Product & shopping searches have a higher number of outcomes

Number of follow-up actions per mobile search

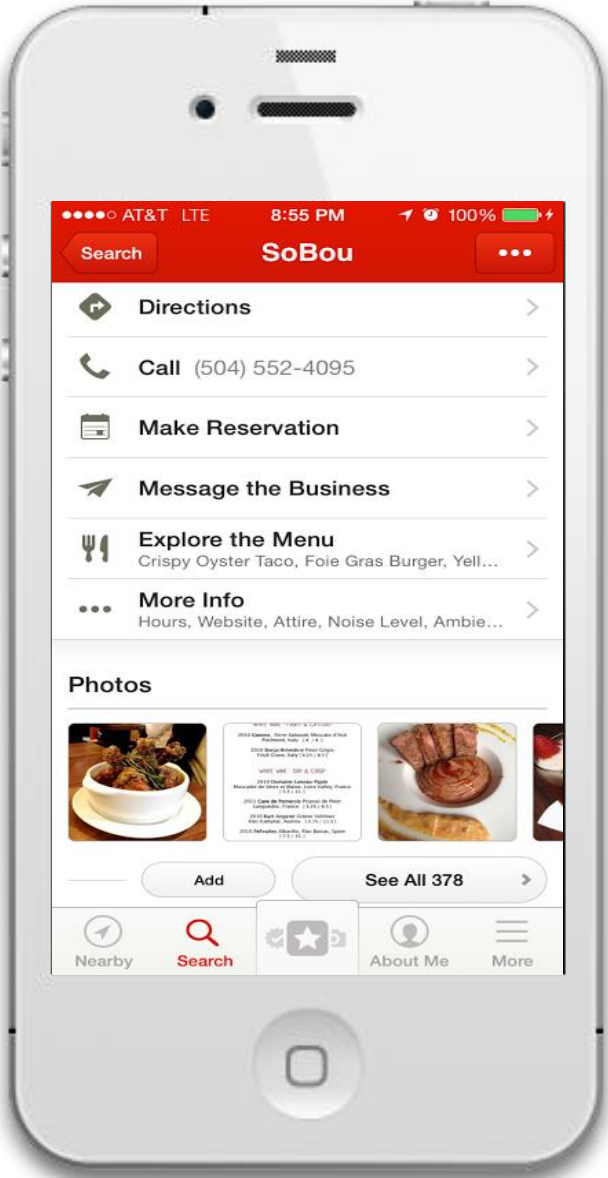| Beauty	Auto	Travel	Food	Tech
3.56	2.52	2.20	2.08	2.07
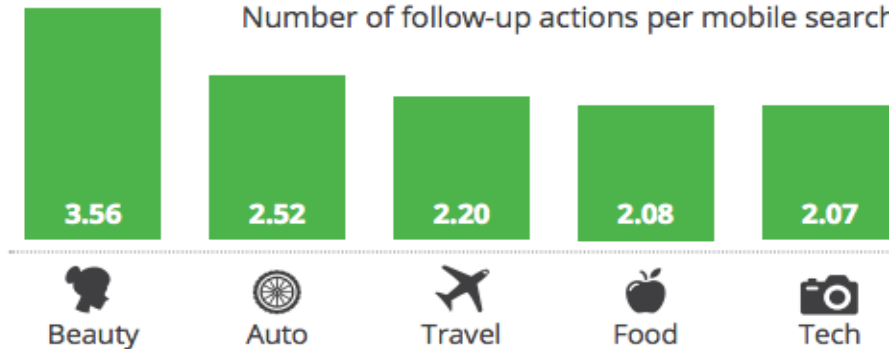
The Lesson:
The intent is there... it just needs to be captured.
(...but how?)

It's All About Calls to Action

- Reservations/scheduling

- Ordering

- Messaging

- Click-to-call

- Real-time Inventory

- Photos

- Videos

Drilling Down on Click-to-Call
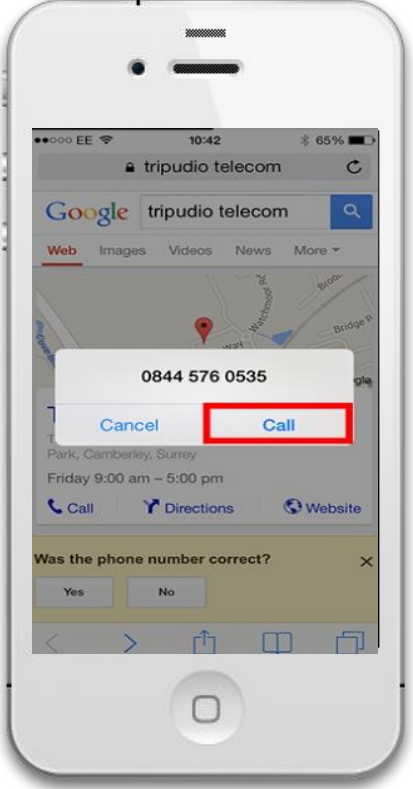
Smartphones drive voice and call activity

- Hardware realties (voice input, dialer)
  - High transaction intent
  - Products that have complexity
    - Autos
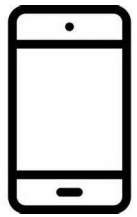   - Healthcare/medical
    - Financial services

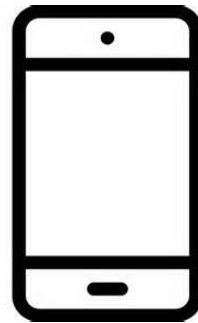Google Adwords   Google Organic   Click-to-Call Example
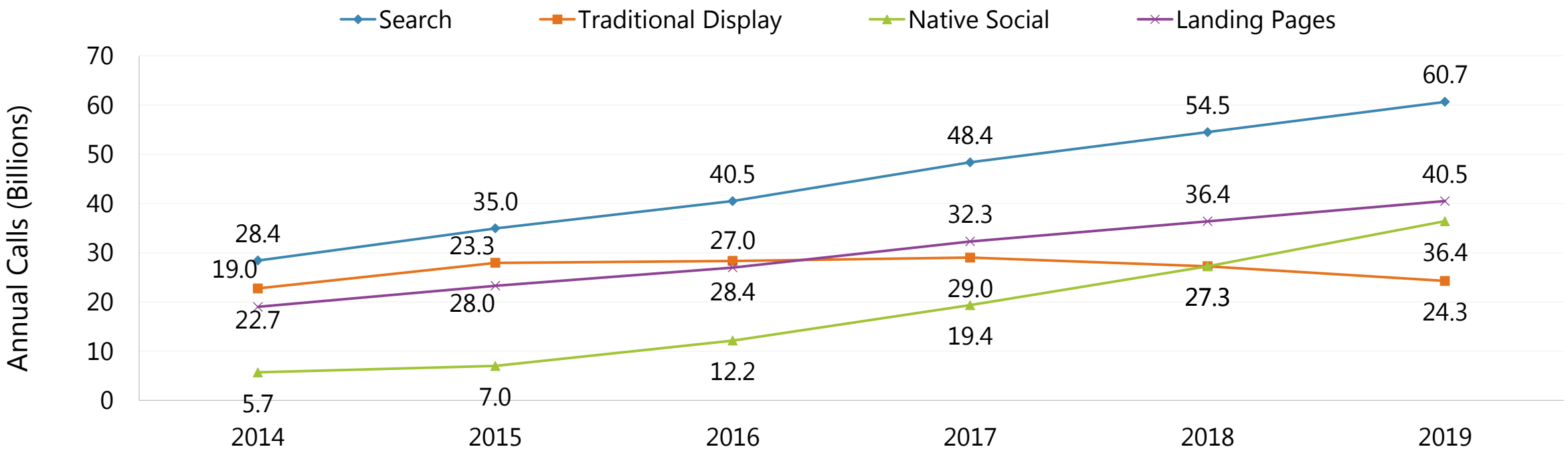
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The Result: An Explosion of Phone Calls

93 Billion
Annual calls from mobile today

162 Billion
by 2019

Chart legend: ◆ Search ■ Traditional Display ▲ Native Social ✕ Landing Pages

Annual Calls (Billions)

	2014	2015	2016	2017	2018	2019
Search	28.4	35.0	40.5	48.4	54.5	60.7
Traditional Display	19.0	23.3	27.0	32.3	36.4	40.5
Native Social	5.7	7.0	12.2	19.4	27.3	36.4
Landing Pages	22.7	28.0	28.4	29.0	—	24.3

Source: U.S. Local Advertising Forecast 2016

U.S. Search-Based Click-to-Call Market

2015

$2.45 B

2020

$5.34 B

Source: U.S. Local Advertising Forecast 2016

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These calls are happening either way....
It's a matter of channeling, tracking, analyzing and optimizing them.

Agenda

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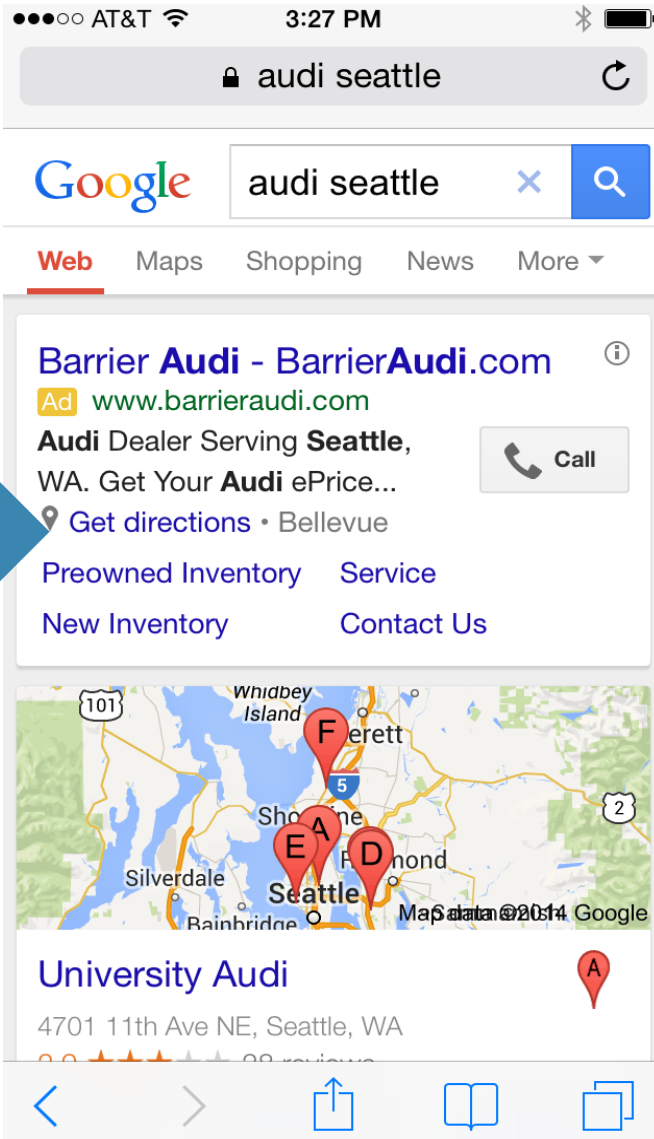3. Q&A
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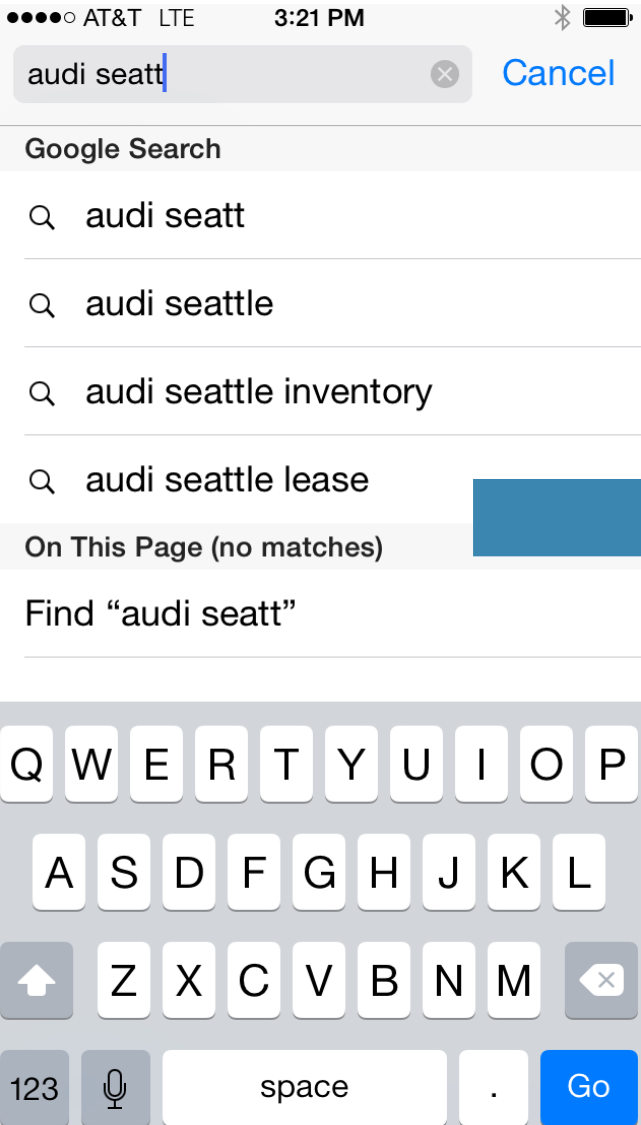Tweet With Us: #realworldanalytics

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Calls are the New Currency for Mobile

And This is Happening…

At a High Level, We Found There are 3 Types of Phone Calls

16% Unanswered

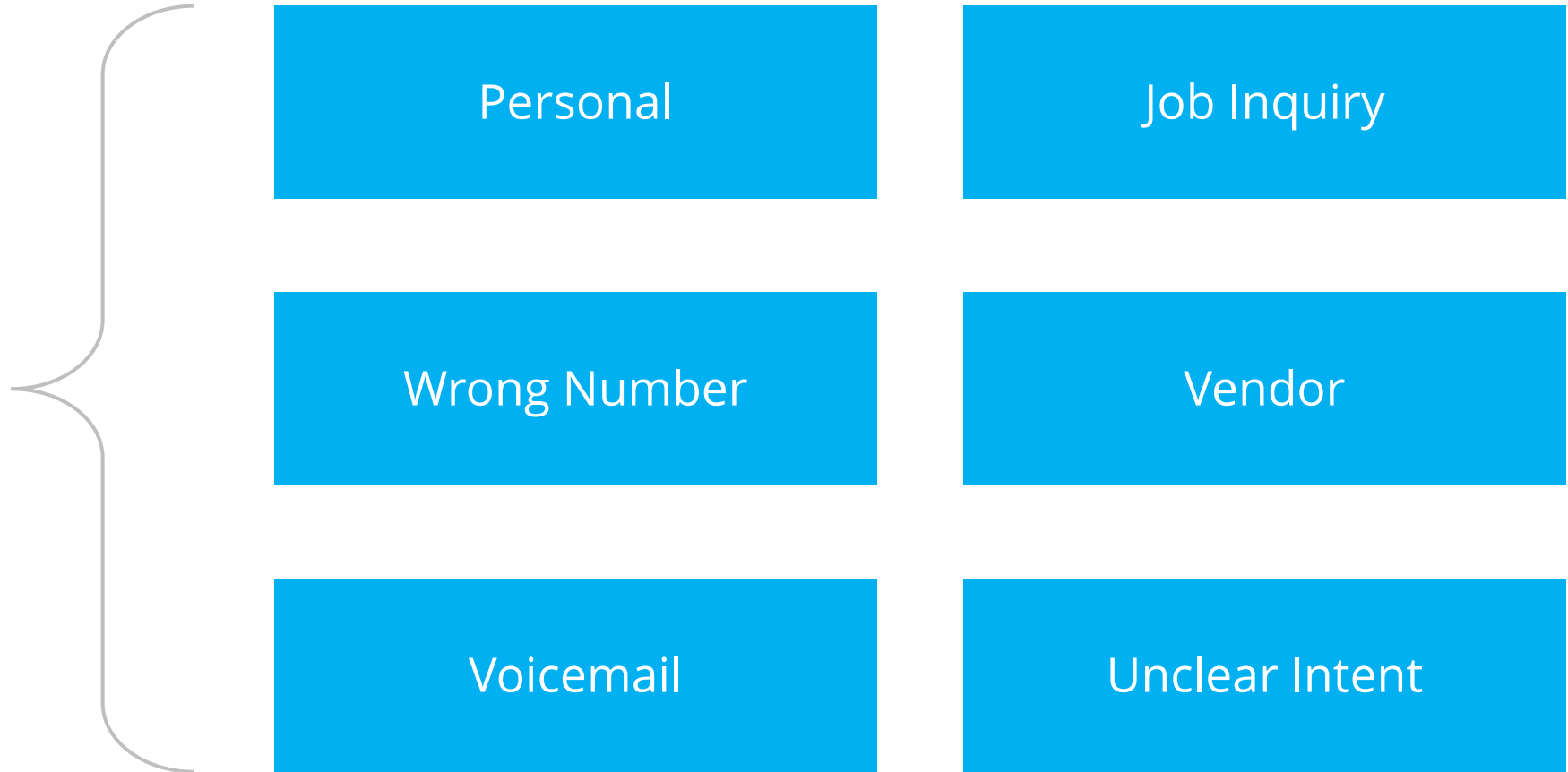71% Product or Service Calls

13% Non Product or Service Calls

What Kinds of Calls are Not Product or Service Calls?

RESUME

13%
Non Product or Service Calls

Personal	Job Inquiry
Wrong Number	Vendor
Voicemail	Unclear Intent

For Travel, Consumers Want Local Questions Answered

HOTEL
- Nearby attractions & events
- Convenient transport & shuttle options
- Amenities (meals, pool, fitness)
- Event hosting (weddings)
- Childcare

CAR
- Truck, mini-van for utility
- Airport pickup
- One way rental
- Recent accident/breakdown

Tweet With

Auto: Most Callers are New Prospects for Both Dealers & Repair Shops

Mobile Callers to Auto Dealers

60% — New prospects

40% — Follow-ups for sales
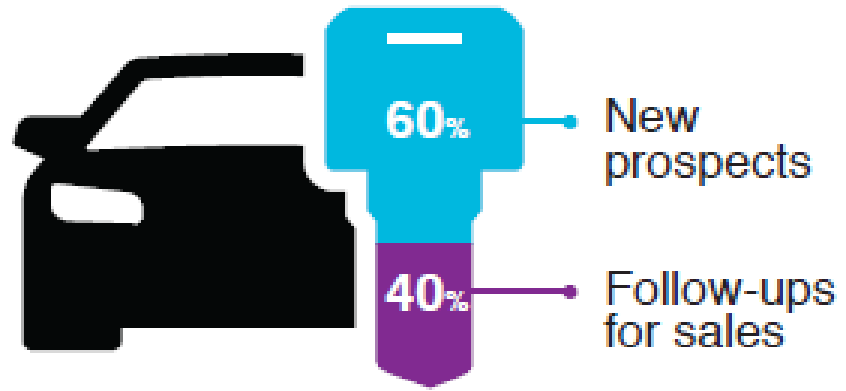
Mobile Callers to Auto Repair Shops

59% — New prospects

41% — Follow-ups for service

Tweet With Us: #realwc
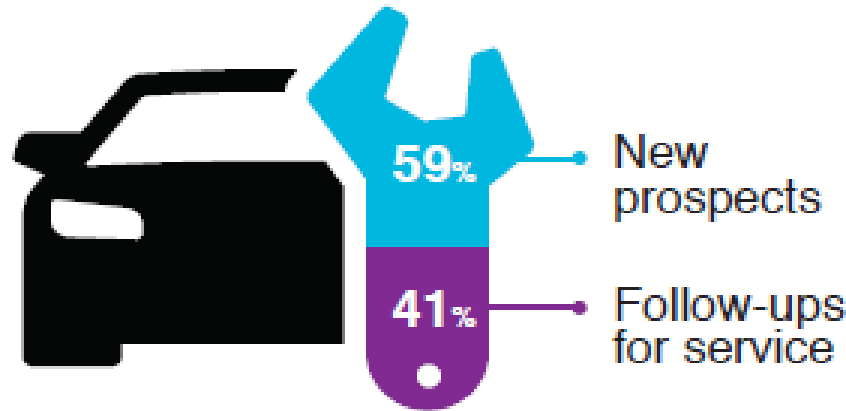
And Across the Board, There is High Intent to Purchase.

Multifamily Housing:
- 25% of those that inquired about a rental unit also mentioned a lease or contract

Automotive:
- More than 70% of product or service calls to auto dealers mention a vehicle make and model
- More than 40% of callers provide their contact information

Home Services:
- 50% of first phone calls to plumbers, 20%+ for home improvement led to appointment

Get Up From Your Computer, and Make Sure the Phone is Being Answered

For most industries, the average rate of unanswered calls exceeds 20%

Multifamily Housing
40% unanswered calls

Automotive
25% unanswered calls

Source: Marchex, 2012 & 2013 10,000+ calls from 2012-2013

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Be Transparent Around Services and Price.

After all... that's why consumers are calling!

Percentage of Product & Service Calls For A Home Services Category That Mention Price/Quote
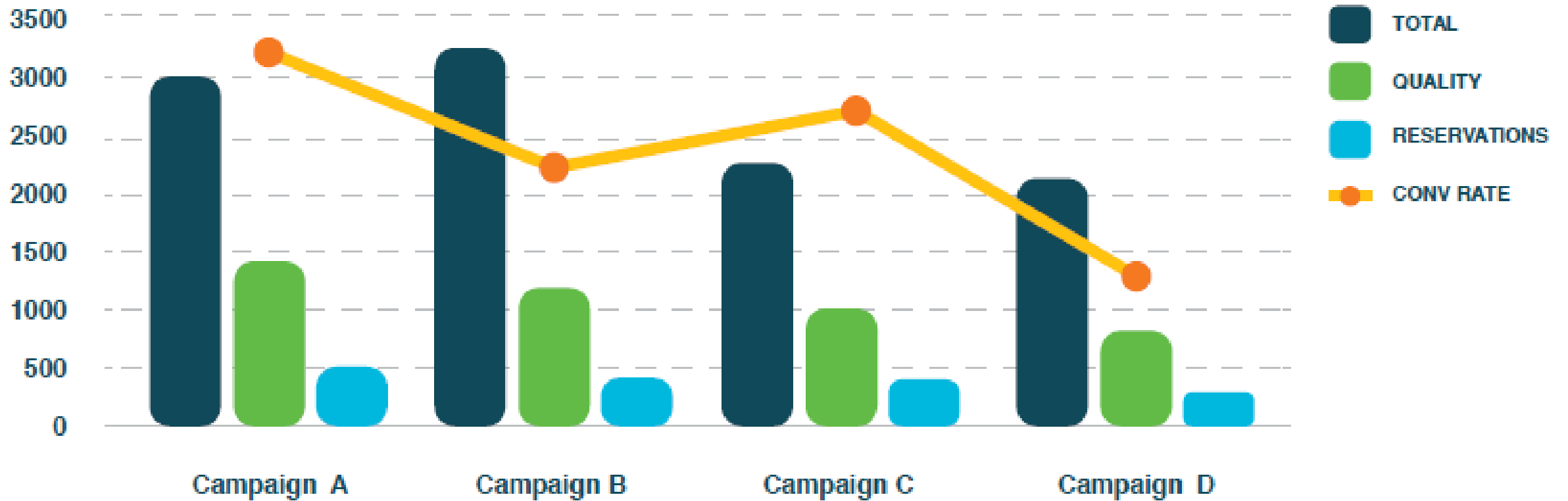
■ No ■ Yes

24%

76%
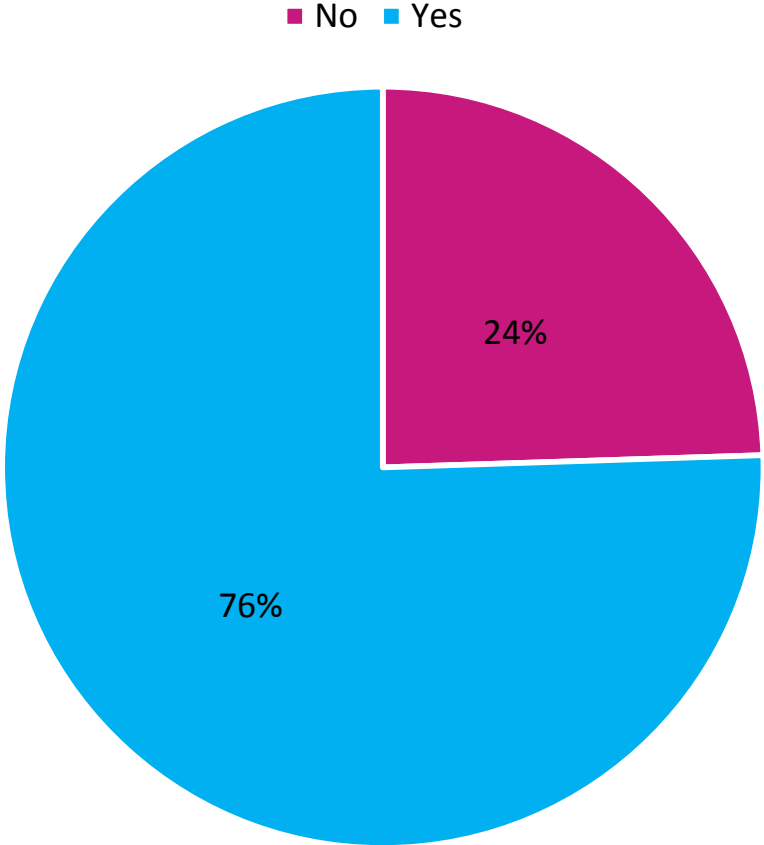
And Also…

✓ Are you answering the phone?

✓ How can you improve service?

✓ When someone doesn't buy, why?

✓ Which keywords drive phone calls?

✓ Which pages drive phone calls?

It's Not Enough…

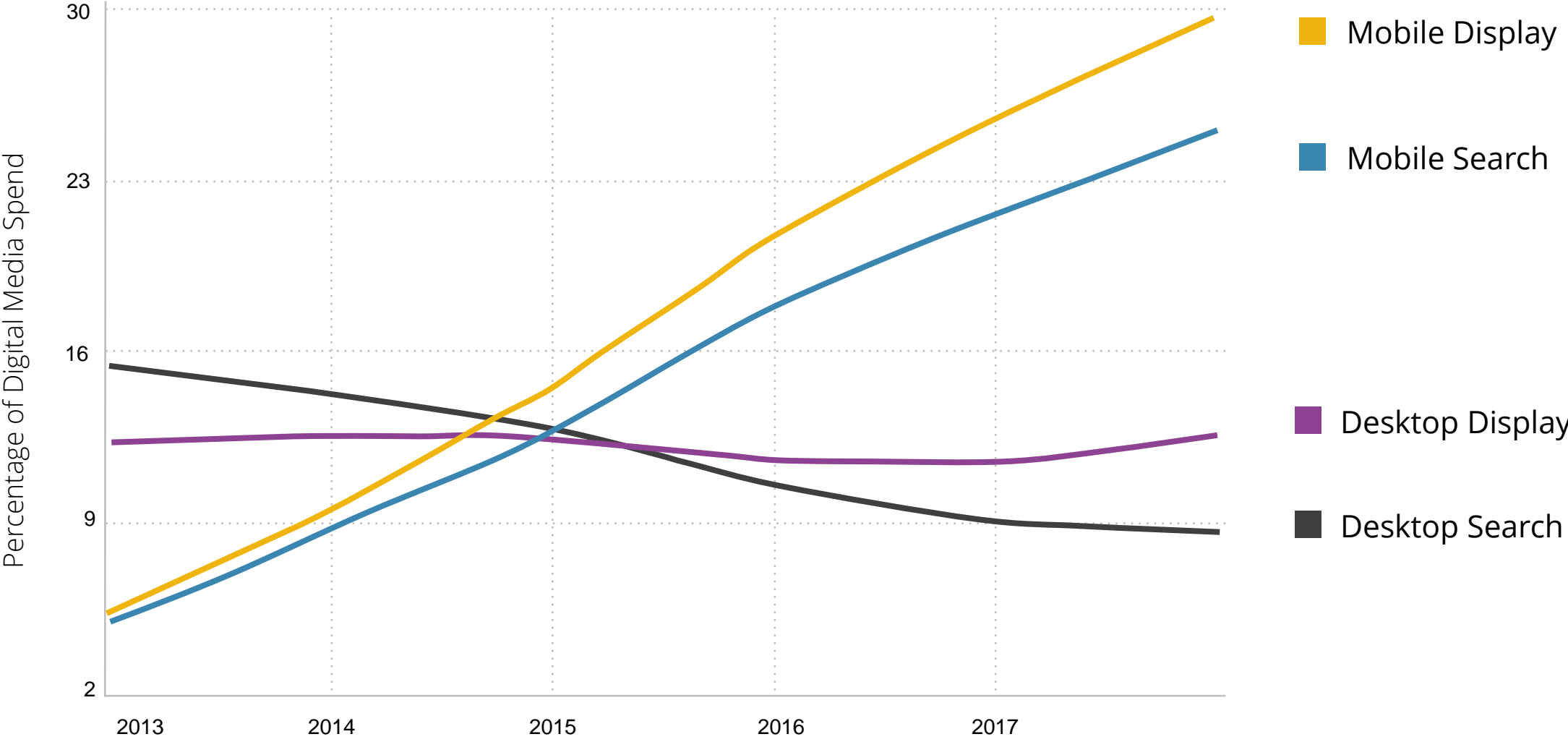To Know How Many "Visits per Keyword" You Get. Which Become Purchases?

|

Search & Display are On Track to Become Dominant Customer Acquisition Channels in Mobile

Percentage of Digital Media Spend

Mobile Display
Mobile Search
Desktop Display
Desktop Search

2013 · 2014 · 2015 · 2016 · 2017

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Source: eMarketer US Digital Ad Spending by Format, March 2015 (US)

Search Ad Formats are Evolving & Going Click-to-Call in a Mobile World

Enhanced Campaigns
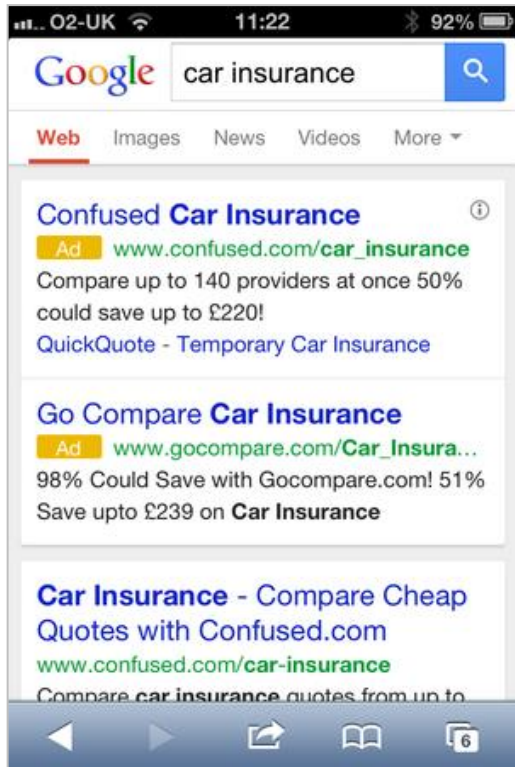
Enhanced Campaigns with Call Extensions

Enhanced Campaigns with Location extensions

Other Google Ad betas
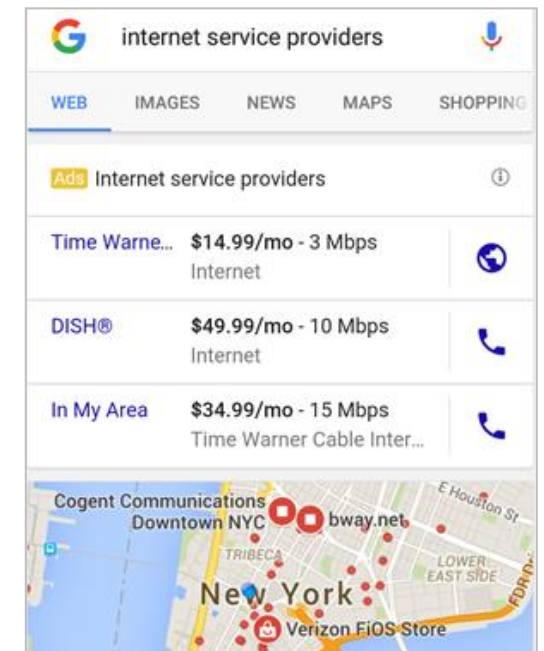
Call Only Campaigns

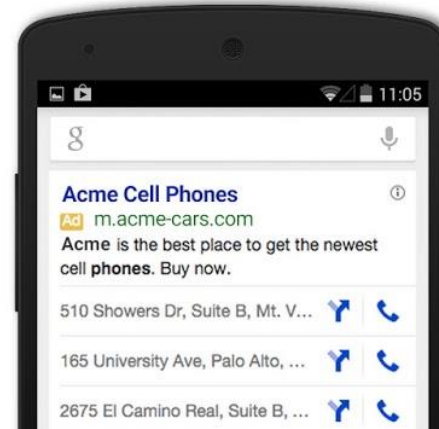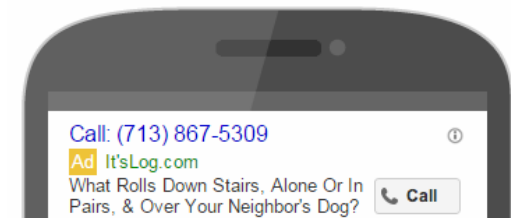# Mobile Search Ads Drive Calls from Click-to-call & Landing Pages

Landing page

Search Ad

Click-to-Call Call Extensions

40% Calls from landing pages

60% Calls from extensions

Tweet With Us: #realworldanalytics
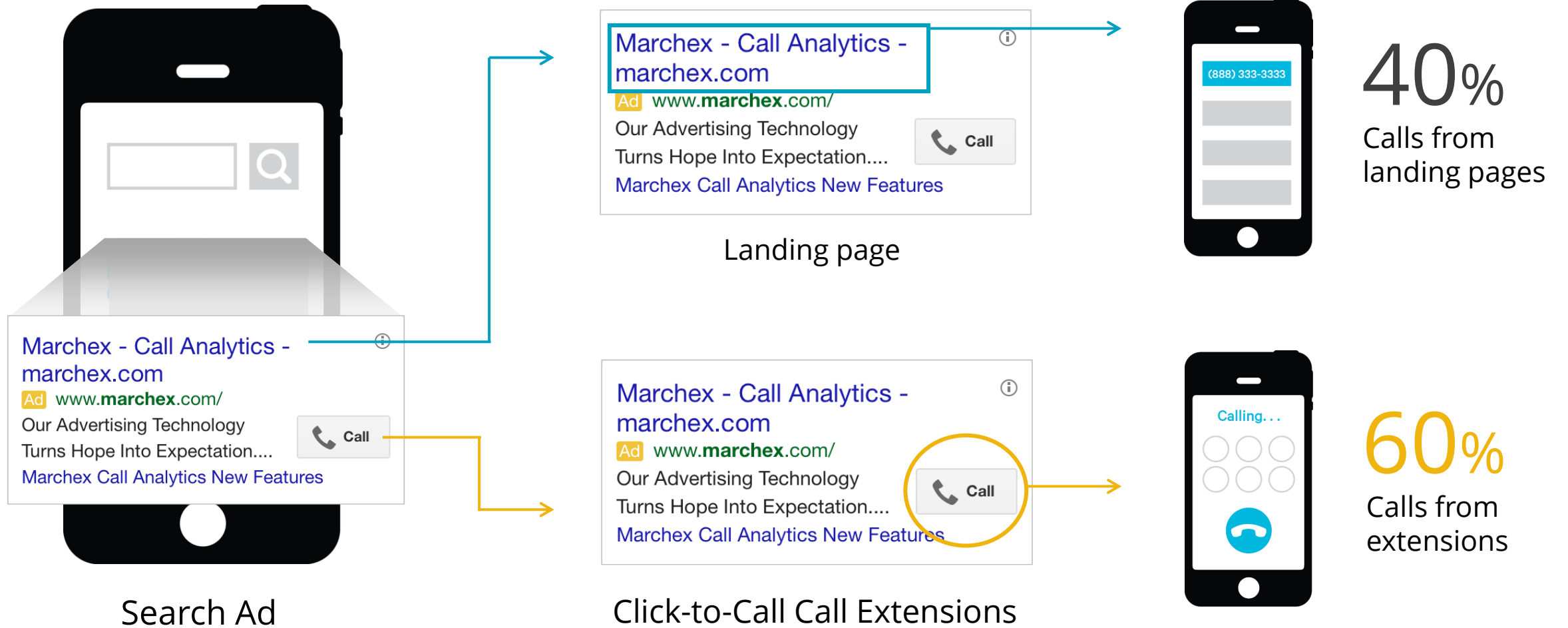
The Problem

Lack of visibility into what search keywords drive call conversions

Unlike Online Conversions…

…Search marketers have no visibility into what keywords drive offline call conversions.

Online

CLICK

Keyword: **Hotel Suite** → Desktop Ad → Landing Page → Website → Thank You → Keyword Attribution: **Conversion**

Online to offline

CALL

Keyword: **Hotel Suite** → Mobile Ad → **?** → Keyword Attribution: **Conversion** **?**

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|
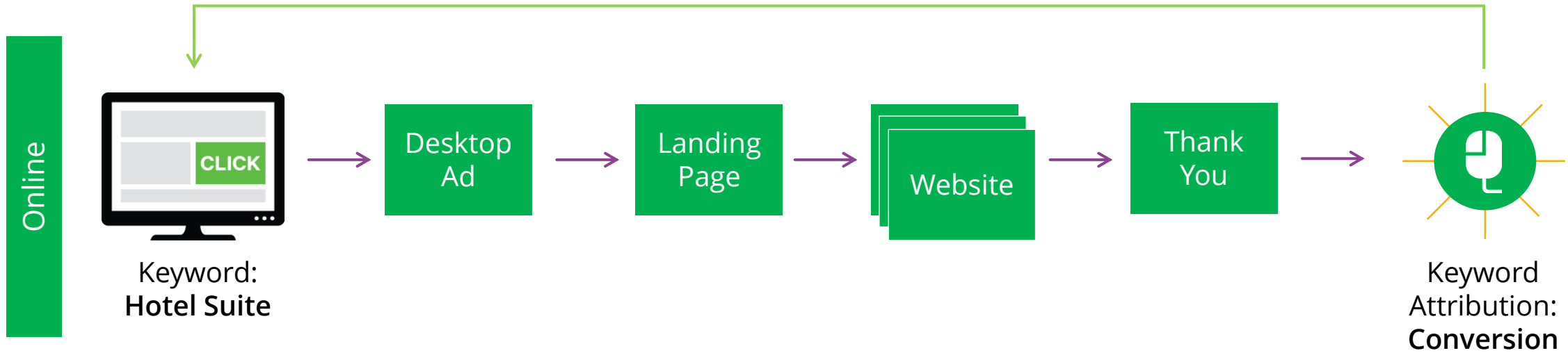
100% Keyword Attribution For Calls from Search is Necessary for True ROI

100% Keyword Attribution for All Calls from Search Including Click-to-Call.

Bid Optimization Dashboard

+ KEYWORDS   Edit ▾   Details ▾   Bid strategy ▾   Automate ▾   Labels ▾

	•	Keyword	Status ❓	Impressions	Clicks	CTR	Quality score	Number of calls	Conversations	New customer	Conversion intent
☐	🟢	+insurance	💬 Eligible	1000	100	10%	8	5	3	0	Low
☐	🟢	+home	💬 Eligible	500	50	10%	9	10	9	7	High

Call data and conversion data at the keyword level

Modern Tools Help Bring Real World Outcomes Into Bid Optimization Tools

Bid Optimization Dashboard

| + KEYWORDS | Edit ▼ | Details ▼ | Bid strategy ▼ | Automate ▼ | Labels ▼ | | | | |

☐	●	Keyword	Status ?	Impressions	Clicks	CTR	Quality score	Number of calls	Conversations	New customer	Conversion intent
☐	●	+insurance	💬 Eligible	1000	100	10%	8	5	3	0	Low
☐	●	+home	💬 Eligible	500	50	10%	9	10	9	7	High

Deep Call Insights data

Machine learning used to programmatically identify deep call insights

IVR data

IVR inputs* captured programmatically and surfaced in bid optimization engines

Conversion data

Sales data connected back to the call by Marchex and surfaced in bid optimization engines

DATA

- Conversations
- Hang ups
- Hold time abandons

- New Customer
- Existing customer
- Reservations

- Number of sales conversions
- Type of sales conversions
- Revenue

Tweet With Us: #realworldanalytics   * Requires Marchex IVR and ability to capture one high value IVR press

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Like Never Before! Real World Insights Enable Performance-Based Marketing Operations
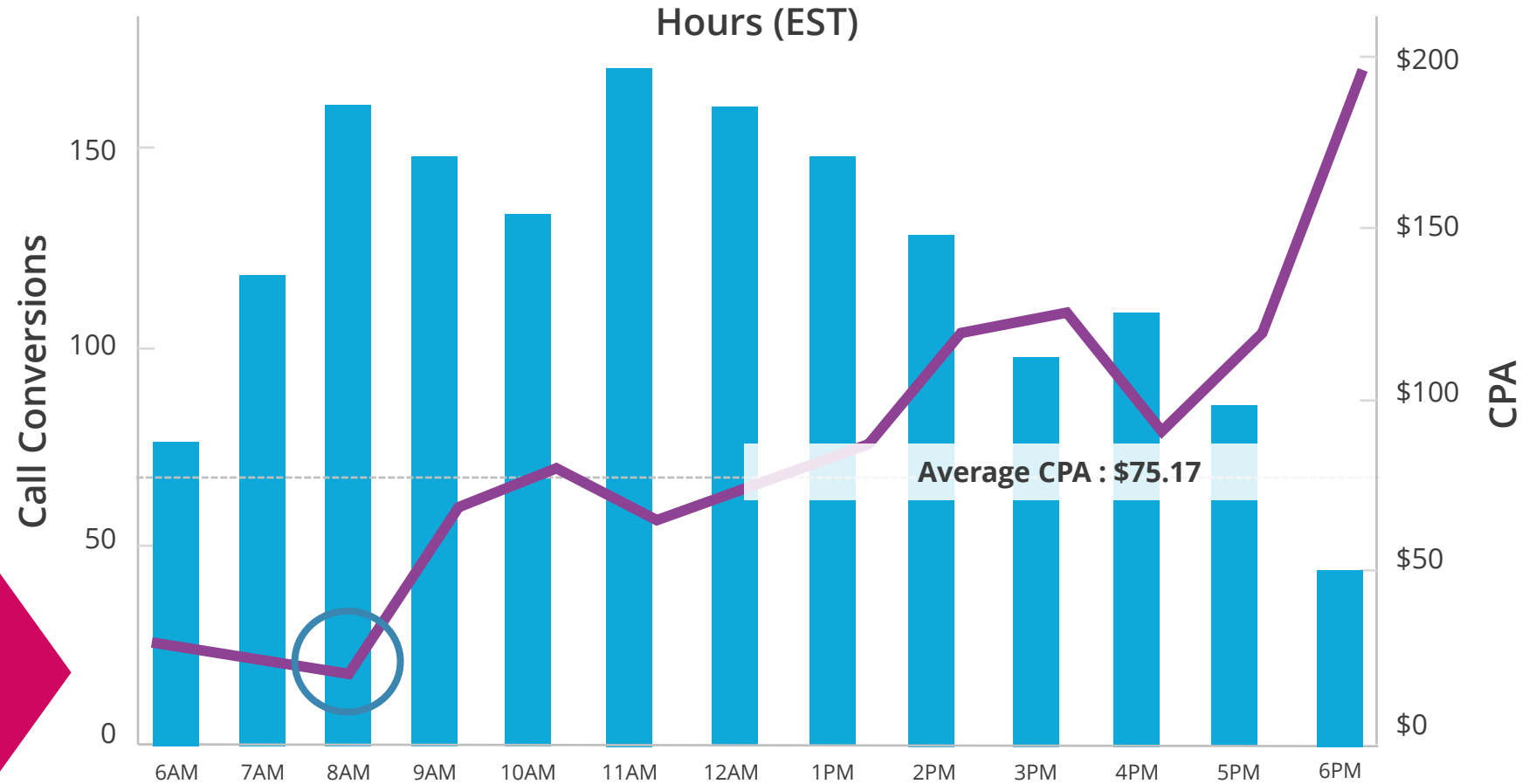
Search Keyword	Before Marchex: Ecommerce conversion	After Marchex: Call conversion	After Marchex Total Conversion	Before Marchex: CPA	After Marchex: CPA
Keyword #1	17	88	105	$75.47	$12.22
Keyword #2	143	232	375	$54.31	$20.57
Keyword #3	55	79	134	$33.14	$13.60
Keyword #4	53	63	116	$51.52	$23.54
Keyword #5	56	60	116	$29.78	$14.38
Keyword #6	70	72	142	$60.87	$29.58
Keyword #7	81	81	162	$44.18	$22.09

Offline Call Conversions that were NOT previously attributed to Search
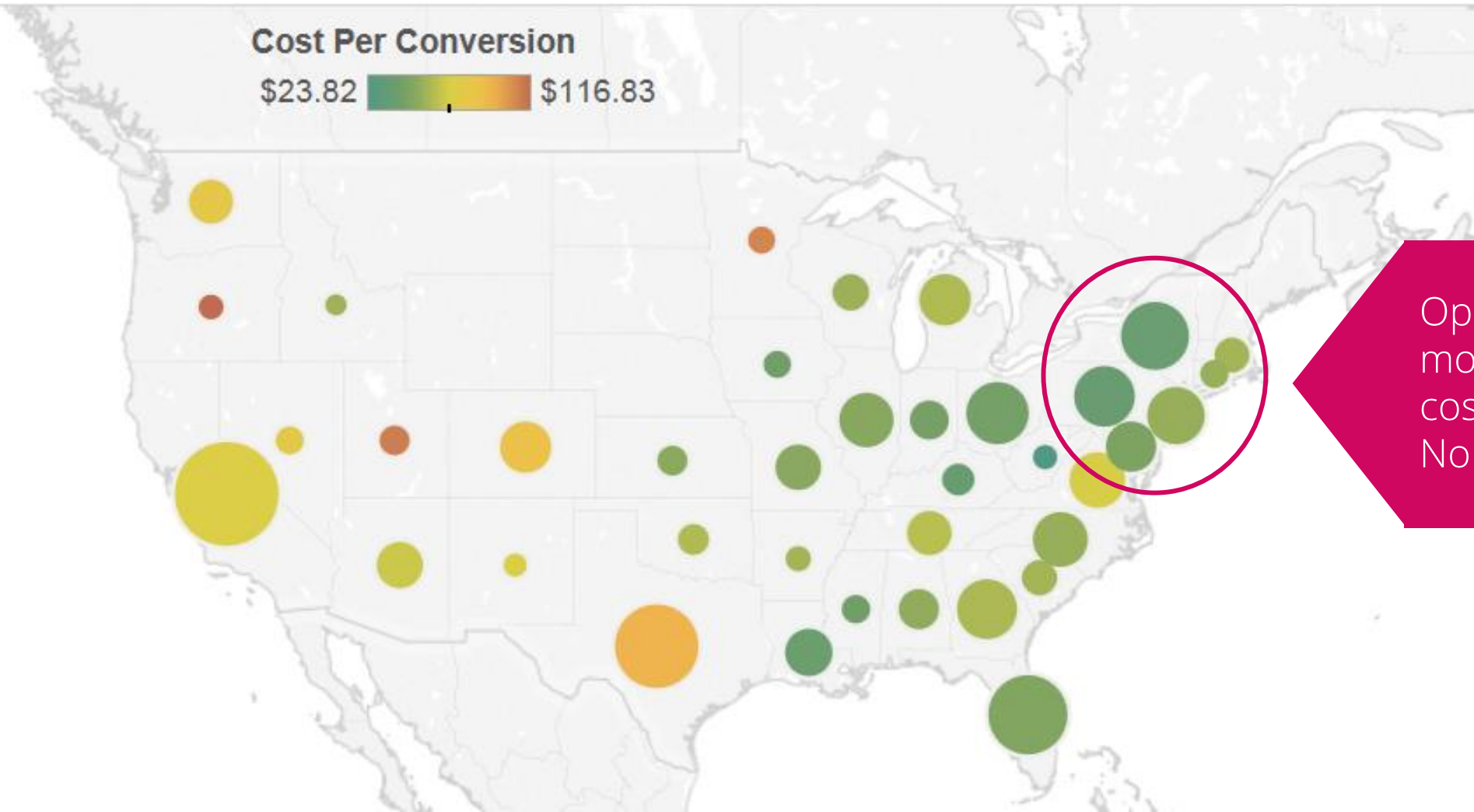
Accurate CPA with online and offline conversions

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44 days of performance data; displaying keywords with at least $1k in spend and 100 conversions.

| 36

Day Part Analysis Reveals Opportunities to Drive Incremental Conversions More Efficiently

Hours (EST)

Call Conversions

CPA

Average CPA : $75.17

Opportunity to drive incremental call conversions during the morning day part

6AM 7AM 8AM 9AM 10AM 11AM 12AM 1PM 2PM 3PM 4PM 5PM 6PM

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Advanced Geography-Based Analysis Provides Insights for Media ROI Optimization

Cost Per Conversion
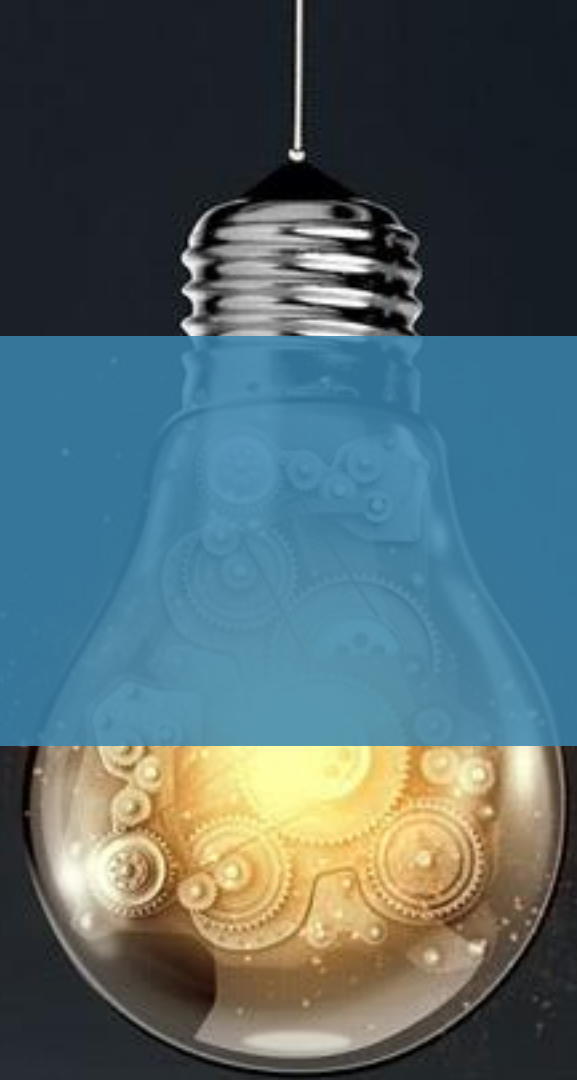$23.82 — $116.83

Opportunity to drive more call conversions cost efficiently from North East region.
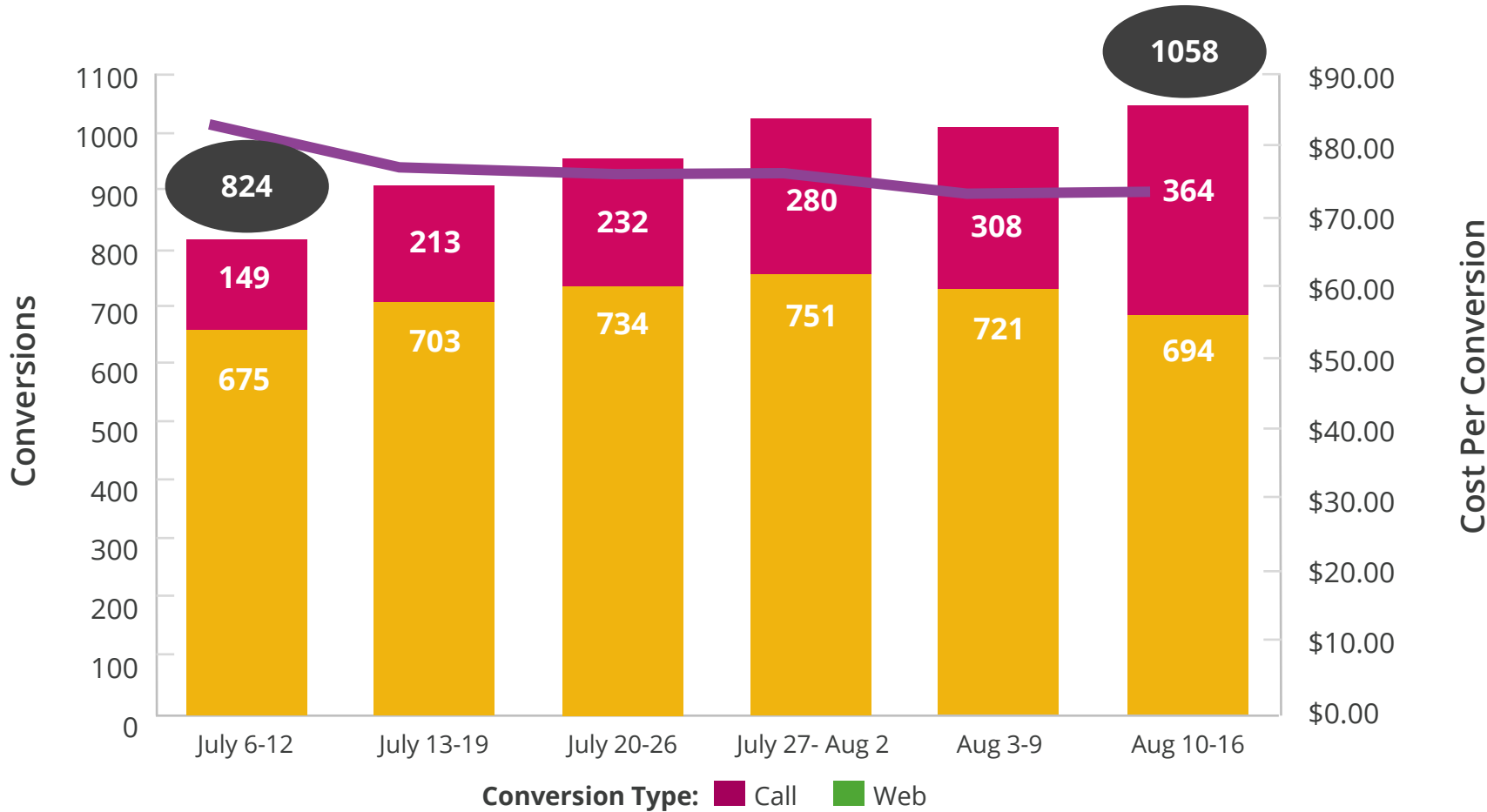
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Q&A

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$4 Billion Blind Spot
Why Search Marketers Need Keyword Attribution For Click-to-Call

Download the Free Report Here:
http://pages.marchex.com/4-Billion-Dollar-Blind-Spot.html

Visit www.marchex.com or give us a call: 800-840-1012

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Focused on *What's NEXT in Local Digital Media, Advertising and Marketing*

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