

It's All About Relationships: Back to the Future of Local Media By Mat Stover, Chief Executive Officer, Local Matters, Inc.

The following remarks were delivered at the Yellow Pages Association Conference held April 17-20th, 2010, in Las Vegas.

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TRANSFORMERS

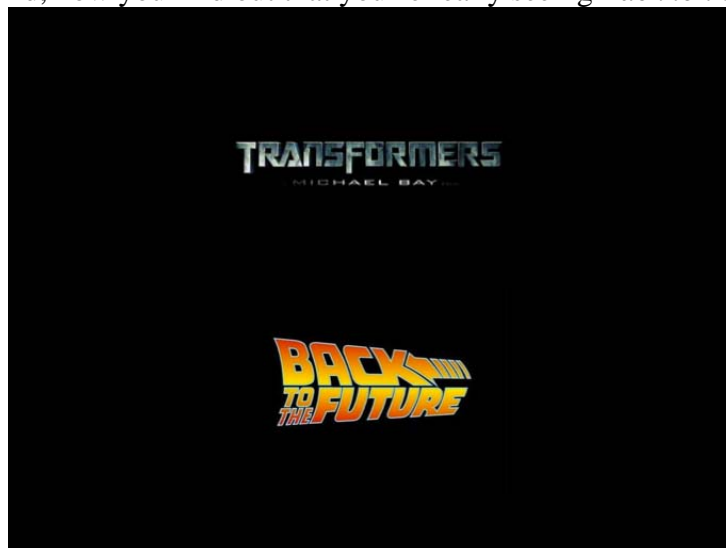
Summary

Mr. Stover's keynote focused on using social media to build rich relationships to achieve revenue and market share growth. During the keynote, he zeroed in on three key areas: 1) content, 2) audience and 3) monetization. He explained that as publishers provide relevant content to consumers, they build a more engaged, loyal audience connected to one another through social media. In turn, advertisers see more opportunities for revenue growth. And, publishers become the indispensable tool to connect the advertiser with increasingly hard-to-reach local consumers.

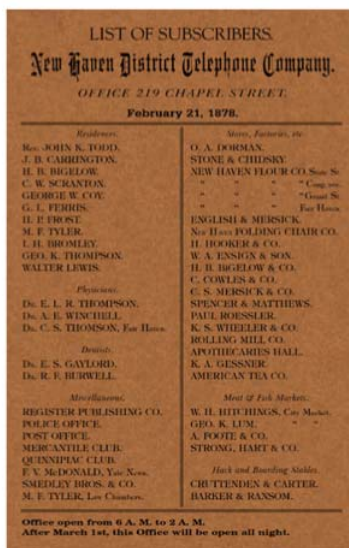
Speech

Thank you, Neg. Good morning, everyone.

You may be wondering if you are at the right conference. You bought a ticket to attend *Transformers*. And, now you find out that you're really seeing *Back to the Future*.



First the Beach Boys ... and now Mat Stover. Seems like 1965 or 1995, not 2010. As long as we're going back to the future, let's go way back. How about 1878?



Many of you have probably seen this document before. The first classified telephone directory. New Haven, Connecticut.

Residence and Business listings.

No advertisements, but the New Haven District Telephone Company used the whole document for customer service and promotion. Office hours are listed in bold print at the bottom of the page. The first **bold** listing.

They were proud to announce that in 9 days they were going 7x24 – ‘office will be open all night.’ Better service than you can get from most phone companies today.

Do you notice anything unusual about this ‘phone book?’

That’s right: No telephone numbers. This was not only the first telephone directory; it was a social network.

Facebook without faces.

Social, local and voice activated. Amazing search capabilities. Fantastic user interface. There was even location-based search. Of course, no video and not very mobile.

Think about it:

- a self-selected group
- lift up the receiver to talk
- give the operator your query
- precise results delivered
- People were themselves – no numbers or special ID’s required



‘Hello Mary, could you connect me to Dr. Winchell?’

‘Yes. He’s not at his office. He’s at the Tyler’s on a house call. I’ll connect you there.’

‘Mary, Is Mr. Barker still at the stables?’

‘I’ll check for you.’

This directory was complete – everyone in the group named. No non-listed members. 100% database accuracy. Everyone could reach each other.

Is that important to a community and to a social network and to your business?

Of course.

Compare that to today. Only 35% of all the phone numbers in the United States are included in the directory assistance database and the listings supplied to directory publishers. That’s largely because of privacy restrictions on listing mobile numbers. There is technology to solve the problem, but until it is solved, the decline in database completeness has reduced the value, and therefore the usage and the revenue of white pages and of the 411 franchise in the U.S.

No one likes to pay \$1.50 or more per call not to find who they are looking for.

In addition to more complete data, in 1878, there was sophisticated call blocking and caller ID.

Mary knew your voice or would ask you to identify yourself. If you wanted to call someone at 2 a.m. you better have had a very good reason or Mary would not have put the call through.

Of course, there were privacy concerns; Mary might listen in on the conversation.

There you have it: the first classified directory was integrated into print and “online” capabilities as a form of social media.

How did the directory industry lose its way? We were first in social media 132 years ago, and now we’re playing catch up.

The printed page grew to a book and Mary disappeared. Although there have been experiments with “operator assisted yellow pages” since then, all were cumbersome to deploy and unprofitable.

It has been the advent of the internet, mobile networks and devices and related features and functionality that have made possible the kind of online social network capabilities that existed in 1878.



The improvement over 1878, is that then it was one-to-one and one at a time. Mary did not have conference capability to link together all the so-called subscribers. Today, network effects allow ‘friends’ to assemble virtually anywhere, anytime to share experiences.

What do social media mean for our businesses and consumers, advertisers and employees, aside from Back to the Future only better?

The answer depends, in part, on how you define our businesses.

* * *

How many people here are in the yellow pages industry? Almost all of you said yes.

Could that be why we have fallen behind? Collectively, we still think like an industry. We still think in terms of yellow pages.

We may have been imprinted by a monopoly telephone company legacy that leads us to believe that we are separate, different from other media and in control of our environment.

Maybe that’s part of the analysis behind Chris Cummings’ reference to ‘arrogance’ he made yesterday morning.

It’s time to let go of that need to control. To go participate in the growth outside the yellow pages, instead of focusing on the customers and revenue that the outsiders are luring away.

It’s time to let go of the book, and the headings and the orderly and shrinking yellow pages world that we and our predecessors created –which was wonderfully appropriate in its time – and let them loose in the new ecosystem of digital media, local search and advertising and network effects.

We will never enjoy the full benefits of 21st Century media, until we fully become part of 21st Century media.

We have to be social – think people, not pages. Think service, not manufacturing.

We have to be personal – think delivering information to individuals, not doorsteps or apartment lobbies.

We have to be everywhere – think mobile; wireless; untethered.

Here’s a statement from this conference in 1999:



‘We need to think of ourselves, and make sure other people think of us, as a media industry. As a media industry, our purpose is not to manufacture yellow books. Our purpose is to create a virtuous circle of media success.’

11 years later, our association is still named Yellow Pages.

I was thinking, Neg, that ‘Local Matters Association’ might be a good new name, and I would be willing to sell the association localmatters.com for something less than was paid to buy yellowpages.com.

Here’s another statement from YPPA 1999:

‘We need more speed. The combination of our traditional mindsets, processes, systems, organizations and fragmented relationships in putting all the pieces together for our customers makes us vulnerable to the speed of other players who focus every ounce of their energy on customers and how customers define value.’

Are we there yet?

Our chairman, Chris Cummings doesn’t think so. Yesterday he observed that:

‘Fear has entered our industry, but arrogance has yet to leave.’

He reminded us that we would benefit from more accountability. Which sounds like something Chris heard in 1999:

‘The leaders of the new millennium will not only need to keep up the pace, but to set the pace. Our ability as an industry to agree on our focus; to define initiatives and objectives; to execute on schedule; and to measure and hold ourselves accountable will be tested by our customers and our competitors.’

No. We’re not there yet.

Groupon and Yelp and Facebook and Twitter and Bing maps and Foursquare and Gowalla were not started inside a yellow pages company.

But, as we have been learning at this conference, there is transformation afoot. Names and business models are evolving. Alliances are being created. Sales forces are being re-educated.

There are transformers in the room.

Let’s ask the question: Are all of us finally ready to take a pledge together and embrace the fact that we are media companies?

Today? Right now?

Transformation is difficult. Changing systems and processes; sales techniques and labor contracts; and software and product offerings are time consuming. Doing them all at once is not an amateur sport.

But there is a simple place to start. The easiest thing to change is your mind. In an instant. You have total control over what you think. If you have not already made the change, become a media person today and carry that mindset back to your colleagues.

And do not just be a yellow pages media person – be a social, mobile, local search and advertising media person. We want to escape the trap of other media segments that defined themselves by product or technology – newspaper, magazine, telegraph, radio, television, cable, internet service provider, online portal – search engine may be next – and missed the future.

Let's model our transformation on Eastman Kodak, not the Tribune Company.

Media providers focus on three ingredients and leverage different and changing technologies, products, demographics and behaviors to grow profitable revenue using those ingredients.

You know them. They were referred to in 1999 as the “virtuous circle of media success” cited earlier.



Audience, Advertisers, Content

First is audience, customers – what we usually called buyers or consumers – or in moments harking back to monopolistic times – “users” or “subscribers.”

Second is advertisers. Sellers in old nomenclature.

The first time I came to a directory meeting and heard a speaker talking about users and sellers, I thought that I had wandered into a drug dealers’ convention.

Third, is content – information. In old speak: listings, headings, ads, coupons, “community pages.” Categories that sound static and archaic in a world where the audience expects information to blend and interact in order to provide intuitive and even entertaining engagement.



The virtuous circle:

Outstanding unique, accurate, up to date, interesting, creative, useful, satisfying, engaging content.

An audience that values the content and uses it.

Advertisers who value their ability to make money from the audience by affiliating with the content.

More and better content, leads to a larger and more engaged audience.

A larger and more engaged audience attracts more advertisers and advertiser spending.

More advertisers and advertiser spending provide resources for more and improved content.

How do we bring the strengths of our heritage and the advantages of digital and social media together to grow our virtuous circle?

Before we answer that question, it might help to remind ourselves of what's happening with social media.

In addition to all the examples that Jeffrey Hayzlett gave us yesterday.

And by the way, I wish I could match his delivery, but he's got me beat by at least a half foot, at least 90 pounds, at least 10 cups of coffee and at least \$100 million in production values courtesy of the Kodak marketing department.

The average **teenager texts** more than **2,000 times** per month.

There are over **100 million** published **blogs**.

More people visit **Facebook** every day than **Google**.

70% of Americans say they consult product **reviews** or consumer **ratings** before making a **purchase**.

Yelp gets **more visits** than Yellowpages.com and Superpages.com **combined**.



As these statistics show, social media builds audience.

There is no monetization until the audience engages with the content. How does that happen?

First -- Bring the audience to your content.

It's no different than with a book. Have a great design. Improve the content – what's included; organization and editing. Improve the experience; the “user interface.” Encourage people to use the product. Advertise consumer value to promote usage. Use search engine marketing and search engine optimization.

Once the audience arrives, make the visit special.

Personalize the experience for audience members. Invite them to register. Welcome them when they return. Offer them discounts for loyalty. Remember what information they valued last visit and save it for them.

Go social.

Make it easy for audience members to bring their friends along with them to your sites. Integrate Facebook and Twitter registrations. Make it easy for audience members share their experience – if they find a great restaurant or a great plumber; if they create a map or a shopping itinerary they want to share, give them one-click ability to share them with their social networks.

Ask any business what the best kind of advertising is and they will tell you – word of mouth.

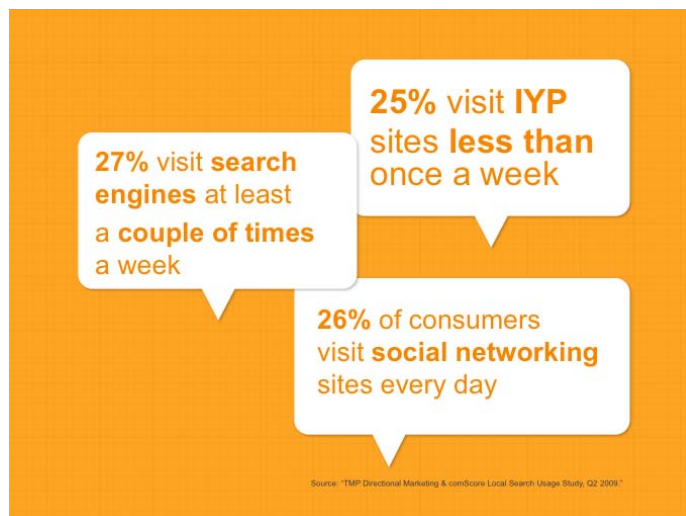
Social media is word of mouth to the Nth power. And all it costs, as we were reminded yesterday morning is O. P. M – other people's money. A Chief Marketing Officer's holy grail.

(The Chief Financial Officers like it too.)

Go mobile. Repurpose content to provide a great mobile user experience, and add location-based functionality for engagement. Click to see if your friends are near by. Click to download a coupon for the coffee shop in the next block.

Make interaction simple. Click to recommend. Click to call. Click to Skype. Click to make an appointment. One-click ability to send an SMS.

Don't stop with bringing the audience to your content. Take your content to the audience.



Even if every IYP publisher had billions of dollars to spend to encourage people to use their sites, they would not capture everyone looking for a local product or service.

If you can't get them to come to you, go to them.

Build or buy another destination.

Be like Marriott and Hilton – different experiences and brands for different tastes, habits and priorities.

Create additional websites to increase audience size, usage and engagement. AT&T's Buzz.com and European Directories' Tupalo are examples.

Publishers have created different books over the years – big scope, small scope, community, portable, verticals, etc.

Anybody remember the Boater's Directory? It was not waterproof and did not float, but we distributed floating key chains to promote it.

Publishers and their technology partners are creating simple do it yourself software tools – often called widgets – that can syndicate their unique local content to other sites.

When you bring audience to your content and content to the audience, social media multiplies the impact.

It's like when my teenager goes to the mall. She never goes alone. She brings her friends. They fan out to find what they like. They text each other with ratings and reviews on what they find, and then they follow those "Word of Text" leads to the stores to buy.

Have you thought about what those ratings and reviews that customers add to your site are? Free content. Unique content. Content that when captured by you for your advertisers, helps move your site and your advertisers higher in the search rankings.

So social media expands audience and expands content – high value unique content – both at no cost to you.

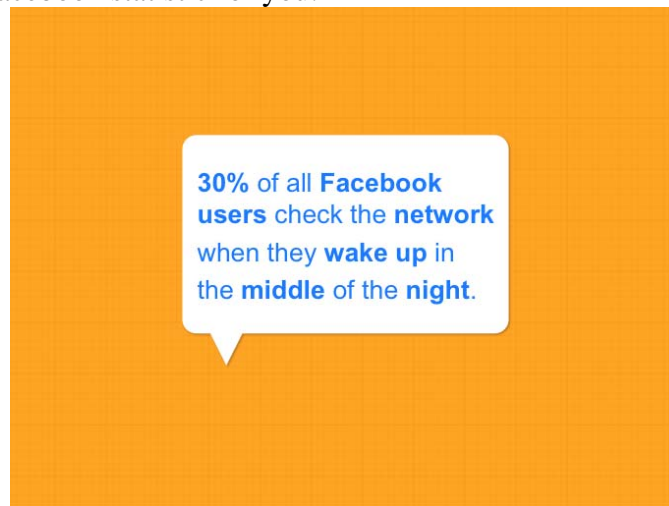
When those spiders head out from Google looking for the best content, think of them as mystery shoppers. When they find unique user generated content, they assign the highest ratings and the businesses that have been friended, or favorably reviewed go to the top of the list.

Industry analysts yesterday wrote that Facebook is going to have an ‘I Like’ button that will be syndicated to sites so the 400 million Facebook members can express preferences as they travel the internet and let all their friends know instantly what they like. Will you want to put that button on every listing, ad and website for every one of your advertisers?

Facebook has launched ‘Community Pages’ that can be used by businesses like a satellite website within Facebook that integrates content from the companies, their customers and other Facebook members with information about their industry.

Sounds like more competition; unless you are the ones helping advertisers set up and leverage those pages.

Here’s a unique Facebook statistic for you:



30 percent of all Facebook users check the network when they wake up in the middle of the night.

If someone asked you that question, would you admit it?

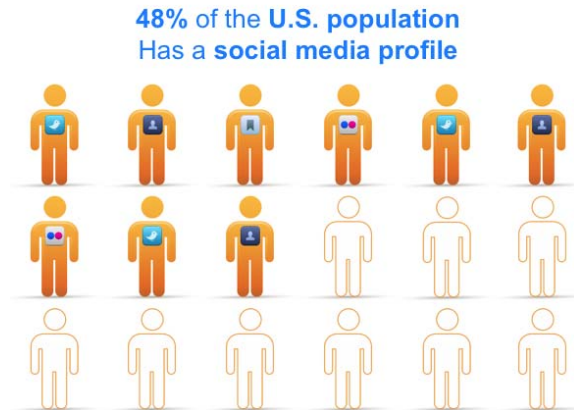
Probably not.

So if 30 percent say they do, the real percentage is probably higher.

I'll leave it to you whether this says more about the power of social networking, or the scary degree to which people are becoming addicted to the virtual world over the place we are and what we can touch and feel.

Social media is a great growth driver for the virtuous circle – more audience, more content, more leads for advertisers, more revenue for publishers.

Social media is growing – rapidly.



48% of Americans age 12 and older are members of at least one social network.

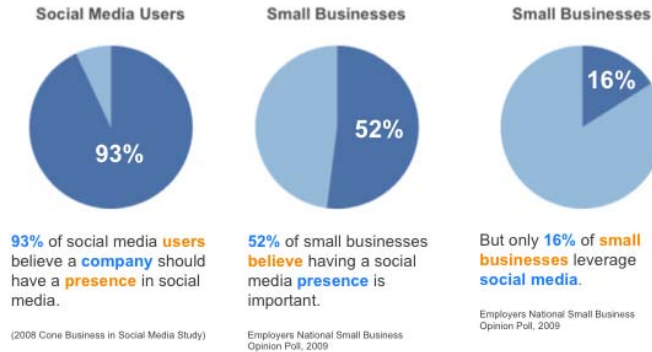
Only 24% of Americans age 12 and older were members of at least one social network two years ago.

And, it's not just young people.

Yes. 78% of teens
 77% of those 18-24
 65% of those 25-34; but also
 51% of those 35-44

Small businesses also think social media is important, and local media consultants are only beginning to mine this opportunity.

Social Media is Valued Small Businesses want and need help to employ social media



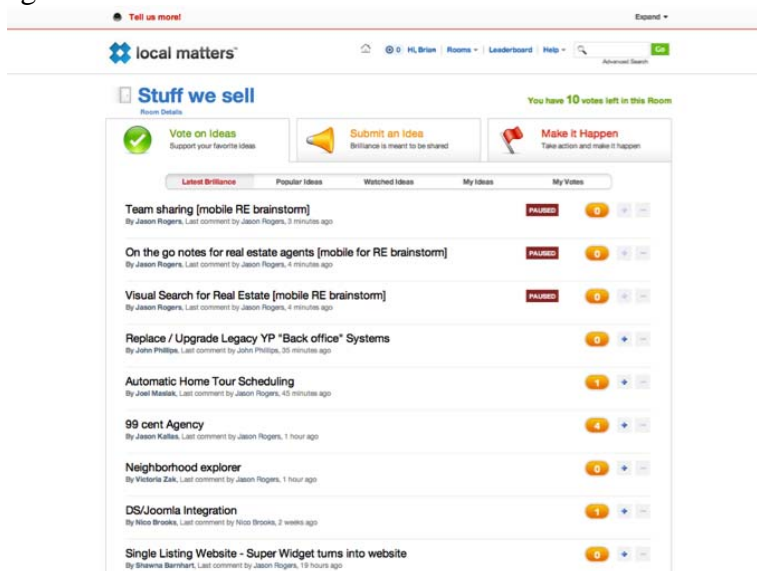
Kodak is using social media. The YPA is using social media. Most of you are starting to use social media.

The audience prefers companies that use social media.

Your sales people need to be prepared to promote the value that social media brings to your sites and services, and can also provide products and services to enable small businesses to use social media.

To do these things well, it is helpful to set an example inside your businesses. We learned that Kodak does this.

We do something similar at Local Matters.



Remember the wooden suggestion box where you dropped in the piece of paper with your idea. Or perhaps your company now invites employee suggestions by email.



Well, it's now gone social.

This is a tool we use for employees to post their ideas for new products and features, better processes, ways to save time and money, and ways to increase customer and employee satisfaction.

This is the new products and features page.

Employees describe their ideas. Colleagues can comment, ask questions and vote. An executive owns each category, and can watch the votes and dialogue before moving a suggestion forward or removing it for lack of support.

Sometimes ideas are so good, that they are immediately moved forward for development. Others become part of an initiative already under way, like the "paused" ideas for mobile real estate products on this screen.

Using social media internally can benefit progress on quality, innovation, speed and cost reduction, and increase knowledge and expertise in applying social media to products and services and selling them to customers.

Social media can be particularly valuable as a sales force tool. Sales people and their managers can use social media to share information and collaborate on accounts. They also can use social media with customers and prospects.

How many of your salespeople have 'friended' colleagues and customers? How many are following businesses on Twitter? How often do salespeople "touch" their clients electronically each month?

The heart, the soul, the core value, the unique asset of this industry is the collective sales force. They are in the best position to bring all the pieces of the digital local media and advertising ecosystem together and to integrate it with the significant value of print, direct mail, and other products and services.

Social media is both the glue that can bind sales packages together, and the tool that can create and strengthen customer relationships and increase administrative efficiency, communication and learning.

I have a friend who is a leading salesperson for one of the major U.S. directory publishers. As a reflection of how expectations have been lowered, the objective in the major market he serves is a *decrease* of 20 percent for print.

This is unfathomable to me, and should scare all of us.

This fellow is a long-time yellow pages salesperson. Well grounded in the traditional fundamentals. He also has become a student of digital local media and advertising. He uses it. He teaches his clients to use it. He understands it.

He uses social media every day. His clients are members of his social networks. A number of them first joined a social network when he helped them establish profiles for their businesses and themselves.

On a typical sales call he listens to the clients and prospects and answers their questions. He says that the first questions are always about online, and that they are eager to understand the value, which he explains in old fashioned terms like customers, leads, repeat business, reporting, measurement and ROI. He almost always sells an online package.

Often, the renewing customers initially want to cut or cancel their print program. After he gets done securing commitment for online, he goes back to print and explains the additional value that print provides (often more than the online program).

He uses the same terms – leads, repeat business, reporting, measurement, ROI. He is averaging an 8% increase in print.

He communicates with most of his customers using social media – many of them weekly, some of them daily.

I share this example, not to have all of you run after me to get his name and figure out how to clone him – although I know some of you will.

But to frame a message.

It's all about relationships.



Or, as James Carville would say if he were our campaign advisor, ‘It’s the relationships, stupid.’

My salesman friend does not sell. He builds relationships. He engages with his customers. They engage with him. He has conversations. He builds a community.



Every customer is a business and a person, not an account or a contract.

The future of this business – this local media business -- is relationships. It is building communities. It is creating conversations.

This is the new marketing. Chief Marketing Officers will become Chief Relationship Officers.

Whoever builds the best relationships – through engagement, through quality delivery, through measurement and reporting, through respectful and accountable behavior, through conversation will achieve business success.

What kind of relationships do you have with the consumer audience and with advertisers.

Do individual members of the audience have conversations with you online? Do you remember them when they arrive? Do they register? Do you invite them to being along their friends? Do you ask them for their opinions? Do you send them discounts and offers?

Is your reputation with them as the company that asked me if I would like a book or books delivered – white pages, yellow pages, on the go edition? Or is your reputation the company that left three-quarters of a palette of shrink-wrapped directories sitting in the lobby of my apartment building for four weeks?

If brand reputation is promises delivered, what is your brand? What promises do you make to your audience? Do you keep them?

How about advertisers? Are you a trusted advisor? Do they learn from you? Do you have regular conversations? When you promise to start their online programs in two weeks, do you meet the deadline? When you promise online real time reports for visitors and ROI, do they work 7x24? Are they up to date? Are they easy to use and understand?

Eleven years ago research showed that most yellow pages advertisers viewed yellow pages publishers as a “necessary evil.” In a world of social media and word of mouth to the Nth degree, a reputation for evil is a business destroyer. Being considered unnecessary might be even worse.

Reputation, conversation, community, engagement – these are terms of relationship.

Increasing the quality and number of good relationships becomes the key metric. Profitable revenue growth will follow.

Social media is a powerful and efficient system, environment – a place – to establish, grow and maintain relationships.

It is where we all need to be.



Social media can help you and your salespeople seize the opportunity that this association of local media companies has to pull together all the best traditional and digital products and services to create and prove value for businesses and their customers.

Jump on this now. There aren't another 11 years left.

Thank you.

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About Mat Stover

Chief Executive Officer, Local Matters

Mat Stover is Chief Executive Officer of Local Matters, Inc. He has served as a member of the Local Matters Board of Directors since December 2005, and became Chief Executive Officer in January 2009. Over the past 25 years, Mr. Stover has been a senior executive with global corporations and growth companies in the fields of communications and information and marketing services across traditional and online media.

Uniquely in the local media industry, Mr. Stover has been the CEO of an incumbent directory publisher, Bell Atlantic Directory Group, an independent directory publisher, ypOne Publishing, an international directory publisher, Global Directory Services, which provided print and online shopping directories in Poland, Greece, Czech Republic, Slovakia and China, founded the first national online yellow pages in the United States, BigYellow, and was an investor and director of one of the first search engine companies, Infoseek.

Mr. Stover is a past director and chairman of the board of the Yellow Pages Association. He is a director of Mobile Search Security, LLC and Telmetrics, Inc., and is and has been a director and adviser for other public and private companies, as well as not-for-profit organizations and associations. Mr. Stover is a graduate of Yale University and the Executive Program of the Colgate Darden Graduate School of Business Administration at the University of Virginia.

Media Coverage

Blog mentions:

- [Local Matters CEO Matt Stover- The Future is About Relationships](#)
- [BIA Kelsey Probes Industry CEOs on Keys to Being Built to Last](#)
- [Top Ten Tweets from YPA10](#)
- [ATT Interactive Opens Buzz.com to Public](#)

Video: [YPA "Transformers": Local Matters' CEO Mat Stover](#)



Twitter Mentions: Search #YPA10 at <http://search.twitter.com>.

Local Matters links:

- [It's All About the Relationship](#)
- [Built to Last: A CEO Discussion with BIA/Kelsey](#)
- [Local Matters Web](#)
- [Local Matters Blog](#)

About Local Matters

Local Matters provides technology solutions that enable online publishers of local information to successfully integrate strategies and tools to achieve leadership in local search and advertising. With over 12 million unique monthly visitors worldwide, and almost 100 yearly software releases, Local Matters has the proven experience to support your business. Local Matters empowers dozens of the world's top local media brands in over 15 countries. With over 100 employees and offices in Denver, Amsterdam, and Melbourne, Local Matters has been a leader in digital solutions for publishers since 2002. For more information, visit www.localmatters.com.