

**YELLOW PAGES, SEARCH ENGINES, AND ELECTRONIC ADVERTISING:
PIVOT POINTS TO E-COMMERCE AND THE INTERNET
STRATEGIES AND FORECASTS TO 2002**

Electronic advertising opportunities relate to Internet yellow pages and search engines. Printed yellow pages directory markets continue to be strong. Printed yellow pages directory revenue is financing Internet advertising market entry and market positioning.

Internet electronic advertising markets are dependent on search engines for access to user bases. Search engine companies are forging strategic alliances with companies seeking to leverage participation in electronic advertising markets. Internet electronic advertising markets promise to be as big as print yellow pages directory markets. The combined markets are growing at a rate increasing from 6% in 1997 to 13% by 2002. Markets are expected to grow from \$11.6 billion in 1997 to \$18 billion by 2002.

Internet advertising markets are developing concurrently with Internet access usage, without eroding the traditional yellow pages print market. Electronic advertising is not yet profitable and market development is incremental. Revenue streams are developing slowly. Companies able to offer low price points initially are developing market share early. Those with early market share hold the promise of becoming the leaders for a long time to come.

The yellow pages printed directory markets are faced with significant change due to the success of the Internet. As a cultural shift occurs, consumers seeking reference information on-line present an opportunity to develop markets that serve a need. Yellow pages companies have an opportunity to leverage their existing print yellow pages customer base by moving to bundle advertising in printed directories with Internet advertising. In this manner traditional market shares can be protected. Other companies are eclipsing this strategic opportunity by developing new approaches to the market.

The success of electronic and printed yellow pages directories relates to keeping consumers coming back. The full power of the Internet needs is being harnessed by nimble market participants, and new approaches are evolving. When appealing to advertisers, price points are paramount. An Internet buy is a modest increment to printed advertising. Adding content and forging partnerships with independent content publishers, newspapers, television stations, search engines, ISPs, information appliances and Web sites are primary driving forces for change in yellow pages advertising markets..

A new study from WinterGreen Research **YELLOW PAGES, SEARCH ENGINES, AND ELECTRONIC ADVERTISING: PIVOT POINTS TO E-COMMERCE AND THE INTERNET, STRATEGIES AND FORECASTS TO**

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WINTERGREEN RESEARCH, INC.

2002 provides a presentation of the diverse Internet market opportunities.

Susan Eustis

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