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Current consumer behavior is providing a strong foundation for the growth of the local search marketplace, with 43% of Internet users employing search engines to find locally-based content, products or services. And with 24% of all offline purchases being influenced by online consumer activity, search engines have begun to explore how they can take a share of this profitable market.

Our proactive management of each campaign gives clients the confidence that their most critical marketing channels are meeting the demands of their select customer base.

Outrider
A WPP Company
111 Westport Plaza
Suite 350
St. Louis, MO 63146

T 314.209.1005
F 314.209.1126
search.outrider.com

The evolution of local search.

By Kelly Kochert

Kelly Kochert is Director of Search Operations for Outrider. Kelly's role is to develop and guide all internal staff and clients on the evolution of search and the role it should play in their overall marketing initiatives.

Local search is becoming a playground for national advertisers who see it as a good way to target locations in coordination with wide-reaching direct response pieces. The variety of available products means that local search can be a value-added tool for advertisers.

Local search originated as a way for local businesses to tap into a large market, yet few of these companies are on board. The bidding system differs from a typical Yellow Pages listing, requiring more administration than many small businesses are used to—or can afford. Additionally, Yellow Pages employs a large sales force to work with clients to keep data current, a level of attention unmatched by the engines.

Contrary to its original purpose, local search is becoming a playground for national advertisers who see it as a good way to target locations in coordination with wide-reaching direct response pieces. Search engines have responded to this need, presenting local search as a means of targeting local consumers. For this to continue, however, the ability to target must improve. IP location can be inaccurate (think of AOL users), and engines do not always have sufficient data to identify users.

Currently, each search engine's local search program attempts to reach a particular geographic target audience by allowing ads to appear based on IP address, cookie data or geographic phrase included in the search criteria. Local search ads may provide the consumer with more information than a traditional search ad, including zip codes, store addresses, store phone numbers and driving directions. Advertisers can access local search ads in the same manner as traditional organic and paid search methods. Organic listings appear through submissions to online directories, such as infoUSA, Switchboard.com and Superpages. These directories, along with Google

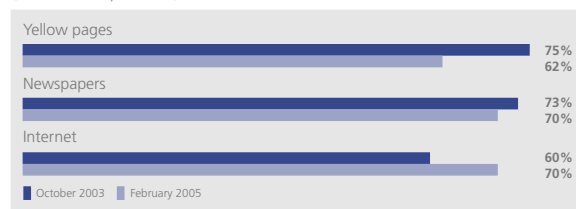
and Yahoo!, also offer paid search programs, allowing the advertiser to communicate a specific message.

So while accuracy of the targeting evolves, the variety of available products means that when well utilized, local search can be a value-added tool for advertisers. The key to local search is matching the right product with the right objective. If the goal is to drive traffic to brick and mortar stores for example, then the best product match would be the online directories like infoUSA and Verizon SuperPages. These directories feed to the local section of search engines. Most of the online directories have multi-platform plans, allowing for serving on broad regions, states or cities. Overture is another option, viable for clients that do not have localized sites. As many national advertisers have discovered, search products are beneficial to targeting areas in coordination with other direct response pieces. Messaging and terms can be tailored for clients with online presence who may or may not have a specific location. Local search may yield lower volume than national campaigns, but the targeted audiences produce higher returns.

Although the reality of local search is different than what was originally intended, it has achieved significant momentum. As the use of search engines to find local products and services continues, vendors will fine-tune local search while developing additional tools such as SMS, Pay-Per-Call, or 'live' maps with store locations to help local search evolve to better serve both advertisers and consumers.

Source Used by U.S. Households to Search for Local Merchants and Stores, October 2003 and February 2005

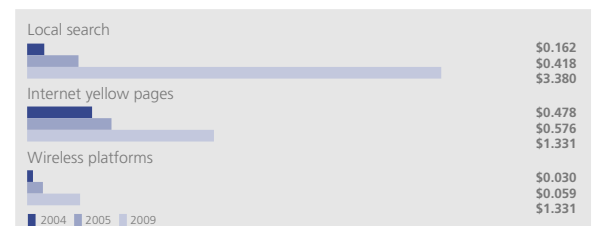
(as a % of Respondents)



Note: n = 500 Source: The Kelsey Group and Constat, Inc., March 2005; Media Post, March 2005 06389-4 © 2005 eMarketer, Inc.

Local Digital Directional Advertising* Revenue in the U.S., by Category, 2004, 2005 and 2009

(in billions)



Note: *Directional media is defined as advertising that is delivered to potential buyers when they are in the process of making a purchase or buying decision. Source: The Kelsey Group, February 2005 082807 © 2005 eMarketer, Inc.

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