

# The New York Times

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## Advertising | Jane L. Levere

Look out, Bell Atlantic — here come challengers  
to your dominance of Manhattan's yellow pages.

**T**HREE companies, including the nation's largest independent publisher of yellow pages directories, are looking to challenge Bell Atlantic's long dominance in yellow pages in the Manhattan market.

The latest company to join the fray is also the newest: **Ambassador Publishing**, a privately held start-up begun by the owner of Champion Locksmith, a big advertiser in the Northeast with Bell Atlantic. Ambassador announced recently that it would publish a Manhattan yellow pages directory next October.

In addition to Bell Atlantic, Ambassador will be competing with Yellow Book USA, the largest independent publisher of yellow pages directories, which will produce its first Manhattan directory in the first quarter of next year, and **DAG Media**, which specializes in directories for the Jewish market and will publish its first Manhattan yellow pages next March, which will be geared to the general market.

The heated competition for the Manhattan yellow pages business is mirrored in large markets nationwide. The yellow pages directories make up the fifth-largest advertising medium in the nation, according to McCann Erickson, a unit of the **Interpublic Group** of Companies.

The Kelsey Group, a consulting firm in Princeton, N.J., said that of the \$12 billion in yellow pages advertising generated in 1998, independent publishers accounted for \$1 billion. Print advertising sales of independent publishers have jumped 15 percent to 20 percent annually the last few years, while those of the regional Bell companies have increased only 4 percent to 6 percent, said John Kelsey, the president of the Kelsey Group.

The publishers view Manhattan — where yellow pages ad sales totaled \$100 million last year, according to the Kelsey Group — as ripe for invasion because of what they describe as Bell Atlantic's high rates. Consequently, they have developed similar

strategies: all are undercutting Bell Atlantic's rates and creating features they contend will make their books superior to Bell Atlantic's.

Mary Jo Howe, the vice president for marketing and customer relations at the Bell Atlantic Directory Group said, "We're accustomed to having competition, particularly in the New York market, which is very media intense."

She also said Bell Atlantic created the greatest value for advertisers, noting that "seven of nine adult consumers use our book."

How successful the independent publishers will be against Bell Atlantic — whose predecessor, AT&T, first published a Manhattan yellow pages more than 100 years ago — remains to be seen. In the late 1980's, the telephone company easily fought off an incursion by Southwestern Bell, which published only one edition of a Manhattan directory before quickly retreating.

Yellow Book USA's directory, whose circulation will be one million, will contain a fold-out Manhattan map, community information and restaurant menus. The publisher, which will use the Postal Service for delivery, is charging rates as much as 50 percent below those of Bell Atlantic.

Manhattan is not Yellow Book's first foray into the New York metropolitan area. Established in Rockville Centre, N.Y., in 1930, the company has published directories for Long Island since then; it entered the Brooklyn and Queens markets 15 years ago and Staten Island three years ago.

Yellow Book was bought in August for \$65 million by **British Telecommunications**, the British company's first entry into the United States yellow pages business.

DAG Media, a 10-year-old company based in Kew Gardens, N.Y., that went public in May, publishes Hebrew-English and Jewish-interest yellow pages for the New York metropolitan area.

It will distribute 900,000 copies of

its Manhattan directory by mail and truck. The company's founder and chief executive, Assaf Ran, said rates for the book, which will offer special discounts to users who do business with advertisers, will run 70 percent below those of Bell Atlantic.

Ambassador's directory will feature sections on parenting, sports and fitness and pets; a restaurant guide; and a telephone service that will refer users to advertisers while generating revenue for Ambassador.

Circulation will be one million, with delivery door to door; advertising rates are also as much as 70 percent below Bell Atlantic's.

Brad Steitz, the founder and chairman of Champion Locksmith in Queens and chairman and chief executive of Ambassador, said that over the last decade he spent \$35 million on yellow pages advertising with Bell Atlantic, whose dominance he said stifled small businesses.

Clint Pollard, executive vice president for marketing at the Yellow Pages Publishers Association, based in Denver, said: "A market like Manhattan offers lots of exploratory opportunities for multiple publishers. Their success will be determined by consumer usage and advertiser support."

In places like Orange County, Calif., for example, he said it "is not unusual to have six, seven or eight publishers, plus ethnic products."

Mr. Kelsey, whose clients include Bell Atlantic, was less sanguine about the prospects of Ambassador and DAG Media in particular.

A recent survey by his company of 14 metropolitan markets found that the percentage of local businesses that advertise in yellow pages directories was lowest in New York.

"At least two factors work against any new yellow pages in a city the size of New York," Mr. Kelsey said. "The reach of yellow pages is dropping fastest in the largest cities. And usage is dramatically lower among ethnic populations, which are growing much faster than the general population."

He also predicted Bell Atlantic and Yellow Book would "do everything they can to get and keep advertisers."

"There just isn't room in the kitchen drawer for more than two directories," he said.