



Competitive Supplemental DexMedia

Competitive Analysis: Website Product

Version 1

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Document Use Instructions

The purpose of this document is to give a detailed overview of main competitors in the website market space and how they position relative to our offering. The content explores many aspects of the competitor's strengths and weakness, as well as comparing features and benefits that they provide.

The content and research in this document will be consumed by internal stakeholders and will be utilized in the creation of various sales enablement tools and training materials. It should be viewed as an evolving document and will be audited and updated accordingly as the competitive landscape changes. It can be used in the creation of:

- **Competitive Battlecards**
- **Sales Enablement Tools**
- **Sales Training Materials**
- **Internal Presentations**

Important: The Competitive Supplemental Guides will be evolving documents that will give us intelligence and insight into our competition and their unique offerings. The analysis is meant to be a high-level overview of their strengths, weaknesses, product strategy and messaging to the market. It will give the reader a quick summary of the competitor and our take on how we position and differentiate against them. This information can then be used in the creation of various tools, resources and strategies for sales and other functions within the company. Product Marketing will continue to audit and update the information on this company as necessary.

Company Information & Financials

Weebly

Dex Media, Inc. is one of the largest national providers of social, local, and mobile marketing solutions through direct relationships with local businesses. The April 2013 merger of Supermedia and Dex One established a powerful marketing services company with digital revenue approaching \$500MM and a near national footprint. It has positioned itself to help businesses across the country grow, with over 2,700 marketing consultants already advising approx. 650,000 local business across social, local, and mobile media.

Company Name	DexMedia, Inc.
Founded	1999
Headquarters	Dallas, TX
Stock Listing (if available)	NASDAQ: DXM
Employees	4,000 (est.)
Direct Sales Markets	143 local office locals in 43 states
Customers	650,000 (2013 est.)
Retention Rate	unknown
Core Products	Domains, Hosting, Website
Additional Products	SEO, Online Marketing, Social
Market Channels	Nationwide salesforce, online banner
Additional Information	Relationships w/ Google, Yahoo, Bing

Company Financials

Highlights	2013	2014	Change
Operating Revenue	\$1.27B	\$1.44B	+13%
Total Operating Exp	\$1.17B	\$2.29B	+95%
Operating Income	\$103MM	-\$850MM	-925%
Net Income	\$41MM	-\$814MM	-2085%

Company SWOT

This section gives a detailed overview of the competitor's strengths, weaknesses, opportunities and threats. The analysis is only on the company itself and not a direct product comparison.

Strengths

- 26 years of business (since 1988)
- Easy to digest, all-encompassing website promotes as “your local marketing department” to sell multiple ad products
- Successful merge of Supermedia and DexOne that took just over a year to complete (finished April 2013)
- Local direct sales in 143 markets in 43 states
- Commitment to “Local Leaders Forum” across the country that helps SMEs in various areas learn about
- “Local Marketing Advice” blog with helpful tips to small business owners concerning print and digital marketing

Opportunities

- Continue to transition the merged business to digital as quickly as possible
- Balance the steady decline of print with the upward tick of digital, figure out new ways to make money at both
- Cheap market valuation hasn't gone unnoticed by investors
- Combined business requires very little capital investment – assists with strong cash flow
- Enhance digital design or expand number of basic templates available for non-custom design.

Weaknesses

- Does not expect to pay dividends to common stock for the foreseeable future (recent 2009 bankruptcy emersion before merger)
- Hasn't delivered against analyst promotion of stock since merger, with some larger hedge funds losing money in the stock market
- Common concerns of misleading sales force focused on making the sale, but not following up with site build or assisting in getting to optimal state
- Very few markets or regions left to expand into – if needed, will have to grow within.

Threats

- Similar approach to hibu with both print and digital marketing capability
- Aggressive coast-to-coast sales force in many of the same markets hibu is
- 100% DIFM website messaging, with relatively low-monthly advertised pricing for basic DIFM web features
- Custom DIFM website features may provide more dynamic website functionality that amazing template design utilized by hibu
- Strong local community advocacy forums that reaches SMEs in hibu's markets (gains trust and sells products)

Website Product Overview

This section gives the reader an overview of the competing website product (both DIY and DIFM if available). It explores the main functionalities and benefits as listed by the competitor in their literature or online.

Do it for Me

Product Name	Price	Main Features
Template	\$65-75/mo.	<ul style="list-style-type: none"> Professional design that captures your company's strengths Quick delivery based on a short, simple exchange with you Revisions and updates even after your site is launched Analytics and reporting to track your website activity Title tags and keywords to create a search engine-friendly site Small business web hosting, domain registration and email hosting Features such as photo galleries, social links, forms, maps, and more
Custom Designs	Consultative	<ul style="list-style-type: none"> Unique custom design that is tailored to your company's brand Freedom of design and flexibility Responsive design displays user friendly experience on a desktop, mobile, or tablet High quality graphics, animated sliders, forms, maps, and links to social media Higher level of customer support with a white glove approach

Target Market/Opportunity

The purpose of this section is to explore how this competitor would define their customer and target market. This is in contrast to the hibu target customer, where we can begin to see the differences in approach, process and strategic capability.

Market Opportunity

High-level approach:

- DexMedia drives large amounts of volumes to our customers.
- DexMedia assists small businesses in managing their marketing message.

Local marketing solutions provider

- The local search industry is complex, dynamic, and increasingly fragmented.
- Consumers can search for an connect with local business using search engines, iYP, social networks, mobile apps, industry-specific websites, city sites, daily deal sites, map sites, and through traditional media, like print, radio, TV, and direct mail
- Believe that their marketing solutions optimize the process, especially for business owners that lack the time, expertise, or resources to manage

Consultative approach:

- DexMedia marketing consultants offer personalized marketing consulting services and exposure across leading media platforms used by consumers searching for local businesses.
- Locally based marketing consultants, in diverse and attractive market

Our Take: The DexMedia target customer desires a professional looking site but does not consider design an absolute priority over other functions. Dex positions the products for basic needs and serves their custom design for businesses that need more personalization. This customer does not mind a slightly longer editing process. Generally this customer is fine with the pricing model and has a greater appetite for additional feature upgrades and enhancements when needed.

DIFM website solution

- DexMedia main opportunity is DIFM site building for busy SMEs, creating a powerful online presence.
- DexMedia discerns between template websites for basic needs, and custom websites for more dynamic needs/experiences.
- Low-touch and high-touch approaches available.

Messaging Overview

This section summarizes the competitor's main value proposition and explores their messaging pillars that are present in collateral, sales lyrics and public communications.

Company Main Value Proposition

Get found. Get chosen. Get talked about.

Add a new department to your small business: When you partner with DexMedia, you're getting an entire marketing department working for you to get more customers and more sales.

Get your business found where everyone is searching...

DIFM Website Value Proposition

Create a powerful online presence

Your website is the "face" of your online business.

DexMedia makes small business web design simple and affordable.

Main Messaging Lyrics

- Establish credibility and create a powerful online appearance for your business that can be viewed on any device.
- Stay open to the world and accessible to your customers 24/7/365
- Promote your products and services, and provide customers with the information they need
- Template websites: Get a professional website up and running quickly and cost-effectively with Dex Media. You get everything you need to promote your business online—without becoming a web designer.
- Custom design: Get a professional, customized site design to inspire interaction and showcase an image of your business beyond the typical competitor's website. Built with your business in mind, Custom Websites are completely

Our Take: DexMedia messaging is driven more towards assisting the SMB with getting found by their target customers. It tries to convince them that the site is needed but is also simple and affordable. It then discusses the differences between template websites and customer designs, depending on the business need. This is very similar in approach to Web.com's value proposition of "You Say It, We Build It." in "You Dream it. We build it."

Voice of the Customer

This section is a summary of feedback and various reviews that have been written, posted and vocalized by this competitor's customers on the Internet and other forums where they can be found. It can also feature 3rd party reviews by bloggers and writers. It contains positive, negative and neutral review summary but is meant to capture the voice of the customer and help highlight the strengths and weaknesses of this competitor and their product.

Positive

- Customers that don't have much time to dedicate to marketing like the consultative approach and DIFM marketing process that Dex can provide to busy SMEs
- Other customers have said that the DexMedia plans and products have saved them from having to pay for a full-time marketer to do the same services; have saved money with the all-encompassing marketing plans that DexMedia provides them

Negative

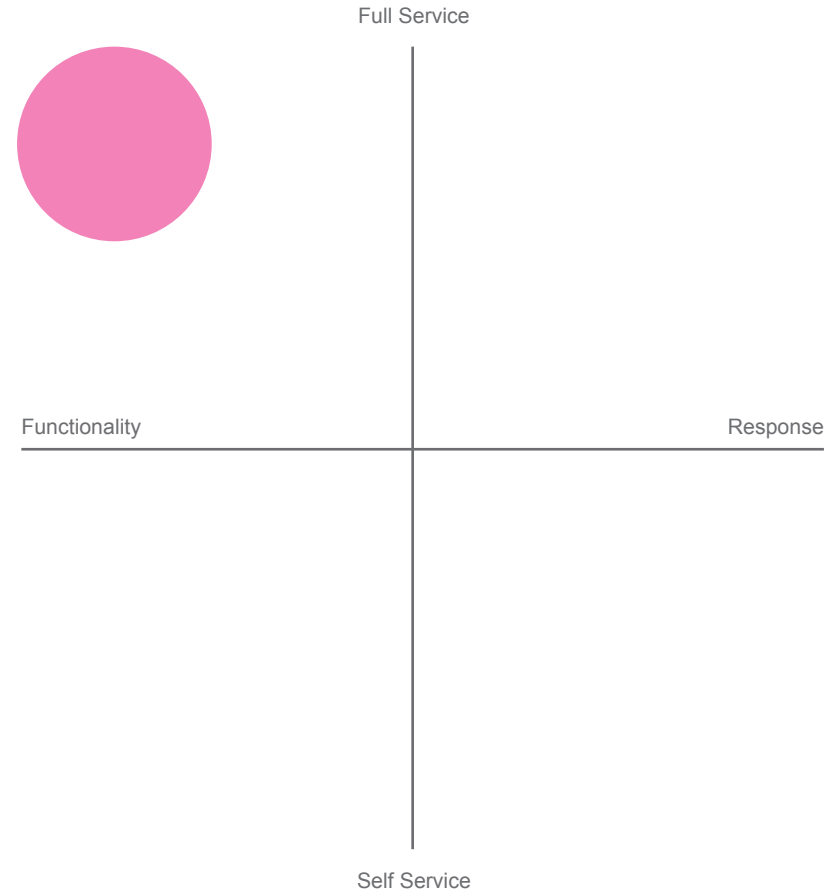
- Multiple complaints that sales force overpromised what was eventually delivered on the small business website – including very lofty expectations set for SEO and appearing on the first page of Google and other search engines
- Complaints that contact information for the small business that was submitted did not appear correctly on the site and/or took a very long-time to get updated once site went live.
- Billing and collections issues persist, notably with cancellation requests not being processed

Our Take: DexMedia feedback is mixed, with customers who realize the full value of the marketing department service, likely with the resources to pay for a full digital and print package more fully invested and offering favorable feedback. Other, potentially less invested business have filed and posted complaints that aggressive sales force overpromises capabilities and results, and that site building is an inaccurate, drawn out process incapable of delivering said results.

Positioning Approach

The positioning analysis of this competitor aims to summarize the main attributes and strategy employed in the marketplace.

Promotion	<ul style="list-style-type: none"> Nationwide sales force post-DexMedia merger Promote holistic marketing approach centered on maximizing print & digital (although digital declining 20% YOY and digital increasing 6%) Confident sales force and delivery Promise great results and success – set bar high
Product	<ul style="list-style-type: none"> All DIFM websites – differentiated by template, basic, static design vs dynamic custom design Low-touch & high-touch site build and ongoing maintenance available Average quality and acceptable design on basic templates
Price	<ul style="list-style-type: none"> Paid DIFM options only – no free trial or free product No DIY product (company perception that SMEs lack time) All prices are inclusive per month – depending on features and benefits added during the consultation Quoted as “starting at \$65-\$75” (very vague)
Process	<ul style="list-style-type: none"> Direct market sales driven or online initiated to phone call to action Engineered for quality over speed (no SLA listed) Asset collection and post-sales consultation required Allow for customer channel and care choice (phone vs email correspondence)
Proficiency	<ul style="list-style-type: none"> Large operating expense to produce over \$1B in revenue 39.7% EBITDA margin



Sales Approach

The following is Product Marketing’s take on the competitor’s main strengths and how to best position hibu websites against their offerings.

Similar Product Offerings

hibu websites is a better solution for a small business owner that wants amazing design and SEO built into the copywriting and design. The Premium enhancement also ensures directory listings are made, and Wave & Assist are great products to ensure updates are automatically made, and changes are processed quickly and accurately.

Dex and SMB marketing

A hibu website is the right solution for more established businesses that require amazing design, search engine optimization/search engine marketing results, and an easy to work with company who can facilitate timely updates and changes, and help those businesses grow. It differentiates from DexMedia in that it offers custom enhancements like Premium, Wave, Video and Assist to make the website stand out from the rest

Standard vs. Custom Design

The hibu Design Service has a wide variety of proven template designs that are flexible to the dynamic needs of your business. Our built in SEO planning and copywriting will not only ensure that your website looks great, but that it’s appearing in Search Engine results and getting you found everywhere customers are looking for your business.

A build fee may be required

Despite the low monthly rates, DexMedia may require a build fee with customization. It is unknown what this could be as it requires sales consultation. The initial build fee of \$599 is required for the hibu Design Service, which will ensure top design and built-in SEO to get your business found. A monthly fee of \$99/month ensures ongoing maintenance, as well as Premium, Assist, Wave, and Video to make the website design stand out from the rest and deliver for the results of the business.

The Interview Build

Instead of putting the pressure on the customer to design and copy write their own website. hibu will seek to understand your unique business proposition during the consultation, take some basic information, and design and copy write an amazing, mobile optimized, SEO-enabled site, so you can get back to doing what you love: running your business.

References

Company website

www.dexmedia.com

2013 DexMedia Annual Report

<http://ir.dexmedia.com/phoenix.zhtml?c=205085&p=irol-reportsAnnual>

Marketwatch.com Analysis

<http://www.marketwatch.com/investing/stock/dxm>