

MARCHEX INC
 Form 424B5
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 Registration No. 333-192891

The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. A registration statement relating to these securities has been declared effective by the Securities and Exchange Commission. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion dated March 19, 2014

PROSPECTUS SUPPLEMENT

(to Prospectus dated January 9, 2014)

Marchex, Inc.

5,714,000 Shares

Class B Common Stock

Marchex, Inc. is offering 2,857,000 shares of its Class B common stock and the selling stockholders identified in this prospectus are offering 2,857,000 shares of Class B common stock. We will not receive any proceeds from the sale of shares by the selling stockholders.

Our Class B common stock is listed on The Nasdaq Global Select Market under the symbol MCHX. On March 18, 2014, the closing sale price of our Class B common stock as reported on The Nasdaq Global Select Market was \$12.01 per share.

Investing in our Class B common stock involves risks. See Risk Factors beginning on page S-17 of this prospectus supplement and page 5 of the accompanying prospectus.

PRICE \$ A SHARE

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Company	Proceeds to Selling Stockholders
Per Share	\$	\$	\$	\$
Total	\$	\$	\$	\$

We have granted the underwriters the right to purchase up to an additional 514,100 shares of our Class B common stock and the selling stockholders identified in this prospectus have granted the underwriters the right to purchase up to an additional 343,000 shares of our Class B common stock, each pursuant to the underwriters' option. We will not receive any proceeds from the sale of shares by the selling stockholders.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on March , 2014.

Deutsche Bank Securities

RBC Capital Markets

Piper Jaffray

BMO Capital Markets

Stephens Inc.

March , 2014

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We, the selling stockholders and the underwriters have not authorized anyone to provide any information other than that contained or incorporated by reference in the accompanying base prospectus, this prospectus supplement or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the selling stockholders are offering to sell and seeking offers to buy, shares of our Class B common stock only in jurisdictions where offers and sales are permitted. The information in the accompanying base prospectus, this prospectus supplement, including any information incorporated by reference, or in any free-writing prospectus prepared by or on behalf of us or to which we have referred you, is accurate only as of its date, regardless of its time of delivery or of any sale of shares of our Class B common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of our Class B common stock and supplements information contained in the accompanying base prospectus and the documents incorporated by reference into the accompanying base prospectus. The second part consists of the accompanying base prospectus, dated January 9, 2014, which gives more general information about us and the shares of Class B common stock we may offer from time to time under our shelf registration statement. If there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying base prospectus or any document incorporated by reference therein, on the other hand, then the information in this prospectus supplement will control.

This prospectus supplement, the accompanying prospectus and the information incorporated herein and therein by reference include trademarks, service marks and trade names owned by us or other companies. All trademarks, service marks and trade names included or incorporated by reference into this prospectus supplement or the accompanying prospectus are the property of their respective owners.

Unless the context otherwise indicates or requires, the terms Marchex, MCHX, Company, we, us, and our as used in this prospectus supplement refer to Marchex, Inc. and its subsidiaries.

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SUMMARY

This summary may not contain all the information that you should consider before investing in our Class B common stock. You should carefully read the more detailed information set out in this prospectus supplement and the accompanying base prospectus and the information incorporated by reference herein, especially the risks related to our business and investing in our Class B common stock that we discuss under the heading Risk Factors beginning on page S-17 and our consolidated financial statements and related notes and other information that are incorporated by reference herein. The information contained in this prospectus supplement and the documents incorporated herein by reference include forward-looking statements, which are based on current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments actually affecting us will be those anticipated. Please see page S-44 of this prospectus supplement for cautionary information regarding forward-looking statements.

Overview

Marchex is a mobile and call advertising technology company. We provide products and services for businesses of all sizes that depend on consumer calls to drive sales. Our technology platform delivers performance-based, pay-for-call advertising across numerous mobile and online publishers to connect millions of high-intent consumers with businesses over the phone. Our call analytics technology facilitates call quality, analyzes calls in real time and measures the outcomes of calls to close the loop between digital marketing and offline transactions. We help large national brands and small-and medium-sized businesses (SMBs) facilitate efficient and cost-effective marketing campaigns to drive calls and customer leads to their business. With our Archeo division, we provide a performance-based pay-per-click advertising service that connects advertisers with consumers across our owned and operated web sites as well as third party web sites and we also sell domain names.

Our technology-based products and services enable our customers to connect with consumers across leading third-party mobile and online channels, as well as our proprietary network of locally-focused web sites. We have direct relationships with large national advertisers and advertising agencies which utilize our products and services to plan, execute and measure their call-focused advertising campaigns. We also provide private-label performance marketing solutions for SMBs through a network of large reseller partners, which include Yellow Pages publishers, media and telecommunications companies and vertical marketing service providers. We enable these partners to sell pay-for-call advertising, call-analytics, search engine marketing and other digital marketing services to their millions of small business customers. We execute these campaigns for them using our technology. Our primary products offerings are:

Marchex Call Marketplace. Through the Marchex Call Marketplace, we deliver a variety of call advertising products and services to national advertisers, advertising agencies and small advertiser reseller partners. The Marchex Call Marketplace is a mobile advertising solution focused on delivering customers on a pay-for-call basis. We offer exclusive and preferred ad placements across numerous mobile and online media sources to drive advertisers qualified calls to their businesses. It leverages our Marchex Call Analytics platform to secure call tracking numbers and to provide qualified calls to advertisers that block spam and other telemarketing calls while working to optimize the return on investment for advertisers marketing investment.

Marchex Call Analytics. Our Marchex Call Analytics technology platform provides data and insights that measure the performance of mobile, online and offline ad campaigns

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for advertisers and small business resellers. Our analytics technology tracks calls and helps advertisers understand which marketing channels, advertisements, keywords and creatives are driving calls to their business, allowing them to optimize their advertising expenditures across media channels. Call Analytics also includes call recording, call quality filtering and real-time call intelligence to provide rich insights into what is happening during a call and to measure the outcome of calls and return on investment. Advertisers pay us a fee for each call they receive from call-based ads we distribute through our sources of call distribution or for each phone number tracked based on a pre-negotiated rate.

Local Leads. Our Local Leads platform is a white-labeled, full service advertising solution for small business resellers, such as Yellow Pages providers and vertical marketing service providers, to sell call advertising, search marketing and other lead generation products through their existing sales channels to their small business advertisers. These calls and leads are then fulfilled by us across our distribution network, including mobile sources, and leading search engines. The lead services we offer to small business advertisers through our Local Leads platform include products typically available only to national advertisers, including pay-for-call, search marketing and presence management, ad creation and include advanced features such as call tracking, geo-targeting, campaign management, reporting, and analytics. The Local Leads platform is highly scalable and has the capacity to support hundreds of thousands of advertiser accounts. Reseller partners and publishers generally pay us account fees and agency fees for our products in the form of a percentage of the cost of every click or call delivered to their advertisers.

In addition to our call-driven business, we operate the Archeo Domains Marketplace, which enables the buying, selling and development of premium domain names, and includes more than 200,000 of our owned and operated websites. Our portfolio of websites contains more than 75,000 U.S. ZIP code sites, including 90210.com and covering ZIP code areas nationwide. The Archeo domain marketplace also consists of other locally-focused sites such as Yellow.com, OpenList.com and geo-targeted sites. We monetize this portfolio via pay-per-click and banner advertising and also make these domains available for sale to third parties.

We generate two categories of revenue. Call-driven revenue consists of payments from advertisers for pay-for-call marketing services and for use of our Call Analytics technology. Call-driven revenue also consists of payments from our reseller partners for use of our technology platform and marketing services, which they offer to their small business customers, as well as payments from advertisers for cost-per-action services. Archeo revenue includes revenue generated from advertisements on our network of owned and operated websites and third-party distribution, as well as from the sale of domain names in our domain marketplace. During the years ended December 31, 2011, 2012 and 2013, call-driven revenue accounted for approximately 73%, 84%, and 89% of total revenues, respectively. We operate primarily in domestic markets. For detail on revenue by geographical area for the three most recent fiscal years, see Note 13. Segment Reporting and Geographic Information of the notes to our consolidated financial statements.

Industry Overview

Calls are critical for businesses to drive sales. For businesses of all sizes, in-bound phone calls are a key source of new customer leads and increased revenue. We believe consumers that call businesses directly typically have higher purchase intent and are more likely to make a

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purchase or become a customer. According to BIA/Kelsey Local Commerce Monitor (LCM) survey in 2012, 61% of advertisers believe that in-bound calls from prospective customers are the single most important type of lead. Calls are particularly relevant in high-value categories, such as professional services, financial services, automotive and travel, where transaction values are large, complex or require additional information prior to completion. Calls are also important for local businesses that set appointments or sell products and services over the phone. According to 2012 data from BIA/Kelsey, advertisers in the U.S. spent \$68 billion to drive telephone leads. Historically, the majority of this advertising has been spent on traditional media such as television, newspapers and directories. Now with the mass adoption of mobile, both large and small advertisers are increasingly seeking new marketing channels that allow them to connect with consumers over the phone.

Mobile search and calls from search are growing rapidly. Today we are witnessing an evolution in consumer behavior as Internet-enabled mobile devices proliferate and media consumption shifts to mobile devices. This trend is increasingly evident in the way consumers research products and services and connect with businesses when they are ready to make a purchase decision. BIA/Kelsey estimates that consumers conducted over 30 billion mobile searches in 2013, and that the number of mobile searches will exceed searches on desktop computers by 2016. Given the nature of mobile devices and embedded technology in mobile phones, consumers want and expect to be able to directly call businesses they are researching on mobile devices. According to a 2013 study by Google/Ipsos, 70% of mobile search users have used a click-to-call feature to connect with a business directly from their mobile devices. BIA /Kelsey estimates that the total number of calls initiated from searches on mobile devices will increase from 15 billion in 2013 to 50 billion by 2015.

Ad budgets are shifting to performance-based models. As businesses have expanded their marketing through digital channels, they have increasingly turned to performance-based advertising formats in which they are only charged when a desired outcome is reached. Performance-based advertising models provide advertisers with greater transparency into their advertising spend and the ability to accurately measure results and return on investment. Over time, the online advertising market has experienced a dramatic shift from CPM-based banner and display advertisements to cost-per-click search advertising and other forms of performance marketing. According to the Interactive Advertising Bureau, performance-based formats accounted for only 7% of the \$5 billion online advertising market in 1999, but grew to 65% of the \$40 billion market in 2013.

Calls are becoming the currency of mobile advertising. In 2013, the global mobile advertising market was \$15 billion and is expected to grow to \$52 billion by 2017, according to IDC. As the mobile advertising market matures, we believe advertisers will increasingly utilize performance based advertising formats available on mobile devices, as they did on desktop. Further, we believe the demand for businesses to connect with consumers over the phone combined with the inherent functionality and technical capabilities of mobile devices will result in calls becoming a primary measurement unit/format for mobile advertising. As advertisers continue to shift their budgets to accommodate for the growth of mobile and online channels, we believe the market for call-driven advertising will grow even more.

Understanding calls is highly complex. Unlike clicks, impressions and other actions that are tracked and measured in digital format, calls take place offline and require unique technical capabilities and expertise to accurately measure and analyze. To realize the full benefit of call-based marketing, advertisers need technology that allows them to capture and analyze attributes of a call before, during and after the call is completed. This technology helps them

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properly measure return on investment (ROI) and optimize their marketing campaigns across media channels. For example, advertisers must be able to dynamically track the source of a call back to the media channels and advertisements that influenced the consumer to make the call. Once a call is initiated, technology is required to understand what is happening on a call in real-time, to record calls, and to block unwanted or spam calls. For advertisers with call center operations, calls are often tracked and routed through interactive voice response (IVR) phone systems and integrated with customer relationship management (CRM) applications and back-office systems to measure transactions and return on investment. Successful marketing analytics for calls requires expertise from multiple disciplines, including digital advertising, communications infrastructure, voice and speech recognition expertise, and marketing software.

Our Competitive Strengths

Focus on calls. We were early to realize the value of calls and the importance that mobile devices would play in advertising. Over the past several years, we have shifted the focus of our company to address the large opportunity for mobile performance-based advertising focused on calls. As a pioneer in the category, we have developed a unique business model that delivers measurable return on investment to both large national advertisers and local small businesses. Our technology platform and call analytics technology and products are specifically designed to address the unique challenges associated with closing the loop between digital marketing and phone calls. Working closely with our customers, we have innovated in call-based technology, creating specific solutions to address common needs and wants among both SMBs and large advertisers. We believe we are unique with our call-focused approach to technology developments and marketing solutions, providing a competitive advantage as mobile advertising grows and advertising budgets shift towards performance-based formats.

Proprietary call analytics technology. Our call analytics technology and solutions are designed specifically to analyze and measure the performance of advertising and media spending that results in calls to businesses. The technology and solutions further help advertisers optimize their overall marketing strategies and specific campaigns by gaining insights into the different factors that can drive conversions. Our advertisers are able to benefit from increased intelligence about their specific media placement decisions and investments with dynamically driven data and information that capture and evaluate the originating media channel, advertisement, keyword or creative that drove the consumer to make the call. As a result, our technology helps advertisers understand the most effective use of advertising resources and helps to optimize their marketing spend across campaigns and distribution sources. We provide varying levels of integration with customers to enhance their information review and analysis. Our technology scales for larger customers to provide greater access and transparency on significant volumes of call leads, including with assisting the understanding of call outcomes and quality of customer experience. This integration may take the form of working with CRM platforms or customer-specific systems, with the purpose of improving each customer's understanding of the analytics within their organization. On the technology back end of these solutions are proprietary methods and features that allow for the smoother functioning and increased efficiencies in presenting the most potentially promising leads. We are always working to create appropriate and relevant filters to improve our customer experience. For example, our Clean Call technology blocks many unwanted, unintended, misdirected or spam calls from reaching our advertiser customers, reducing time and cost wasted on unproductive calls. Our focus on features that promote ease and efficiency of use for advertisers is aligned with improving their understanding of the quality and efficiency of the sources they have

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deployed to drive customer acquisition, including which sources may or may not be desirable or cost-effective. In each case, they may be able to better measure the performance of their advertisement investments across their spend mobile, online and offline ad campaigns.

Transparent, performance-based model. We have developed a unique, pay-for-call business model that aligns our interests with those of our advertising customers and our publishing partners. We work closely with each customer to define a quality call for their business, and then only charge our customers, on a per call basis. As a result, we are able to deliver qualified leads that provide a measurable return on investment for our advertisers. We typically pay our publishing partners a percentage of the revenue we generate from advertisements on their properties. Through our Call Analytics, we have a deep understanding of which publishers, devices, ad formats, keywords and ad creatives drive call conversion for specific advertising verticals. This allows us to help optimize the placements of advertisements across our network to maximize the number of calls for our advertisers and revenue for our partners. As a result, advertisers utilize us to place ads on their behalf and our partners believe in us that we will only deliver ads on their properties to help generate revenue for them.

Scalable technology platform and business model. We have developed our technology platform to address the large advertisers, while also being able to support a large number of small local business advertisers. Our platform currently supports over 100,000 unique advertiser accounts, and in aggregate manages hundreds of millions of dollars in advertising spend across various digital channels. We leverage our relationships with Yellow Pages providers and vertical market service providers to efficiently re-sell our solutions to their small businesses customers, adding scale and data to our platform, which provides us with recurring revenues with minimal associated sales costs. We have deployed a direct sales model to acquire and service large advertisers and also have been successful at deepening our relationships with existing advertiser clients over time to capture a greater share of their advertising budgets.

Strategy

Our Strategy

To take advantage of the shift to performance-based models in marketing, key elements of our strategy include:

Building and Expanding Relationships with Advertising Agencies. Advertising agencies are influential in determining how large national advertisers allocate their advertising budgets. We believe building deep relationships with leading global advertising agencies and creating awareness within these agencies about the benefits of our offerings is an important step in attracting new large advertising customers. We plan to expand our agency relations efforts and hire personnel with strong existing relationships with advertising agencies.

Innovating on Our Mobile Performance Advertising. We plan to continue to expand our range of call-based advertising product capabilities by offering innovative performance-based products such as pay-for-call advertising, along with the supporting analytics including number provisioning, call tracking, call mining, keyword-level tracking and other products as part of our owned, end-to-end, call-based advertising solutions. We are also focused on growing our base of call distribution by bringing in new sources of the rapidly growing mobile advertising market as well as other online and offline sources of distribution.

Innovating on Our Products for Small Businesses. We plan to build and integrate new products into our marketing products for small businesses. This includes, (1) launching new

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performance-based small business solutions like pay-for-call advertising enhancements; (2) integrating more options for small businesses to acquire new customers over the phone, such as enhanced local ad-targeting capabilities that will enable us to consistently improve the matching of our small advertisers with our sources of call supply; (3) introducing products that enable small businesses to better cultivate relationships with existing customers; and (4) adding additional features and functionality to our web sites that connect consumers with small businesses and provide additional monetization capabilities. We believe these new products will increase our cross-sell opportunities, enable us to continue to grow our advertiser base, unlock more budget from our existing advertisers, enable us to attract new reseller partnerships and deliver better performance to our existing partners.

Supporting the Number of Advertisers Using Our Products and Services. We plan to continue to provide a consistently high level of service and support to our advertisers and we will continue to help them achieve their return on investment goals. We are focused on continuing to grow our advertiser base through our direct sales and marketing efforts, including strategic sales, inside sales, online acquisition initiatives and additional partnerships with large local advertiser reseller partners.

Developing New Markets including International Expansion. We intend to analyze opportunities and may seek to expand our technology-based products into new business areas or geographic markets where our services can be replicated on a cost-effective basis, or where the creation or development of a product or service may be appropriate. We anticipate utilizing various strategies to enter new markets, including: developing strategic relationships; acquiring products that address a new category or opportunity; and creating joint venture relationships and internal initiatives where existing services can be extended internationally.

Pursuing Selective Acquisition Opportunities. We may pursue select acquisition opportunities and will apply rigorous evaluation criteria to any acquisitions we may pursue in order to enhance our strategic position, strengthen our financial profile, augment our points of defensibility and increase shareholder value. We will focus on acquisition opportunities that represent a combination of the following characteristics:

under-leveraged and under-commercialized assets;

opportunities for business model, product or service innovation and evolution;

critical mass of transactions volume, advertisers, traffic, revenue and profits;

business defensibility;

revenue growth and expanding margins and operating profitability or the characteristics to achieve significant scale and profitability;
and

an opportunity to enhance efficiencies and provide incremental growth opportunities for our operating businesses.

Our Distribution Network

We have built a broad distribution network for our pay-for-call and pay-per-click advertising services that includes hundreds of mobile sources, search engines and applications, directories, third party vertical and branded web sites, our proprietary web site traffic sources through our Archeo division, which are comprised of our owned and operated web sites, and offline sources.

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Syndicated Distribution:

Through our call advertising services, our local leads, pay-per-click advertising services, and search marketing services, we distribute advertisements from our tens of thousands of advertisers, as well as from our reseller partners' advertisers, through hundreds of call-ready media and traffic sources, including mobile sources, search engines and directories, web sites and our proprietary web site traffic sources.

Our Syndicated Distribution partners include:

Selected Carriers	Selected Search Engines	Selected Call Sources and Vertical and Local Distribution Partners
AT&T		Avantar
Verizon	Google	CityGrid
Sprint (Boost Mobile)	Microsoft	Google Mobile
Metro PCS	Yahoo!	MapQuest
T-Mobile		MSN
TracFone		Whitepages, Inc.
		Yahoo!

Payment arrangements with our distribution partners are often subject to minimum payment amounts per phone call or click-through. Other payment structures that we may use to a lesser degree include:

advance or fixed payments, based on a guaranteed minimum amount of usage delivered;

variable payments based on a specified metric, such as number of paid phone calls or click-throughs; and

a combination arrangement with both fixed and variable amounts.

Proprietary Web Site Traffic Sources:

We believe our proprietary web site traffic through our Archeo division is a source of local information online and is a source of click-throughs. It includes more than 200,000 web sites focused on helping users make informed decisions about products and services, including where to get local products and services.

The more than 200,000 owned and operated web sites in the network include more than 75,000 U.S. ZIP code sites, including 90210.com and covering ZIP code areas nationwide, as well as other locally-focused sites such as Yellow.com, OpenList.com and geo-targeted sites. Traffic to our proprietary web sites is primarily monetized with pay-per-click listings that are relevant to the web sites, as well as other forms of advertising, including banner advertising.

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Sales, Marketing & Business Development

Our sales department focuses on adding new advertisers to our business, while our business development and partnership department focuses on adding new reseller partnerships, selectively adding new distribution partnerships and servicing existing partnerships. Our marketing department focuses on promoting our services through online customer acquisition, affiliate relationships, press coverage, strategic marketing campaigns and industry exposure. Advertising and promotion of our services is broken into the following main categories:

Direct Sales. Our direct sales team targets new relationships with national advertisers and advertising agencies through in-person presentations, direct marketing, telesales and attendance at industry events, among other methods. Our advertiser agreements include a combination of agency fees, per-call and per-click fees.

Reseller Partnerships. We have a business development team that focuses primarily on securing partnerships with large local advertiser reseller partners under which we supply our private-label small business advertising platform and/or other services, including advertiser distribution in our proprietary web site traffic network or our distribution network. Our reseller partner agreements include a combination of revenue sharing, licensing revenue, per-call and per-click fees.

Online Acquisition. We market to advertisers for our proprietary web site traffic network, pay-per-click advertising and contextual advertising through certain online advertising and direct marketing campaigns that lead advertisers to our self-serve online sign up processes. Self-serve advertisers generally pay us per-click fees.

Referral Agreements. We have referral agreements with entities that promote our services to large numbers of potential advertisers. Our referral partner agreements are based on a combination of revenue sharing and performance-based fees.

Archeo Domains Marketplace. We launched Domains Marketplace in September 2013 which includes more than 200,000 of our owned and operated web sites that are for available for sale and facilitates the buying and transacting of domain names. We intend to continue our strategy of growing our advertiser base through sales and marketing programs while being as efficient as possible in terms of our marketing and advertising costs. We continually evaluate our marketing and advertising strategies to maximize the effectiveness of our programs and their return on investment.

Information Technology and Systems

We have a proprietary technology platform for the purposes of managing and delivering call and click-based advertising products and services to our partners. We also combine third party licenses and hardware to create an operating environment for delivering high quality products and services, with such features as automated online account creation and management process for advertisers, real-time customer support with both interactive and online reporting for customers and partners. We employ commercially available technologies and products distributed by various companies, including Cisco, Dell, Oracle, Intel, AMD, Microsoft, IBM, Nuance and Veritas. We also utilize public domain software such as Apache, Linux, MySQL, PostgreSQL, Java, Scala and Tomcat.

Our technology platform is compatible with the systems used by our distribution partners, enabling us to deliver call and click-based advertising products and services through mobile, online and offline sources in rapid response to user queries made through such partners at

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scale. We continue to build and innovate additional functionality to attempt to meet the quickly evolving demands of the marketplace. We devote significant financial and human resources to improving our advertiser and partner experiences by continuing to develop our technology infrastructure. The cost of developing our technology solutions is included in the overall cost structure of our services and is not separately funded by any individual advertisers or partners. In order to maintain a professional level of service and availability, we primarily rely upon third parties to provide hosting services, including hardware support and service, and network monitoring at various domestic and international locations. Our servers are configured for high availability and large volumes of call, mobile and Internet traffic and are located in leased third party facilities. Back-end databases make use of redundant servers and data storage arrays. We also have standby servers that provide for additional capacity as necessary. The facilities housing our servers provide redundant HVAC, power and internet connectivity. As revenue grows and the volume of transactions and call, mobile and internet traffic increases, we will need to expand our network infrastructure. Inefficiencies in our network infrastructure to scale and adapt to higher call, mobile and internet traffic volumes could materially and adversely affect our revenue and results of operations.

We continuously review ways to improve major aspects of our technology support and maintenance, including improving, upgrading and implementing business continuity plans, data retention initiatives, and backup and recovery processes.

Competition

Our call driven offerings currently or potentially compete with a variety of companies in a highly competitive and fragmented industry. We compete with leading search engines such as Google and Microsoft, digital advertising networks, mobile ad networks and call analytics technology providers. We also face competition on the call supply side, where competing companies look to outbid, partner with or otherwise secure sources of call supply we utilize. Our Archeo Domains Marketplace competitors include Demand Media, Name Media and Oversee.net. Many of our potential competitors, as well as potential entrants into our target markets, have longer operating histories, larger customer or user bases, greater brand recognition and greater financial, marketing and other resources than we have. Many current and potential competitors can devote substantially greater resources than we can to marketing, web site and systems development. In addition, as the use of the mobile, Internet, and other online services increases, there will likely be larger, more well-established and well-financed entities that acquire companies relevant to our business strategy; and invest in or form joint ventures in categories or countries relevant to our business strategy; all of which could adversely impact our business. Any of these trends could increase competition, reduce the demand for any of our services and could have a material adverse effect on our business, operating results and financial condition.

We believe our strategy allows us to work with most, if not all, of the relevant companies in our industry, even those companies that may be perceived as our competitors. To some extent, we may compete with our business partners, as we do with all other types of advertising sales companies and agencies. We may also compete with traditional offline media such as television, radio and print and direct marketing companies, for a share of advertisers' total advertising budgets. Although our strategy enables us to work with most, if not all, of our competitors, there are no guarantees that all companies will view us as a potential partner.

We provide our services to and also may compete with: (1) mobile and online advertisers; (2) partners who provide a distribution network for mobile, online, and offline advertising; and (3) other intermediaries who may provide purchasing and/or sales opportunities, including

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advertising agencies, and other search engine marketing companies. Many of the companies that could fall into these categories are also our partners, including Google, Yahoo!, Citysearch, Microsoft and YP. We depend on maintaining and continually expanding our network of partners and advertisers to generate mobile and online transactions.

The mobile and online advertising and marketing services industry is highly competitive. In addition, we believe today's typical Internet and mobile advertiser is becoming more sophisticated in utilizing the different forms of Internet and mobile advertising, purchasing Internet and mobile advertising in a cost-effective manner, and measuring return on investment. The competition for this pool of advertising dollars has also put downward pressure on price points and mobile and online advertisers have demanded more effective means of reaching customers. We believe these factors have contributed to the growth in performance-based advertising relative to certain other forms of online advertising and marketing, and as a result this sector has attracted many competitors.

Due to the long-term growth trends in mobile and online advertising, these competitors, real and potential, range in size and focus. Our competitors may include such diverse participants as small referral companies, established advertising agencies, inventory resellers, search engines, and destination web sites. We are also affected by the competition among destination web sites that reach users or customers of search services. While thousands of smaller outlets are available to customers, several large media and search engine companies, such as Google, Yahoo!, Microsoft and IAC, dominate online user traffic. The online search industry continues to experience consolidation of major web sites and search engines, which has the effect of increasing the negotiating power of these parties in relation to smaller providers. The major destination web sites and distribution providers may have leverage to demand more favorable contract terms, such as pricing, renewal and termination provisions.

There are additional competitive factors relating to attracting and retaining users, including the quality and relevance of our search results, and the usefulness, accessibility, integration and personalization of the mobile and online services that we offer as well as the overall user experience on our web sites. The other features that we offer, which we believe attract advertisers are reach, effectiveness and creativity of marketing services, and tools and information to help track performance.

Finally, we operate in the relatively nascent market of call-based advertising. The adoption of these call-based products could take longer than we expect and could become more competitive as the category becomes more developed and visible.

Risks Associated with Our Business

Please see "Risk Factors" beginning on Page S-17 of this prospectus supplement and in the section entitled "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2013, filed with the SEC on March 3, 2014, and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our Class B common stock.

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Corporate Information

We were incorporated in Delaware on January 17, 2003. Acquisition initiatives have played an important part in our corporate history to date.

Our principal executive offices are located at 520 Pike Street, Suite 2000, Seattle, WA 98101 and our phone number is (206) 331-3300. Our website address is www.marchex.com. The information on, or accessible through, our website is not a part of this prospectus supplement and shall not be deemed to be incorporated into this prospectus supplement or the registration statement of which it forms a part.

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Table of Contents**SUMMARY CONSOLIDATED FINANCIAL DATA**

You should read the following summary financial data in conjunction with our annual consolidated financial statements and the notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our report on Form 10-K for the fiscal year ended December 31, 2013 (the "10-K Report"), which is incorporated herein by reference. The statement of operations data set forth below for the fiscal years ended December 31, 2011, 2012 and 2013 and the balance sheet data as of December 31, 2013 are derived from, and are qualified by reference to, our audited annual consolidated financial statements included in the 10-K Report. The statement of operations data set forth below for the three month periods ended March 31, 2013, June 30, 2013, September 30, 2013 and December 31, 2013 are derived from, and are qualified by reference to, our unaudited quarterly results of operations data included in the 10-K Report, and are adjusted for discontinued operations, which adjustments are derived from, and are qualified by reference to, our audited annual consolidated financial statements and the notes thereto included in the 10-K Report. The selected segment data for the three month periods ended March 31, 2013, June 30, 2013, September 30, 2013 and December 31, 2013 are derived from, and are qualified by reference to, our audited annual consolidated financial statements and related notes thereto included in the 10-K Report after giving effect to adjustments for discontinued operations and changes in segment reporting.

	Years ended December 31,		
	2011	2012	2013
	(in thousands)		
Consolidated Statements of Operations Data:			
Revenue	\$ 138,726	\$ 132,794	\$ 152,550
Income (loss) from operations	5,724	(17,243)	2,749
Income (loss) from continuing operations	2,755	(34,258)	957
Income (loss) from discontinued operations, net of tax	204	(938)	860
Net income (loss)	2,959	(35,196)	1,817
Net income (loss) applicable to common stockholders	2,700	(35,853)	1,817
Selected Segment Data:			
Call-driven			
Revenue	\$ 101,830	\$ 111,886	\$ 135,126
Operating expenses	97,270	106,795	128,829
Segment profit	4,560	5,091	6,297
Archeo			
Revenue	\$ 36,896	\$ 20,908	\$ 17,424
Operating expenses	22,740	12,582	11,705
Gain on sale of intangible assets, net	9,421	6,296	3,774
Segment profit	23,577	14,622	9,493
Reconciliation of segment profit to net income (loss) from continuing operations before provision for income taxes:			
Total segment profit	\$ 28,137	\$ 19,713	\$ 15,790
Less reconciling items:			
Stock based compensation	15,068	15,638	9,237
Impairment of goodwill		15,837	
Amortization of intangible assets from acquisitions	5,455	4,728	2,926
Acquisition and separation related costs	1,890	753	878
Interest expense and other, net	458	449	37
Net income (loss) from continuing operations before provision for income taxes	\$ 5,266	\$ (17,692)	\$ 2,712
Reconciliation of segment revenue to consolidated revenue:			
Call-Driven	\$ 101,830	\$ 111,886	\$