

Using Business Directories to Build an Online Presence and Conquer New Markets

Listings in reputed online directories help businesses build a profitable online presence.

Presented by *BusinessDir.ca*



Many companies seek to increase their online visibility because of the benefits associated with a strong online identity. Businesses with considerable financial gains are also the ones with a higher rate of web-based customer acquisition. A higher percentage of their revenue comes from online transactions as well.¹

At the same time, e-commerce and online shopping present unique challenges. Customers associate online shopping with opportunism, absence of control, and a greater degree of anonymity and uncertainty. There is little assurance that the services or products offered will be of the same quality as those advertised online.²

This white paper suggests that the problem of lack of trust can be dealt with by finding effective channels for promotion and publicity. Familiarity builds trust, and potential customers are more willing to transact online. One of the effective ways to achieve this is through listing one's company with a local business directory. The paper also argues that business directories offer advantages over offline promotion. They are an effective means of gaining exposure, building trust, and establishing a strong online presence.

Building trust

Listing with business directories is an effective way to reach millions of customers, regardless of their location. It is a way of proving that a reputable company offers quality products and services. This is how businesses can build trust online.

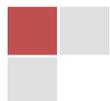


Yet, there are certain challenges to building trust in an online environment. Under traditional business models, negotiation of contracts, references, exchange of information, and personal interaction and meetings help parties to form an opinion regarding the trustworthiness of other parties. Regulations and the current legislative framework also contribute to establishing a low level of risk for all parties involved.

The situation is different with e-commerce and online transactions. Uncertainty about the trustworthiness of providers is a major problem because of the anonymous fashion in which products and services are sold. Moreover, popular e-commerce websites such as ESPN and Bloomberg have become the target of misrepresentation and theft, a practice known as site spoofing. According to Interhack (an Ohio-based security group), a popular privacy watch

¹ page 20, Driving E-Business Excellence, Anitesh Barua et al

² page 1, "The Role of Trust in Customer Online Shopping Behavior: Perspective of Technology Acceptance Model", Tzy-Wen Tang



dog was found to have violated its privacy rules. Given that such practices and violations are not uncommon, it is important to foster trust as to establish online presence and transact over the Internet.

To this, e-commerce and online transactions raise a number of important questions. How can buyers be sure whom they are interacting and transacting with? What happens if the provider denies that the transaction has occurred? What credentials do they have? Are they sufficient to guarantee that the seller offers quality products and services? Does the seller have sound business fundamentals? Is it legal and safe to conduct transactions with the particular provider? And how are the buyer's rights protected in case of a breach of commitment? Obviously, the easier it is to find the answers to these questions, i.e. to check the genuineness, trustworthiness, and credentials of providers, the easier it becomes to build trust. This requires that providers offer as much information as possible.³

Listing with an online business directory is a way to offer information to potential clients and make one's name known. When information is available, it has a positive effect on trust and makes transactions effortless. This is because trust reduces the need for customers to constantly control and monitor transactions. Moreover, trust is associated with intention to both return to a particular company and buy a product or service.⁴

Benefits of directory listing vs. offline promotion

Obviously, there are other ways to promote a business, including advertising and news reports. Billboards and newspaper ads, for example, are used for offline promotions. Given that there are different ways to increase visibility, what advantages do local business directories offer?

Use of data collection mechanisms to track visitors

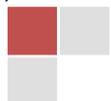
Online advertising is a powerful tool for business promotion and has grown rapidly over the past couple of years. It accounts for over 14 percent of all advertising-related spending, and the volume of advertising is projected to grow. This is due to more and more devices, including TVs and mobile phones, being connected to the World Wide Web.⁵

Moreover, the nature of the online environment and internet technologies make it easier for online directories to get to know and reach to people. Business directories and other online media are able to link visitors to websites they are viewing. The situation is different with newspapers, radio stations, and other media because it is more difficult to determine who is reading, listening, or watching, for how long and when this occurs. Online media, and business directories in that number, have important information about people who have

³ pages 2 – 3, "A Framework for Building On-line Trust for Business to Business E Commerce, *Issues & Challenges*, B. Mahadevan and N. Venkatesh

⁴ page 3, Tzy-Wen Tang

⁵ page 3, "The Economics of the Online Advertising Industry," David Evans, *Review of Network Economics*, 2008



signed on their websites. They can learn details such as zip code, the browsing behavior of visitors, and others. All this helps online directories to target their messages in ways that benefit businesses. They are able to target messages to visitors to whom the information is relevant, who are likely to contact a particular business and make a purchasing decision. The broader implication is that companies benefit from listing with business directories and advertising online.⁶

Digitalization of transactions

Second, directory listing contributes to the ‘digitalization of transactions’ with customers. There are obvious benefits to this – it results in fewer input errors, less paperwork to be processed, and a smaller workforce. The digitalization of interactions also shifts to clients the responsibility for finding information and ordering. Customers are in control of the flow of information and its content. This leads to a higher level of satisfaction, which is due to improved confidence, better knowledge, memory, and decision quality. On its part, customer satisfaction is associated with customer loyalty and higher volumes of sales. Finally, the digitalization of transactions allows companies to reach to new market segments and customers without being constrained by time and geography. This is also what local business directories help companies achieve.⁷



Better chances of attracting customers

Third, visitors who locate a business by using an online business directory are more likely to become customers. They have read the company’s description and the services offered and have picked it out of a list of other companies in the same directory. In contrast, people who locate certain company through a search engine may have found it through a general search. Thus they are

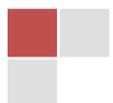
less likely to become customers.

Lower marketing costs

Fourth, listing with local business directories reduces marketing costs. Traditional media outlets and business directories charge for printing, marketing, and distribution. Online directories provide information over the Internet, and this makes them more cost-effective.

⁶ pages 9 – 10, “The Online Advertising Industry: Economics, Evolution, and Privacy”, David Evans, 2009

⁷ Tzy-Wen Tang



Information can be updated when required

Unlike print media, online directories allow businesses to update their profiles. This is important as most companies introduce new products and services, move their production facilities, change their office address and location, etc. With print media and paper business directories, additions and corrections are not possible until the next edition. Not only are online directories different in that regard, but some of them offer optimization services. This means that the listing contains certain keywords that drive more traffic.

Ease of use

Finally, traditional business directories are less flexible in that it takes time to find the required information. Internet-based directories are a good solution for users, especially nowadays when people exhibit a low level of patience. Online search sites allow users to find the information they need quickly. This is particularly true for industry-specific directories. They allow users to narrow down their searches and locate businesses in a certain industry or field.

How businesses benefit from directory advertising: empirical evidence

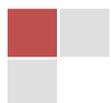
A study by comScore Networks and the Interactive Advertising Bureau has established that businesses participating in classified and directory advertising benefit from improved conversions and ROI. In addition, listing with online business directories has a positive impact on brand image.



The project “Return on Investment in Online Local and Classifieds Advertising” was conducted by comScore as to assess the impact of directory listing on brand image and sales. Discussing the findings, Senior Vice President Erin Hunter from comScore said that the new study offered empirical evidence on the issue. The study shows that local business advertising is a powerful tool

for business promotion. In the view of Hunter, large and small businesses are offered an “opportunity to leverage the Internet” and use it as a “powerful medium that drives conversion”.

As part of the study, a team of researchers tracked consumers who used business directories and clicked on “Ford Car Rental”. The researchers were interested in how many people were exposed to the directory listing and then completed their car rental. Surprisingly, the percentage of conversions that occurred online was considerably higher (60 percent) than the percentage of conversions that occurred offline (40 percent). Colleen Kelley from Ford Motor Company commented that classifieds and local business advertising offered a great



opportunity to reach potential clients. In the view of Kelley, this makes directory listing a powerful vehicle for online promotion.

Yet, does this prove that people use online directories?

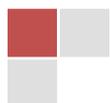
Most people use an online directory or search engine to find the information they need. In fact, the 10th Gvu WWW User Survey shows that 58 percent of all users query online directories to locate information and 85 percent use search engines for this.⁸

Another study, commissioned by comScore and conducted by TMP Directional Marketing, aimed to examine local search user behavior. The study took place in 2007, and a follow-up study was conducted in 2008. The goal was to identify the offline and online search sources that users favor. The first study found out that the majority of people used online (rather than offline) channels to find local information. In 2008, 30 percent of people used print YP/WP directories and 3 percent – newspapers and magazines. In comparison, the numbers for search engines, local search sites, and internet yellow pages were 31 percent, 11 percent, and 19 percent, respectively. The study also identified different activities that followed local business searches conducted online. The results showed that a high percentage of people who did local searches took action. Some 34 percent of searchers visited a local store, 38 percent contacted the company of choice by phone, and 14 percent contacted the business online. Only 14 percent of users said they planned to contact the business in the future, and 18 percent looked for more information (12 percent online and 6 percent offline). These figures show that people not only use business directories but take action, whether an in-store visit or making a phone call.

Conclusion

Listing with a business directory is an effective way for companies to offer information online and gain visibility. This allows businesses to build trust and reach to a large number of potential customers. Thus, providing tactical, strategic, and other relevant information is essential, and online directories offer good opportunities. This is especially important in light of the fact that more and more people use local search sites to locate businesses. Listing with trustworthy business directories and providing relevant information helps companies increase their client base and online revenues.

⁸ pages 6 – 7, “The Measurement of Online Visibility and its Impact on Internet Traffic”, Xavier Drèze and Fred Zufryden





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About Art Branch: Art Branch Inc., a Canadian corporation, publishes BusinessDir.ca and has produced several business oriented websites targeting Canadian audience. The goal of Art Branch is to provide visitors to company sites with free, useful guides, helping them make educated decisions.

