YODLE INSIGHTS

WHAT CONSUMERS WANT FROM LOCAL BUSINESSES

Insights from over 6,000 American consumers
Executive Summary

There are 28 million local businesses in the U.S. according to the U.S. Census Bureau. Local businesses are often cited as a job creation engine and backbone of the American economy.

However, are local businesses doing everything they can to maximize success with both existing and potential customers? Yodle, a leading local online marketing company, commissioned an independent online survey of 6,000+ U.S. consumers, including 200+ local respondents in 20 mid-market cities, via a third party research firm in April 2015 to answer this question.

The study is focused on consumer perspectives on local service businesses such as healthcare providers, auto repair shops, contractors, and professional services providers.

The survey – “Yodle Insights: What Consumers Want from Local Businesses” – addresses how consumers find, choose, use and interact with these local businesses, and what they would most like from them. The content analyzes consumer behavior and preferences, and offers insights and advice for local businesses looking to improve interaction with both existing and potential customers.

The key findings include:

- **Local business revenue is expected to grow.** 82% of consumers currently use local businesses. During the next year, 48% plan to increase their use of local businesses vs. less than 1% who expect to decrease it.

- **The majority of consumers find that local businesses outperform national chains on service and quality.** For example, 96% think that local businesses offer more personalized service.

- **Online reviews are expected and satisfied customers are happy to help out.** Three-quarters of consumers say that having reviews either gives the business a competitive advantage (36%) or is expected (40%). However, only 7% have been asked to write a review of a local business even though 89% are willing to do so if they had a positive experience and were asked.

- **Special offers for returning customers are the biggest differentiator for a local business.** 57% of consumers say it sets the business apart.

- **Consumers want more online communication from local businesses.** When asked about communications such as service/appointment reminders and advice/helpful tips, consumers identified a significant gap between what they are currently getting from local businesses and what they are open to receiving.

Please contact press@yodle.com for more information on “Yodle Insights: What Consumers Want from Local Businesses.” Additional data is available upon request.
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Yodle used an independent third party research firm to conduct an online survey with 6,000+ consumers across the U.S.

**NUMBER OF RESPONDENTS**

6,058

**RESPONDENT INFORMATION**

**GENDER**

50% Male

50% Female

**AGE**

- 18-24: 13%
- 25-34: 20%
- 35-54: 40%
- 55-64: 12%
- 65-74: 15%

**EDUCATION**

- Some high school: 1%
- High school diploma: 9%
- Some college: 24%
- College degree: 37%
- Some post-graduate work: 6%
- Graduate degree: 23%

**HOUSEHOLD INCOME**

- <$24,999: 7%
- $25,000 - $49,999: 19%
- $50,000 - $99,999: 36%
- $100,000 - $149,999: 18%
- $150,000+: 12%
- Prefer not to answer: 8%
When it comes to choosing a business, are consumers staying local or going with national chains, and why?

KEY CONSUMER INSIGHTS

Quality over price. While 77% believe that national chains offer more competitive prices 72% are willing to pay more to a local business for better quality work.

Continued growth. Almost half (48%) plan to use local businesses more over the next year and only 1% expect to use them less.

David beats Goliath. 96% believe local businesses beat national chains on personalizing service.

Cleveland is #1! Tops the list of 20 mid-market cities with the highest use of local businesses.
SECTION 1: CHECKING IN ON MAIN STREET

THE STATE OF LOCAL BUSINESS

Local business use is high. The majority of U.S. consumers (82%) report that they have used a local business in the last year.

Consumers use local businesses more than national chains. Local businesses accounted for 56% of total business use over the last 12 months.

82%

Local Businesses 56%

NATIONAL CHAINS 44%

Ranking local business use in mid-market cities*

In the last twelve months, approximately how much of your business was split between local businesses and national chains?

<table>
<thead>
<tr>
<th>City</th>
<th>Local business use</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cleveland</td>
<td>59.7%</td>
</tr>
<tr>
<td>2. Pittsburgh</td>
<td>58.8%</td>
</tr>
<tr>
<td>3. Sacramento</td>
<td>58.7%</td>
</tr>
<tr>
<td>4. Portland</td>
<td>58.3%</td>
</tr>
<tr>
<td>5. Detroit</td>
<td>57.7%</td>
</tr>
<tr>
<td>6. Minneapolis-St. Paul</td>
<td>57.2%</td>
</tr>
<tr>
<td>7. St. Louis</td>
<td>56.4%</td>
</tr>
<tr>
<td>8. Miami- Ft. Lauderdale</td>
<td>55.5%</td>
</tr>
<tr>
<td>9. Tampa</td>
<td>55.3%</td>
</tr>
<tr>
<td>10. Phoenix</td>
<td>55.2%</td>
</tr>
<tr>
<td>11. Houston</td>
<td>55%</td>
</tr>
<tr>
<td>12. Charlotte</td>
<td>55%</td>
</tr>
<tr>
<td>13. Baltimore</td>
<td>53.8%</td>
</tr>
<tr>
<td>14. Hartford &amp; New Haven</td>
<td>53.7%</td>
</tr>
<tr>
<td>15. Denver</td>
<td>52.5%</td>
</tr>
<tr>
<td>16. Orlando</td>
<td>51.7%</td>
</tr>
<tr>
<td>17. San Diego</td>
<td>51.5%</td>
</tr>
<tr>
<td>18. Raleigh-Durham</td>
<td>50.7%</td>
</tr>
<tr>
<td>19. Indianapolis</td>
<td>50%</td>
</tr>
<tr>
<td>20. Nashville</td>
<td>49%</td>
</tr>
</tbody>
</table>

We polled 200+ consumers in each "mid-market" city. We selected cities that ranked #10 - #30 on the Nielsen 2014-15 TV Household DMA Ranks.
**Consumer use of local businesses is growing year-over-year.** Last year, almost half of consumers (47%) increased their use of local businesses.

- **CONSUMERS USED LOCAL BUSINESSES MORE**
  - 47% increased
  - 51% used about the same
  - 2% used less

**Local business revenue is expected to grow over the next year.** Nearly half of consumers (48%) plan to use local businesses more over the next 12 months.

- **CONSUMERS EXPECT TO USE LOCAL BUSINESSES MORE**
  - 48% expect more
  - 51% expect about the same
  - 1% expect less
Consumers who “buy local” do so frequently. The vast majority of people (95%) who use local businesses have done so within the last month.

When was the last time you used a local business?

- 30% Within the last day
- 31% Within the last 2-3 days
- 22% Within the last week
- 13% Within the last month
- 5% Within the last year
**WHERE DOES DAVID BEAT GOLIATH? SERVICE**

**Local beats national in most areas.** The majority of consumers find that local businesses outperform national chains on service and quality.

![Chart showing local businesses vs. national chains](chart)

- **Compete on quality and service, not on price.** Although most consumers (77%) believe that national chains offer more competitive prices, many of them are still willing to pay more money to a local business.

### Consumers that are willing to pay more to a locally owned business

- **For better quality work:** 72%
- **To support my community:** 48%
- **For personalized service:** 44%
SECTION 2
ONLINE EXPECTATIONS OF LOCAL BUSINESSES

It’s no secret that the internet and mobile technology have changed the way we find and interact with companies, but are local businesses keeping up with what consumers expect?

KEY CONSUMER INSIGHTS

Websites matter. Consumers rank website improvements as the top change they are interested in seeing over the next year.

Reviews are now expected. Three quarters (76%) want to see online reviews for local businesses.

Offers stand out. Offers for returning customers are the best way for local businesses to differentiate from their competition.

What’s next? More than a quarter want local businesses to provide the option of booking appointments and managing billing and payments online.
**THE LOCAL BUSINESS EVOLUTION: WHAT CONSUMERS WANT**

**Consumers want more change.** Local businesses are making progress on websites and customer service, but have not yet met consumer demand. Not surprisingly, they want lower prices but the findings suggest that service is a better way for local businesses to compete.

**Areas of change for local businesses**

<table>
<thead>
<tr>
<th>Areas of Change</th>
<th>Consumers interested in seeing this change over the next 12 months</th>
<th>Consumers that have observed this change over the last 2-3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved website (better, new or mobile)</td>
<td>67%</td>
<td>56%</td>
</tr>
<tr>
<td>Competitive pricing</td>
<td>54%</td>
<td>21%</td>
</tr>
<tr>
<td>More specials, deals and offers</td>
<td>49%</td>
<td>20%</td>
</tr>
<tr>
<td>Customer service focus</td>
<td>45%</td>
<td>27%</td>
</tr>
<tr>
<td>Security of personal information</td>
<td>44%</td>
<td>18%</td>
</tr>
</tbody>
</table>

**THE OPPORTUNITY GAP: HOW LOCAL BUSINESSES CAN MEET AND EXCEED CONSUMER EXPECTATIONS**

**Certain features are expected and others really set businesses apart.**

**How does this influence your perception of local businesses?**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Not important</th>
<th>Expected</th>
<th>Sets business apart</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special offers for returning customers</td>
<td>12%</td>
<td>31%</td>
<td>57%</td>
</tr>
<tr>
<td>Online reviews about the business</td>
<td>36%</td>
<td>40%</td>
<td>24%</td>
</tr>
<tr>
<td>Ability to book / request an appointment online</td>
<td>28%</td>
<td>33%</td>
<td>39%</td>
</tr>
<tr>
<td>Ability to pay online</td>
<td>34%</td>
<td>38%</td>
<td>28%</td>
</tr>
<tr>
<td>Ability to leave a review about the business</td>
<td>41%</td>
<td>38%</td>
<td>21%</td>
</tr>
</tbody>
</table>
Don’t miss out on the opportunity online reviews represent. Here are three tips on how to approach the “ask” in the most effective way possible.

1. **Ask when your customer is smiling**
   Make every interaction with customers positive by going above and beyond to help them. As soon as you see that knowing look of appreciation after a job is done, ask the customer to write and post a review.

2. **Get employees on board**
   Explain to your employees the importance of online reviews, and encourage them to request the reviews from every satisfied customer. Provide instructions on how to include the “ask” in their interactions with clients.

3. **Make it easy for customers**
   Provide clear links to where you want customers to write their review, or simply ask them to post the review in person on a mobile device.

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**SECTION 2: ONLINE EXPECTATIONS OF LOCAL BUSINESSES**

**ONLINE REVIEWS: IMPORTANT AND EXPECTED**

**Online reviews directly impact your business.** Three quarters of consumers say that having reviews either sets the business apart from its competitors (36%) or is expected of local businesses (40%).

**Consumers want somewhere to go to review your business.** 6 out of 10 consumers say that being able to leave an online review either sets the business apart from its competitors (21%) or is expected of local businesses (41%).

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**How to Get More Positive Online Reviews**

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**YODLE INSIGHTS**

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How does this influence your perception of a local business?

- **Ability to see a review...**
  - 36% Sets business apart (36%)
  - 24% Not important (24%)
  - 40% Expected (40%)

- **Ability to leave a review...**
  - 21% Sets business apart (21%)
  - 38% Not important (38%)
  - 41% Expected (41%)
ONLINE REVIEWS: SATISFIED CUSTOMERS ARE AN UNTAPPED RESOURCE

They're willing to help. If asked, 89% would post a review if they had a positive experience.

But are not being asked. Only 7% of consumers have been asked to write a review.

It's likely good news. Of those consumers who have posted an online review, 8 out of 10 (80%) were prompted by positive experiences.

If it's bad, don't panic. Only about 1 in 10 consumers (12%) said that a negative review would make them stop going to a business that they currently use.

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How to Respond to a Negative Online Review

1. Decide whether to respond
Unless you’re dealing with someone who is clearly unreasonable and spoiling for a fight, you should reply to most, if not all, negative reviews. It will show the person who posted and other consumers that you truly care about the customer experience.

2. Decide what to say
Keep your response brief, apologize if necessary, and describe what you’re doing to resolve the issue. It’s important to be kind, eloquent, and helpful.

3. Know when to get out
Offer to take the conversation offline if the person who posted the review continues to share legitimate gripes online. Publicly suggest discussing things further via private messaging, so other people can see you’re not ignoring constructive feedback.

100%

Why did you post a review of a local business?

Positive experiences 80%
Negative experiences 49%
Discovering a new business or hidden gem 28%
Habit / routine 7%
Special offers for returning customers are the biggest differentiator for a local business. More than half (57%) of consumers say it sets the business apart.

Consumers like discounts. Half (49%) are looking to local businesses to provide more special offers.
Online booking and payments are an emerging trend. More than a quarter of consumers want more local businesses to provide the option of booking appointments and managing billing and payments online.

Online bookings and payments can provide a competitive edge. The majority of consumers say that it is either expected or sets the business apart.
Why do consumers choose to work with a local business? And what keeps them coming back?

KEY CONSUMER INSIGHTS

More than search. Consumers are using review sites and social media to find local businesses, indicating the need for a comprehensive online presence.

Quality matters. Quality of work, reliability and trustworthiness are the biggest factors in determining whether to use a local business.

Communicate more online. Consumers said they want to hear more from their local businesses.
SECTION 3: CONSUMER ENGAGEMENT WITH LOCAL BUSINESSES

HOW CONSUMERS ARE FINDING AND CHOOSING LOCAL BUSINESSES

75% Three-quarters of consumers go online to find or research a business before they decide if it is the right choice to meet their needs.

42% However, it's not all about search engines. 4 out of 10 consumers use online review sites or social media sites to look for a new business.

27% Even if they hear about a local business offline, more than a quarter of consumers still visit the website to research the business.

HOW TO WIN AND KEEP LOCAL BUSINESS CUSTOMERS

Quality of work is key. Consumers cited quality of work (57%), being reliable (52%) and being trustworthy (50%) as the top reasons they use a local business. At least half of consumers cited they would stop using a local business they currently work with if the quality of work declines (69%), pricing increases significantly (60%) or they were treated unfairly (51%).

<table>
<thead>
<tr>
<th>Top 10 reasons to use a local business</th>
<th>Top 10 reasons to stop using a local business</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Quality of work</td>
<td>1. Quality of work declines</td>
</tr>
<tr>
<td>2. Reliable</td>
<td>2. Pricing increases significantly</td>
</tr>
<tr>
<td>3. Trustworthy</td>
<td>3. Not being treated fairly</td>
</tr>
<tr>
<td>4. Convenient to where I live / work</td>
<td>4. Customer service overall declines</td>
</tr>
<tr>
<td>5. Loyalty – I've used them a long time</td>
<td>5. Location no longer convenient</td>
</tr>
<tr>
<td>6. Recommended by friends / family</td>
<td>6. Owner / staff change</td>
</tr>
<tr>
<td>8. Personal relationship with owner / staff</td>
<td>8. Appointments not available</td>
</tr>
<tr>
<td>10. Reputable in my community</td>
<td>10. Poor experiences by friends / family</td>
</tr>
</tbody>
</table>
SECTION 3: CONSUMER ENGAGEMENT WITH LOCAL BUSINESSES

BRIDGING THE COMMUNICATION GAP

Customers will listen. Local businesses are losing out on opportunities to effectively engage with their customers. There is a gap between the communications consumers are open to receiving and what local businesses are sharing.

<table>
<thead>
<tr>
<th>What communication do you currently receive from local businesses and what are you open to?</th>
<th>Open to receiving</th>
<th>Currently receive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service / appointment reminders</td>
<td>84%</td>
<td>38%</td>
</tr>
<tr>
<td>Advice / helpful tips</td>
<td>80%</td>
<td>26%</td>
</tr>
<tr>
<td>Business / service updates</td>
<td>76%</td>
<td>19%</td>
</tr>
<tr>
<td>Survey requests for feedback</td>
<td>67%</td>
<td>13%</td>
</tr>
<tr>
<td>Personalized communication</td>
<td>65%</td>
<td>15%</td>
</tr>
<tr>
<td>Invitations to events</td>
<td>63%</td>
<td>12%</td>
</tr>
<tr>
<td>Newsletters</td>
<td>60%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Online dwarfs traditional. 76% want communication either via email or social media.

How would you prefer to receive communications from local businesses?

- Email: 69%
- Phone: 14%
- Text: 7%
- Social media: 7%
- U.S. mail: 3%
- Phone: 7%
- Email: 3%
BRIDGING THE COMMUNICATION GAP

**Facebook over the rest.** Facebook is by far the most popular site for consumers looking to engage with local business owners on social media.

Do you follow local businesses on social media?

<table>
<thead>
<tr>
<th>Social Media</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>45%</td>
</tr>
<tr>
<td>Twitter</td>
<td>18%</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>15%</td>
</tr>
<tr>
<td>Instagram</td>
<td>15%</td>
</tr>
<tr>
<td>Google+</td>
<td>14%</td>
</tr>
<tr>
<td>Pinterest</td>
<td>13%</td>
</tr>
</tbody>
</table>

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Closing the Gap: Email Marketing for Local Business Owners

Use email marketing to stay in touch with existing and potential customers. Here are a handful of quick tips to maximize success:

1. Make time to maintain your contact list. It will pay off when you want to send a special promotion or reach out to your best customers.

2. Consistently provide engaging and relevant content. For instance, send a regular newsletter that includes tips and industry news.

3. Write a great subject line. Either ask a question or tease the content.

4. Make sure your emails look good on mobile devices. You risk losing a large part of your audience if the text is too small or the graphics don't show up.

5. Follow legal guidelines for email marketing. For example, you need to allow people to easily unsubscribe from your messages.
Yodle helps local businesses to find and keep their customers simply and profitably. Yodle delivers a comprehensive platform that makes online marketing easy, affordable, and transparent for its 50,000+ local business clients.

Yodle’s flagship product, Marketing Essentials™, includes a comprehensive desktop, mobile, web and social presence, reviews and offer management, and email campaign automation. Marketing Essentials can be supplemented with Yodle Ads, Yodle’s proprietary and optimized paid search technology. Also offered by Yodle is Lighthouse 360®, which automates daily consumer interactions or office routines such as appointment reminders, leading to improved operational efficiency and business results. Additionally, Yodle offers Centermark®, intended to meet the unique marketing challenges of networked businesses helping them to unify, scale, and optimize their local and national strategies.

Yodle has been included on the Forbes list of America's most promising companies for the last four years and has also won multiple awards for its business growth, job creation, technology innovation, and workplace and culture. For more information on Yodle, visit www.yodle.com or www.yodleinsights.com.

Please contact press@yodle.com for more information on “Yodle Insights: What Consumers Want from Local Businesses.” Additional data is available upon request.

For more information on Yodle's online marketing offerings, please contact info@yodle.com or 888–394–6364.