

Reviews Strategies Guide

Best Practices for Service Businesses





Table of Contents

Executive Summary	3
Introduction	3
Part I: The Impact of Reviews on a Business' Bottom Line	
1. Reviews Show on Page 1 of Search Results	4
2. Most Prospects Research Online Before Buying	4
3. Significant Demand for Reviews	4
4. Perceived Credibility	5
Financial Impact of Reviews	5
Case study: Test of Conversion Rate	6
Part II: Strategies	
1. Reviews over Testimonials	7
2. Frequency and Quantity	8
3. Negative Reviews	9
4. Where to Publish Reviews	10
The Challenges Among Venues	11
About Customer Lobby	12



Executive Summary:

1. Independent research show that online reviews have a significant impact on businesses:

- ✓ Online customer reviews increase sales, margins, and customer loyalty (Deloitte & Touche / comScore).
- ✓ Reviews are the most credible (Nielsen) and effective (Deloitte & Touche) form of marketing available.

2. Any Internet user (customer, competitor, or disgruntled employee) has the ability to write a review or comment about any business at any time. Search engines make reviews or comments written about your company as findable as your own website.

3. Unless customers are actively invited to write reviews, a larger portion of reviews posted online are negative. Negative reviews that are not viewed in the context of many positive reviews will typically cause a significant loss of revenue.

4. The most effective way to generate positive reviews is to proactively invite customers to write reviews. Actively inviting customers to write reviews increases the number of positive reviews and puts inevitable negative comments in a context.

Introduction:

Traditionally, business communications have primarily been a "one-way street". Businesses invest large amounts of time and money crafting their marketing messages and then place those messages where potential customers are likely to find them (e.g. brochures, mailers, websites, advertisements on TV, magazines and radio).

The only other information a potential customer could obtain about a business has been word-of-mouth. Customers of a business have always shared their experiences, good and bad, with their friends and acquaintances. With the rise of the Internet, however, those same word-of-mouth communications have evolved from being between two individuals to broadcasting to everyone with Internet access.

Now, a company's carefully crafted marketing messages compete with word-of-mouth communications on equal footing. In this new



environment, successful companies are learning to utilize this trend. They have found that encouraging and responding to online customer reviews and feedback yields a bigger payback than traditional media.

Part I: The Impact of Reviews on a Business' Bottom Line

1. Reviews Show on Page 1 of Search Engines

When potential customers search for a company name as a search term, they are likely to see reviews about that company on the first page of the search results. This happens because reviews have an important ingredient that helps propel them up the search rankings: lots of searchable keywords. Reviews are what search engine optimizers (people whose job it is to try to get into the top spot on a search engine listing) call 'keyword rich'. In addition, Internet users tend to click when they see a listing that says 'reviews'. The popularity of reviews as a subject matter further escalates their rankings in some search engines.

2. Most Prospects Research Online Before Buying

The easy availability of information on the Internet has created a cultural shift in how potential customers make buying decisions. Prior to making a significant financial decision, the vast majority of Internet users research online. In a survey by BIGresearch, over 92% of US adults said they research products and services online before purchasing offline.

3. Significant Demand for Reviews

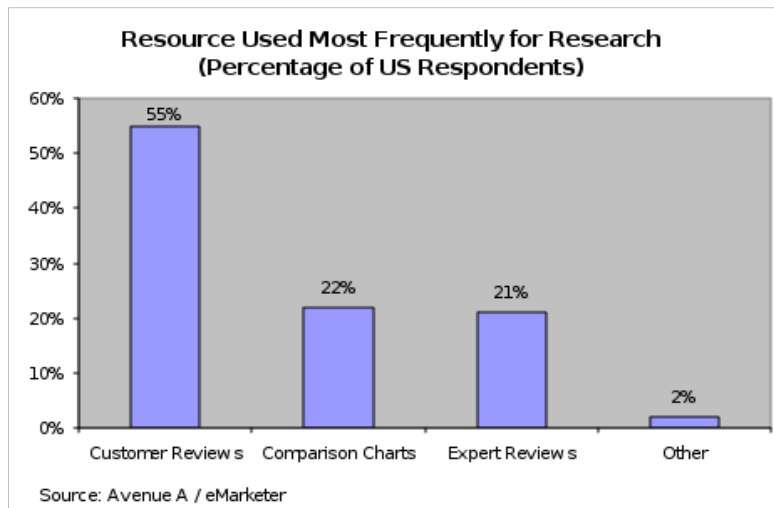
When researching online, US Internet users seek customer reviews more than all other information resources combined.

Customer reviews: 55%

Comparison charts: 22%

Expert reviews: 21%

Other: 2%



4. Perceived Credibility



Customer reviews are a highly trusted source of information for online researchers. Marketing Sherpa found that 84% of Internet users trust a customer review more than an expert review.

Financial impact of Reviews

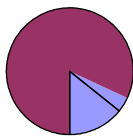
Many research firms have investigated the impact of customer reviews. Customer reviews enable businesses to:

- Get more new customers
- Enhance competitive differentiation
- Increase profit margin
- Build customer loyalty

Get New Customers

82% say reviews directly influenced their purchase decision

Reviews impacted decision: 82%



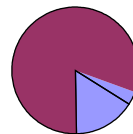
Reviews did not impact decision: 18%

Source: Deloitte & Touche

Convince Potential Customers

81% used reviews to decide between 2 or 3 alternatives

Reviews were the deciding factor: 81%

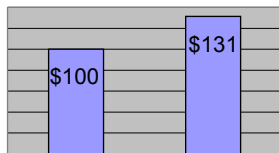


Reviews not the deciding factor: 19%

Source: comScore

Increase Profit Margin

Customers were willing to pay over 30% more if a company had excellent reviews



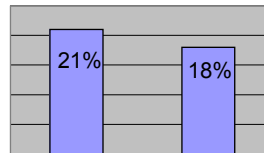
Services with "Good" Reviews

Services With "Excellent" Reviews

Source: comScore

Build Customer Loyalty

Availability of reviews increased customer satisfaction and loyalty



Increased Customer Satisfaction

Increased Customer Loyalty

Source: Foresee Results

Case Study: Test of Conversion Rate

To test the impact of customer reviews on revenue, Marketing Experiments Journal measured the rate of conversion (website visitor becoming a customer) with and without customer reviews. They found the conversion rate increased from 0.47% to 0.88%, an increase of 87%. The following example illustrates the impact on revenue:

	<u>Without Customer Reviews</u>	<u>With Customer Reviews</u>
Website Visitors	14,241	14,241
Conversion Rate	0.47%	0.88%
Customers	67	125
Average Customer Value	\$ 5,000	\$ 5,000
Revenue	\$ 334,664	\$ 626,604

Source: Marketing Experiments Journal



Turning Risk into Opportunity

The impact of Customer reviews creates unique risks to the passive business. Negative reviews aside, competitors who have an active reviews strategy gain a significant marketing advantage and capture higher market share. A reviews strategy requires innovative and, sometimes, counter-intuitive solutions. Below are best practices to manage the principle 5 factors shaping a company's reviews presence.

Part II: Strategies

1. Reviews over Testimonials

There is a clear distinction between a testimonial and a review. A testimonial is a customer quote that a company uses as marketing collateral in their advertising channels (e.g. website, flyers, etc.). A review can be that same content but must be featured on an independent website.

There are two issues with testimonials:

- Website visitors are skeptical of testimonials because they lack 3rd party credibility. Readers assume a testimonial is, at best, cherry-picked or, at worst, completely fabricated.
- Testimonials do not typically appear as a separate search result whenever prospective customers consider a specific company, resulting in a diminished marketing benefit of a review.

Strategy: Whenever possible, opt to publish feedback as a review instead of a testimonial. Though testimonials are common content on business websites, they typically represent a no-win scenario for the business: readers assume that a positive testimonial is not representative of customer sentiment; they assume a negative testimonial insinuates that there must be worse negative reviews that were censored.

In a recent survey conducted by Customer Lobby, over 90% of respondents said they believe testimonials are not representative of customer sentiment. In the same survey, over 80% reported that they would trust reviews hosted by a third party as providing a good or excellent representation of customer sentiment.

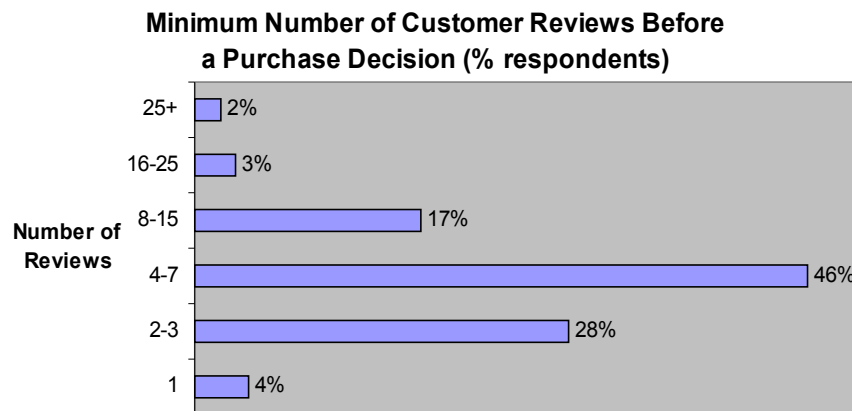


Businesses using a third-party to host and manage the review process benefit by gaining the credibility with potential customers that the reviews are authentic, verified, and standards-based.

2. Frequency and Quantity

The impact reviews have on a business are driven both by their volume and their regularity.

A study published by eMarketer found that 78% of US Internet users consider 2-7 reviews to be the threshold number on which they base a decision. Reviews also need to have been published within the previous couple of months for readers to trust that they represent the current views of customers.



Source: e-tailing group / eMarketer

More importantly, prospect sentiment is influenced by the intervals between each review as well as between the most recent review to the current date.

Reviews create a problem for the business in question when the reviews have become dated (e.g. one review from a year ago and one from 9 months ago). Readers often wonder, "Is this company out of business?" or "Did the owner write these reviews?"

Strategy: Focus on Frequency over volume. Regular, active, and up-to-date reviews inform potential customers they have found a successful company. The reviews tell the story through a customer experience. As indicated above, quantity does play a role. Setting a pace for acquiring reviews should achieve sufficient quantities in a short amount of time.



3. Negative Reviews

Given the impact reviews have, business leaders fear Internet users publishing negative reviews about their company. The word-of-mouth rule of thumb used to be that a satisfied customer will tell three people, and an angry customer will tell ten. Fortunately, online word-of-mouth does not reflect tradition: positive reviews out-number negative reviews 7-to-1.

	"Rule of Thumb" Offline	Online Reality
Positive-to-Negative Reviews	3:10	70:10

This online statistic is driven, in part, by companies who invite their customers to write reviews.

Strategy: Invite your customer to write reviews. Inviting a customer to write a review says "we care what you think" and predisposes him or her to write positive comments.

There will inevitably be some customers who write negative reviews. However, negative reviews, when balanced with positive reviews, increase sales.

- **Negative reviews create significant credibility for positive reviews.** When potential customers see a mix of different ratings, they are more likely to trust the review process. They know that if they only see 5 star reviews, they are probably reading testimonials, not authentic customer reviews on which to base a decision. Negative reviews do not hurt as long as there are positive reviews associated with them. Negative reviews make positive reviews believable.
- **Negative reviews help customers move through "purchase paralysis."** Potential customers who are researching a company are looking for reassurance that a specific company is the right one for them. Negative reviews (mixed with positive reviews) give them that reassurance. Potential customers know that we do not live in a perfect world. They want to know what the problems might be, if they can live with those potential problems and what the response of the company has been when issues have come up. Negative reviews



help potential customers feel like they have “done their homework” and can make a decision.

- **Negative reviews give a company the opportunity to respond.** In certain reviews venues, a company can respond to reviews. Responding online to a negative review creates the biggest “bang for your buck” available in marketing today. Not only does the company get the chance to retain that customer by addressing his or her concerns, they also show potential customers how they treat their customers. That is often enough to close the sale with potential customers.

Strategy: Build up positive reviews so that any negative reviews exist in context. The key to generating positive reviews is simple: just ask (and make it easy).

Most reviews that are posted on the Internet are positive and are from customers who were actively solicited to write a review. A 2007 Forrester Research study of reviews across the web found that over 80% of reviews were positive.

Depending on the industry, typically 5%-20% of those invited to write a review will do so. The act of inviting a customer to write a review says: “We care about what you have to say; you are a respected customer.” Invited reviewers are therefore predisposed to write positive comments. However, if a company does not actively request reviews, the vast majority of reviews posted online are more likely to be complaints.

4. Where to Publish Reviews

There are numerous websites (including Yahoo and Google) on which anyone (customer, competitor, disgruntled employee, etc.) can write a review of a business. In addition, most business-to-business industries have trade groups, online forums, message boards or blogs where users can post information. All of this can be done today – even if a company does not solicit or enable reviews in any way. Regardless of what is published or where, if a business does not like it, they will likely need a court order to have it removed. And nothing stops the reviewer from reposting that review on another website anonymously.



If anyone can post a review anywhere on the Internet, managing where your business's reviews are posted would seem to be a difficult task. However, a company can guide where reviews are likely to be published by any would-be reviewer by creating a critical mass of reviews at a specific website.

Strategy: Choose to proactively publish reviews where you can maximize control. That said, consider a location where publishing policies are deemed legitimate (where companies do not exercise full arbitrary control over all content). Otherwise, the reviews are relegated to a 'testimonials' status.

Anyone who takes the time to write a review wants that message to be read. Given a choice, reviewers will tend to post their reviews where they believe they have the greatest likelihood of being read. Because search engines rank results with the most relevant, keyword-rich results first, an Internet location with reviews on your business will tend to be highly ranked when someone searches on your company name. As a result, a location on the Internet with reviews that are posted about your business tends to be a magnet attracting other reviews and comments. This location becomes a *Word of Mouth Center of Gravity* for your company.

However, a company's Word of Mouth Center of Gravity is difficult to shift once comments are posted in various places on the Internet. If any reviews or comments exist on other websites prior to a company fostering the creation of a Word of Mouth Center of Gravity, it will take longer and require many more reviews before the new location becomes the definitive location for reviews and comments to be posted.

The Challenges among Venues

In determining the best place to invite customers to write reviews and direct prospects to read them, there are four factors to consider:

Audience reach. Different venues reach different audiences. Where is the target audience most likely to encounter your reviews? Example locations include the company's website as well as natural search results.

Level of publishing control. Reviews venues range in the level of control that companies can exercise over reviews about them. Most venues give the business in question little or no control over what gets published about them. There are no verification methods or the verification is automated and haphazard, leaving businesses subject to the whims of anyone with Internet access.



Level of control in other content. Many venues use the companies' reviews as collateral to appreciate the value of their own advertising space. The most relevant ads are those that relate to the business in question (i.e. competitor ads). Businesses choosing these locations inadvertently guide potential customers to competitor marketing messages.

Cost. The price among venues varies widely – ranging from free to \$15,000 per month. Low-end venues will generally earn revenue by using company reviews as content for advertising space. They provide limited or no management control for businesses. High-end venues will supplement reviews with other marketing material such as videos or sponsored ads.

Strategy: Use venues that a) reach your target audience, b) maximize business control while maintaining third-party credibility, c) do not use your reviews as their advertising collateral, and d) provide a service whose features correspond best to your budget.

About Customer Lobby

Customer Lobby enables members to collect, manage, and publish customer reviews of their business. Members can invite targeted clients to give reviews and provide an opportunity to preview them before they are published. Certain members utilize our Customer Call service to guarantee quality, regular reviews each month. Additionally, our members are empowered with quality controls to guarantee only verified reviews. We provide support and coaching to ensure satisfaction.

Members have their reviews accessible to potential customers by linking a Customer Reviews button to their website. The reviews maintain third-party credibility while enhancing the impact of member sites. The reviews are also found as natural results in search engines that link back to our members websites.

For more information about Customer Lobby, please visit our website at www.CustomerLobby.com



Customer Lobby maintains this publication as a service to its customers and users. While Customer Lobby uses reasonable efforts to ensure the information provided is accurate, from time to time errors will occur. Customer Lobby therefore does not guarantee the accuracy or completeness of these materials. If you discover any item which you believe may be in error, please contact us. If this publication is accessed through the customerlobby.com website, then its use is also covered by the Terms of Use on our website.

ALL MATERIALS ARE PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NONINFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS, ARE EXCLUDED AND DISCLAIMED. IN NO EVENT WILL CUSTOMER LOBBY BE LIABLE FOR ANY DAMAGES WHATSOEVER (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, UNANTICIPATED EXPENSES, BUSINESS INTERRUPTION OR LOSS OF OR DAMAGE TO DATA) ARISING OUT OF THE USE OF THIS INFORMATION OR ANY MATERIALS APPEARING ON THE CUSTOMERLOBBY.COM WEBSITE, EVEN IF CUSTOMER LOBBY, LLC HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER A CLAIM IS ASSERTED IN CONTRACT, NEGLIGENCE, TORT OR OTHERWISE.