The Importance Of Online Reviews And Their Effect On Small Businesses

WHITEPAPER

Prepared by **Instant Evaluate**

The Importance Of Online Reviews To Todays Consumer

> **Online reviews are becoming increasingly important: By 2017, Millennials - a group whose purchasing decisions are disproportionately impacted by Online reviews - will have the most spending power of any generation.[4]**

Today, businesses are being reviewed Online as often as the products they sell, making management of their Online reputation critical for success.

Online reviews influence whether a consumer sees your business in a positive or negative light.

Consider:

• **88% of consumers trust Online reviews** as much as personal recommendations.[1]

• **65% of customers prefer brands** with an abundance of great Online reviews.

• **Approximately 68% of customers** utilize social networking sites to read product reviews.[2]

• **85% of consumers read up to 10** reviews before making a buying decision.[3]

• **94% of Google users** will only review the first top 10 results of a search.

One Negative Online Review makes a great difference to your business's reputation

Each additional Star on Yelp increases a business's Revenue by 5-9%.[5] On the flip side, a negative Online review on a site like Yelp, or even your own social media pages can do serious damage to your reputation.

In some cases, these negative Online reviews can end up on the first page of results when people search for your business.[6]

Do you know your reviews are now only one click away from your potential customers searching for your business Online?

Google is now using their own auto-generated *Google Places* sites to catalog and archive Online reviews from around the Web about your business.[9] It may also impact the estimated 94% of Google users who only review the top 10 results of a search.[7]
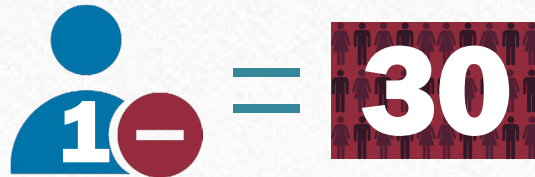
So, if you have negative reviews and poor ratings, instead of attracting new customers to your business, it will cause them to continue to search for another business that do have great reviews and ratings.[10]
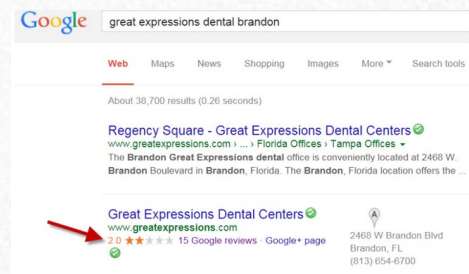
(Example of poor Google reviews in a search result).

What Is A Negative Online Review Going To Cost You?

One negative review can cost you up to 30 customers. [11]

Consider these real-time facts about customer reviews:

- **Customers are 3X more likely** to tell their friends about a negative rather than positive experience at a business which can be especially damaging considering *word-of-mouth recommendations* are the primary factor behind 20% to 50% of all purchasing decisions.

- **It takes 12 positive experiences** to make up for one unresolved negative experience.

- **80% of potential new customers will not buy** from a business with negative reviews.

- **The cost to acquire a new customer:** between six to seven times more than simply retaining an existing one.

- **An unfair negative Online review** can cost a business as much as $**46,000 a year.** [12]

- **The annual cost of unhappy customers:** more than $537 billion.

- **Totally satisfied customers** will contribute 2.6 times more revenue than somewhat satisfied customers.

- **Businesses with a three star** rating or higher on Google receive 87% of the clicks.

- **Four out of five consumers** will change their mind about making a purchase due to negative information Online.

- **72% of consumers** trust businesses with positive reviews.[8]

- **Harvard research indicates** that the revenue difference between a restaurant with three stars and a restaurant with five stars on Yelp can be as much as 18%. For a restaurant with $1 million in revenue annually, that represents about $180,000 in lost sales—*every year*.

Conclusion

One negative review can cost your business thirty new customers.

To put this in perspective, if your business is not monitoring and managing its Online reputation and has 10 negative reviews with no responses, it could mean that your business has lost 300 potential customers.

Negative reviews cannot be ignored for they will not go away and may be viewed by hundreds of potential customers for years; instead, embrace negative reviews as opportunities to prevent any potential damage from occurring.

Most importantly, be sure your customers have an easy way to quickly and privately communicate with your business either via your own website, or an automated customer feedback solution.

Created by **Instant Evaluate.**

Tel: **800-431-0812**

Email: **info@InstantEvaluate.com**

Web: **www.InstantEvaluate.com**

Reference

[1, 3, 8] Myles Anderson, *"88% Of Consumers Trust Online Reviews As Much As Personal Recommendations"*, July 7, 2014, searchengineland.com, retrieved from http://selnd.com/1tfQ3j5

[4, 5, 11] Laura Entis, Entrepreneur Staff, *"Got a Bad Yelp Review? Here's How to Defend Your Business Online. (Infographic)",* October 14, 2014, entrepreneur.com, from http://entm.ag/1r5FYOx

[6] Megan Totka, *"How to Handle Bad Online Reviews for Your Small Business",* Aug 21, 2013, smallbiztrends.com, from http://bit.ly/1n8dGaC

[7, 9] visualscope.com, from http://bit.ly/1KgVN1K

[10] Steve Brooks, *"3 Ways Negative Online Reviews Cost You Revenue",* Jul 21, 2015, linkedin.com, from http://bit.ly/1NyfOmD

[12] Migs Bassig, *"The Cost of Unfair Negative Reviews and the Importance of Online Review Management",* June 12, 2015, reviewtrackers.com, from http://bit.ly/1QH2wEz