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Why Are Customer Reviews So Important ?

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The Internet has brought all things to our fingertips, from buying groceries to researching our next new automobile purchase. Once a place for posting a pretty website to promote your business, the Internet is now evolving to be a forum where consumers evaluate products and services based on impressions and feedback from other, like-minded consumers.

It is easy to assume the importance of customer reviews, but nothing highlights more than objective data just how reviews are used and how they impact business. Statistics analyse how customers behave before and after using services or buying products, which can help develop plans to improve business. We've done some digging and here are some statistics that prove the online review is giving power to the people.

Who Is Reading Online Reviews?

Statistics show that the majority of all online shoppers use reviews to determine what products to buy and which services to purchase. In 2017, customers read an average of seven reviews before trusting a business; an increase from six in the previous year. And with more than 90% of all customers using online reviews as part of their research at the local and national level, the easier question would be:

Who isn't reading them?

According to Yell (2016), 94% of online customers read reviews before making any purchasing decisions.

Merely informing customers of the availability of a product or service is no longer adequate; customers are also craving knowledge from first-hand experiences. Further, public services, hospitality, recruitment, retail, and health care have all gained insights by using customer reviews to refine their marketing strategies and improve their services. Businesses that don't have reviews may be missing an opportunity to grow their business.

The Impact of Reviews

Reviews not only have the power to influence consumer decisions but can strengthen a company's credibility. Reviews have the power to gain customer trust, and they encourage people to interact with the company. Customer interaction ultimately leads to improved profits for businesses.

In the UK, 68% of online shoppers are more likely to engage with businesses that have positive reviews (Trust Pilot 2017), and 93% determine whether a business has a good reputation (or not) based upon the available reviews. In 2017, Yell reported that 92% of consumers hesitated to make a

purchase if there were no customer reviews, and a full 97% say customer reviews factor into their buying decisions.

Customer Engagement

Reviews provide an opportunity for businesses and customers to build a relationship with one another. Establishing an emotional connection with customers is shown to provide 23% more revenue than with a non-engaged customer. The impact of the customer-business bond is reiterated by Gallup Research, which indicates that in sectors such as retail banking, customers who are fully engaged bring 37% more annual revenue to their primary bank.

Consumers who are engaged with their "favoured" businesses spend 29% more per shopping trip than customers who are not. Gallup also highlights that in the hospitality industry, hotel guests who are engaged with their hotels will spend 46% more per year opposed to those who have no relationship with the hotel. B2B Companies realise 63% lower customer attrition, 55% higher wallet share, and 50% higher productivity.

After-sales customer service establishes trust and, as reported by Yell, positive reviews make 73% of consumers trust a local business more. A full 85% of consumers trust online reviews as much as personal recommendations. Reviews are undeniably an established and growing method of customer engagement.

The Negative Review

Studies show that a customer is more likely to leave a review after a negative experience than a positive one. Negative reviews can have a dramatic, and sometimes detrimental effect on a business. Fan & Fuel (2017) found that 35% of surveyed participants say that just one negative review can make them decide not to make a purchase. And Trust Pilot (2018) states 94% of consumers have reportedly avoided a business based on negative reviews. The consensus from Small Business Trends (2017) is even more bleak, stating that one negative review has the potential to lose 22% of potential customers, three negative reviews will lose 59%, and four negative reviews could turn away 70% of your potential customers.

The industries most affected by negative reviews are hotels, doctor's offices, hospitals, hair salons and restaurants where a negative review regarding cleanliness is likely to deter 81% of women from visiting.

With all the bad news about negative reviews, it is interesting to note that Small Business Trends also reports that the negative review can still increase e-commerce sales as it increases product awareness. The likelihood of a purchase peaks when a product's star rating is at 4.0 to 4.7, then begins to decrease as the rating gets closer to 5.0. This trend demonstrates that a perfect review history is far from perfect.

Importance Of Replying To Customer Reviews

So if reviews are necessary, but the negative review can drive away customers, what's a business to do?

Trust Pilot (2018) shows 53% of customers expect businesses to respond to their online review within seven days and Yell (2018) found that 33% of Yell reviewers will upgrade their review if a business responds to their complaint within 24 hours. The importance of replying to a negative review cannot be

ignored. From the Review Trackers survey, 45% of respondents said that they're more likely to visit a business if it responds to negative reviews.

This demonstrates the value customers place on companies who "listen to" and take action when faced with a negative review. By responding to negative reviews, companies can mitigate the negative impact, and show they value their customers. In fact, the negative review offers a perfect opportunity to turn the table, to acknowledge and address your customer complaints while demonstrating to potential customers that you are a company of principles and ethics; a company that cares about its customers.

Event Services Directory Has Got You Covered

But the review can leave a company vulnerable, too.

Obvious concern is the fake review or spam that unnecessarily and unjustly trashes a good, solid reputation. Here's where Event Services Directory's review platform can help.

Event Services Directory ensures that reviews are genuine and constructive.

Through the written review, customers have the power to shape the success of companies who are willing to respond to and act upon customer demands and expectations. Through the use of our CRM technology, the Event Services Directory review platform offers a transparent, immutable customer review system that companies cannot manipulate and customers can trust. By eliminating the noise from unnecessary and unwarranted reviews, businesses can be confident that only genuine, quality reviews are a present measure of their online reputation.

People are talking and people are listening. The online review is potentially the most powerful, mutually beneficial tool any business can employ and any consumer can support. With everyone reading and making decisions based upon reviews from other customers, how important do you suppose the review is to your business?