



The power of online reviews

A white paper
from the UK's #1 domain registrar

The power of online reviews

Executive Summary



The United Kingdom's online business landscape which underpins a large percentage of the overall economy has experienced noticeable changes in the past ten years. This growth has led to the rise in the importance of online review sites. The first shift has been the ever increasing numbers of people who now feel empowered to set up an online business. The second is that there is greater confidence amongst consumers to make the majority of their purchases online.

Put these two factors together and it is easy to understand why online reviews have become vital for businesses and consumers alike. As a greater number of people either trade or consume online, reviews have risen to become one of the most important assets that a small business has to differentiate themselves. In the main, review sites afford those who have used specific products or services to provide objective feedback, which in turn helps others to make informed purchase decisions.

The most crucial aspect of this is that reviews are created from those who have used certain products or services which instantly enhances the integrity of the review placed. Contrary to some negative publicity, it would be wrong to suggest that reviews are simply a place for consumers to express their personal difficulties rather than providing something more objective.

Leading consumer review site, Trust Pilot, concluded in 2012 that three quarters of

the reviews posted on review websites were in fact positive. In addition to this, the same source put forward that 95 per cent of consumers who placed unhappy reviews would in fact return to a company if an issue was resolved quickly and effectively.

For these reasons in particular, it is imperative that small businesses embrace this growing feedback medium.

For small businesses to achieve key business objectives and to maintain their competitive edge the embracing of reviews is a must. Despite having limited resources and tight budgets, smaller businesses can glean an enormous amount of material relating to their particular service offering by encouraging consumers to review the services that they offer.

To demonstrate how this process is both valuable and indeed possible for smaller organisations, this paper will address three key areas:

1. Consumers and the consultation of reviews before purchase;
2. How reviews on websites evoke a standard of trust for online consumers;
3. How reviews compare with other mechanisms of trust for online consumers.

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To conclude, we have faith in the overarching goals of review sites which provide consumers with quality and trustworthy evaluations of products and services from those who have used them.

Key findings:

- *More than 60% of consumers will consult online reviews at some stage when purchasing online*
- *Just one third of respondents have never consulted an online review*
- *50% look for on-site reviews when deciding to make a purchase from an online website*
- *Those aged 45-64 are most likely to look for product reviews*
- *Respondents were unmoved by websites that have awards on-site*
- *Females are more likely than men to consult online reviews*

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Why are review sites dominating?



The influence of review sites can't be underestimated. One of the main reasons for this is that such websites and services are generally made for the consumer by the consumer. This is powerful since end users now want to identify how a product or service has performed by somebody who has experienced it, rather than a business explaining how it should work.

As previously discussed, as the amount of people who now make their final purchases online continues to grow this has given enormous rise to word of mouth marketing. Customers want to share their experiences and people want to read what others have to say; crucially, before they make their final purchase decision.

Research conducted by Manage Smarter suggested that 83% of online shoppers were interested in sharing information about their purchases with people they know and three quarters stated that they were influenced by the opinions of others in their final purchase decisions.

A smaller organisation should ask themselves whether or not it is straightforward for their own customers to review their products. Having a great product that users take advantage of is the first step for any business but by taking advantage of consumer reviews and by reaching out to existing customers to place a review of their particular product or service, businesses have a great opportunity to grow and reach a much larger audience.

Despite the growth and popularity of customer review sites, there is still some debate concentrated on how effective review sites really are in the sales process.

This paper's data source will show that review sites are vital for consumers and thus must be vital for businesses. Those companies that are proactive and create as many opportunities for their customers to leave reviews will have a greater opportunity of converting an increased amount of users.

The power of online reviews

Placing trust in your purchase

The internet has expanded the ways in which a business can reach audiences, in a highly direct, efficient and flexible manner - regardless of geographic boundaries.

Online customer review systems are one of the most powerful channels to generate positive online word-of-mouth, and an ever increasing numbers of businesses now have to pay closer attention to reviews than ever before.

As such, online reviews have become fundamental for potential customers when making online purchases. 123-reg asked 1,000 UK respondents whether they consulted online reviews before making a purchase.

Over 60% of these respondents said they consulted some form of online review site somewhere before making a purchase online, with only a third of respondents stating that they had never consulted a review site. It is important to add that those aged 18-24 were most polarised; 45.5% saying they never consulted a review but 32.9% saying they always did.

As well as showing the purchasing behaviour of an online consumer, it is important to look at the issue of trust. The survey also looked at which features on a company's website consumers looked for in order to feel a business was trustworthy and the results were noteworthy.

50% of consumers looked for on-site customer reviews when making their purchasing decisions, well above the other options which included both contact information and awards.

Looking specifically at on-site customer reviews, it is also worth taking note of how the different demographics viewed them. Although each age group shows high sentiment towards on-site customer reviews,

Those aged between 45-54 and 55-64 were highly likely to look for product reviews, before making purchases. It is imperative that businesses that cater for customers within this age group utilise online reviews.

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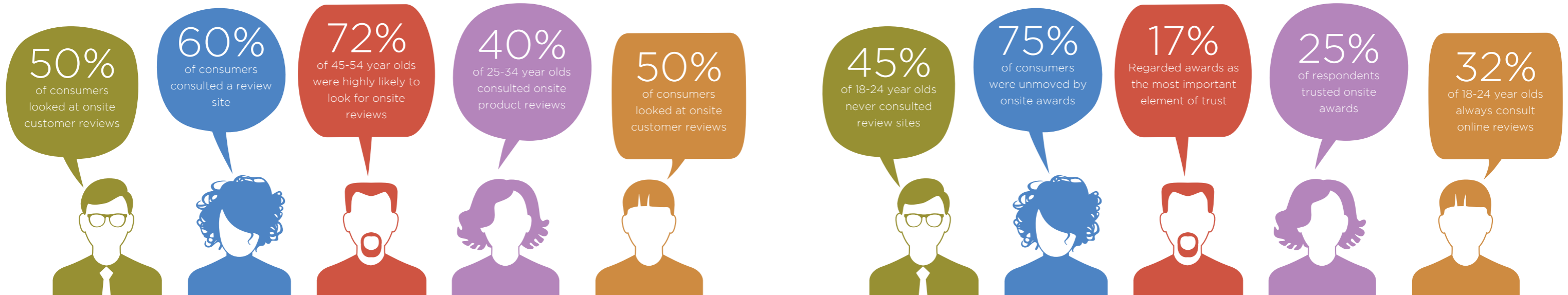
Placing trust in your purchase



The survey brings to light that on site awards do not have the same role in adding trust to a website as they may once have.

Less than a quarter of respondents viewed awards as an important element of trust. Further to this, we asked the same respondents whether they felt more secure when purchasing a product from a company if awards were visible on site and 44.1% of respondents were unmoved with 30.3% answering negatively.

These results are food for thought especially for small businesses. Without a doubt smaller operations need to invest both the time and effort into making it as easy as possible for customers to review their products and services. By encouraging customers to review their services, business will build trust and more personal relationships, which will play a pivotal role in converting a greater number of customers.



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To feature a review you must have a review

Online reviews have always been a large part of what Google attempts to offer and the reputation of business reviews is expected to increase throughout 2014.

As online reviews become more essential for businesses who trade or offer services online, it is crucial that small businesses make it as easy as possible for their own customers to review their products or services.

Unlike some marketing initiatives, small businesses need not have massive budgets to take advantage of online reviews. For example, Google has introduced its Adwords Review Extensions, whereby businesses can now add a 67 character review under a specific advert which can be added through your Adwords account.

This will allow businesses to advertise their product or service range but more importantly, add an endorsement of this, which should have a beneficial effect on conversions.

There are other more traditional options available. Small businesses should look to list themselves on trusted review sites including Yelp and Review Centre. These review sites are popular with users because they are not moderated by companies but rather the individuals - increasing the legitimacy of each review.

Small businesses in particular should be taking advantage of the fact that consumers want to review products and services. Simply put - make it easy for people to review.

Businesses should;

- *Encourage loyal customers to leave reviews of the services that they have received.*
- *Make it easy for people to add a review by adding an easy to find link on their website.*
- *Foster reviews via social networks, including Facebook and Twitter.*
- *Whilst it is important to avoid being overbearing, reaching out to customers can be extremely positive.*

Those businesses that offer excellent services will always be reviewed in a positive light. However, negative reviews are a part of life and businesses should engage with negatives and make an attempt to try to solve any issues that have arisen.

Being ignorant to bad reviews can be highly damaging but engaging and being proactive will help businesses to win the trust and support of customers.

Online evaluations are a must for any online business and using them can be hugely advantageous to win new customers and have more repeat business.

Reviews will continue to grow in importance during 2014 and those that embrace and foster great reviews will have a distinct advantage over those that do not.

Source: Google Consumer Survey 2013

About 123-reg.co.uk

The UK's leading domain registrar

123-reg is the UK's leading domain registrar, registering every fourth .uk domain. Award winning, 123-reg is a market leader in domain name registration (3 million domains in the UK) and web hosting solutions. With unrivalled industry expertise, it is able to offer high-quality, technically-advanced yet cost-effective products to its large contingent of customers.

123-reg is part of the Host Europe Group, the largest privately-owned hosting company in Europe, and a Sunday Times Deloitte Buyout Track 100 company.

The Group also includes Webfusion, Heart Internet, domainFACTORY and Host Europe, each making every step of setting up online as easy as 1, 2, 3.

“What a great service! From buying a domain to speaking on live chat - fantastic!”

Source: Review centre.