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Reputation Management: Strategies and Tactics

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Reputation Management: Strategies and Tactics

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WHAT SHOULD A COMPANY DO:

- If a disgruntled ex-employee is leaving false negative comments about the company all over the largest “consumer advocacy” sites on the web, and worse, those sites will not remove the information even under threat of prosecution?
- If an irrational member of a review site had a bad experience with the company’s staff and has decided to get even by vindictively raking their solid reputation and good name over the coals?
- If they suspect a competitor (not known for playing fair) is leaving negative anonymous comments, trashing the company on high profile blogs and sites in their industry?

These are the kinds of scenarios that leave business owners lying awake at night. With good reason. Negative online reviews can put a cold chill on sales. According to the 2011 Net Promoter Industry Benchmarks study of more than 22,000 U.S consumers, a bad customer experience can result in a 22% drop in business. The same study indicated word-of-mouth from friends was the most trusted source of information when considering a purchase.

How can a company avoid these nightmarish scenes? **By using customer reviews to protect and enhance the reputation they have worked so hard to build.**

EXECUTIVE SUMMARY

1. The nature of the internet is that any random user can make their opinion known at any time on a number of established sites. Because many of these sites have high Page Rank values, negative reviews can often appear in the search engine results above a company's own website.
2. Very often reviews are negative in nature. Even though a firm may deliver high quality customer service, clients must be invited to share positive stories. Otherwise, negative reviews will show an unbalanced view and will not reflect the level of service provided.
3. Positive reviews will boost sales:
 - Customers that refine web searches by customer rating average a 22% increase in sales per visit, increasing to 41% over several years (BazaarVoice Research).
 - Reviews will raise customer loyalty and sales alike (Deloitte & Touche).
 - Customer reviews will have a positive impact on average order amounts, with 27% of shoppers increasing spend by 5-10% (Hayes and Jarvis).
 - To get positive customer reviews, you'll have to ask for them. The good news is many people will respond to your request and provide a positive review.

INTRODUCTION

Since the growth of our consumer culture and mass media in the late 1800's and early to mid 1900's, marketing has been in one direction: from marketers to consumers. Companies spent millions to craft advertising messages to be sent out over TV, cable, radio, newspapers and magazines. TV stations and newspapers employed reviewers to help consumers decide good movies, restaurants and more.

In today's wired world, the funnel is flipped. Now, everyone can access the Internet from a computer or smart phone. They are a broadcaster, publisher and reviewer all rolled into one. Within seconds of getting your product or service, they can make their opinion known worldwide.

While mass advertising is still going strong and will for some time, personal communications from your prospects and customers is now as visible and important. Studies show that consumers routinely consult online reviews and ratings before they make a purchase decision.

Proactive business owners are learning to take advantage of this brave new world. We've had the internet for a few years now, long enough to discover valuable information that sometimes seems contradictory. For example, we now know a few negative reviews will actually boost your sales. Cutting-edge companies will take this type of rich data and use it to drive growth and sales.

THE EXPLOSION OF CUSTOMER REVIEWS

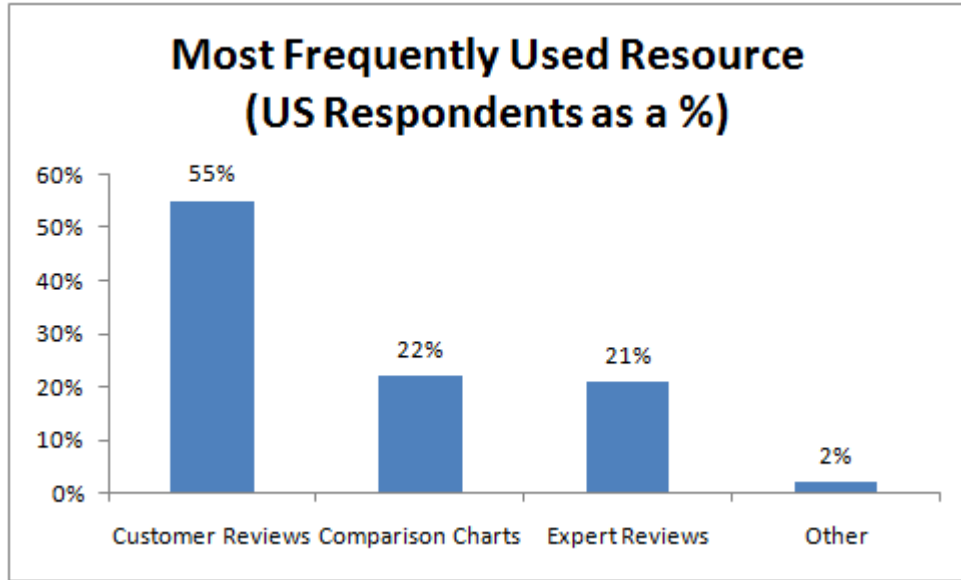
How did customer reviews become so prominent? Here are the major influences:

NEED TO RESEARCH

Before consumers head for a brick and mortar store, they consult the Internet for product research. Surveys by comScore, Yahoo! and BIGresearch indicate over 90% of US adult consumers say they check on products and reviews online before they make a purchase.

DEMAND FOR REVIEWS

Internet users are using customer reviews more than any resource. An Avenue A/Razorfish report in the “Digital Consumer Behavior Study” showed that 55% of Internet users polled look at other people’s reviews online. Only 22% check product comparison charts, 21% look at expert reviews, and 1% consult shared shopping lists.



Source: Avenue A/eMarketer

CREDIBILITY

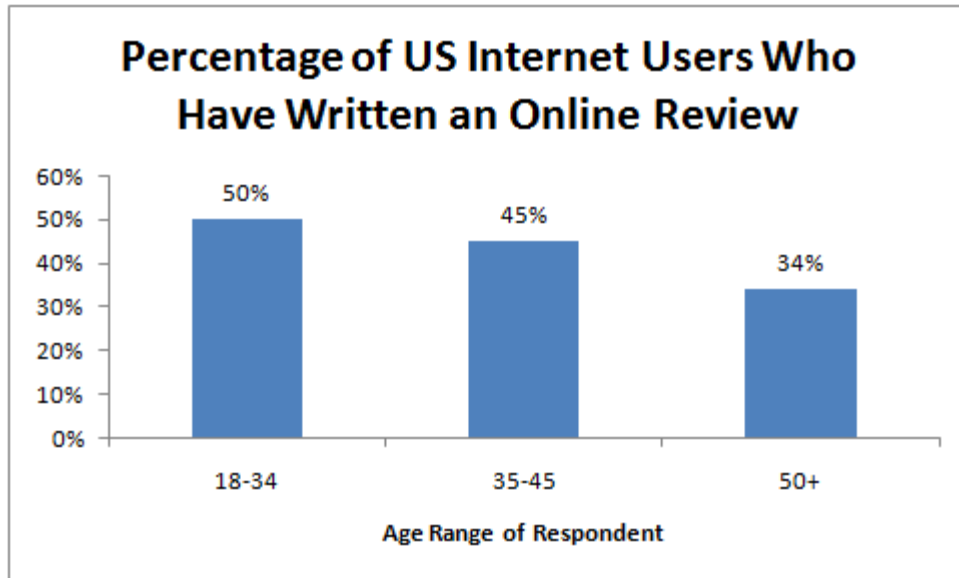
Similar to the Avenue A/Razorfish report, Marketing Sherpa found that 84% of Internet users surveyed trust customer reviews more than expert reviews.



Source: Marketing Sherpa

ACCESS

One of the biggest reasons consumers use online reviews more is the huge increase of the reviews available online compared to even a few years ago. In fact, Marketing Sherpa reports that up to 50% of all Internet users over 18 have left a review online.



Source: Marketing Sherpa

GOOGLE LOVE

Reviews often appear at the top of the results page when consumers search online. Reviews are chock full of keywords that match search strings. For instance, when a consumer leaves a review for a Canon Sure Shot camera, that product name will appear high on the page when someone searches for "Canon Sure Shot review" or "Canon Sure Shot features." Reviews are perfect search engine food.

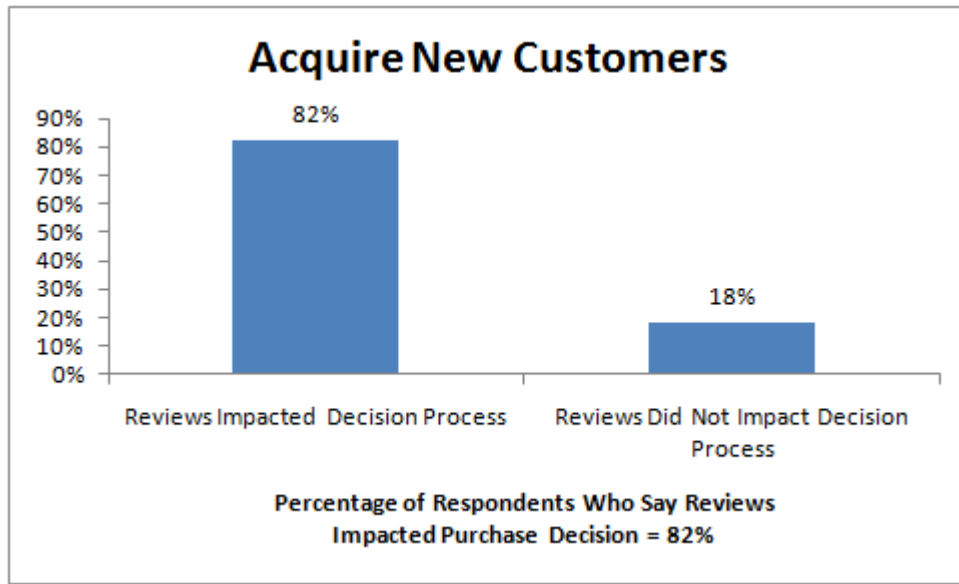
Also, Google has changed their algorithm specifically to include positive reviews in their results. According to the New York Times (Dec 1, 2010), Google announced, "it had changed the way it ranks search results so that unscrupulous merchants would find it harder to appear prominently in searches."

EFFECT OF REVIEWS ON COMPANY SALES AND PROFITS

RESEARCH SUMMARY

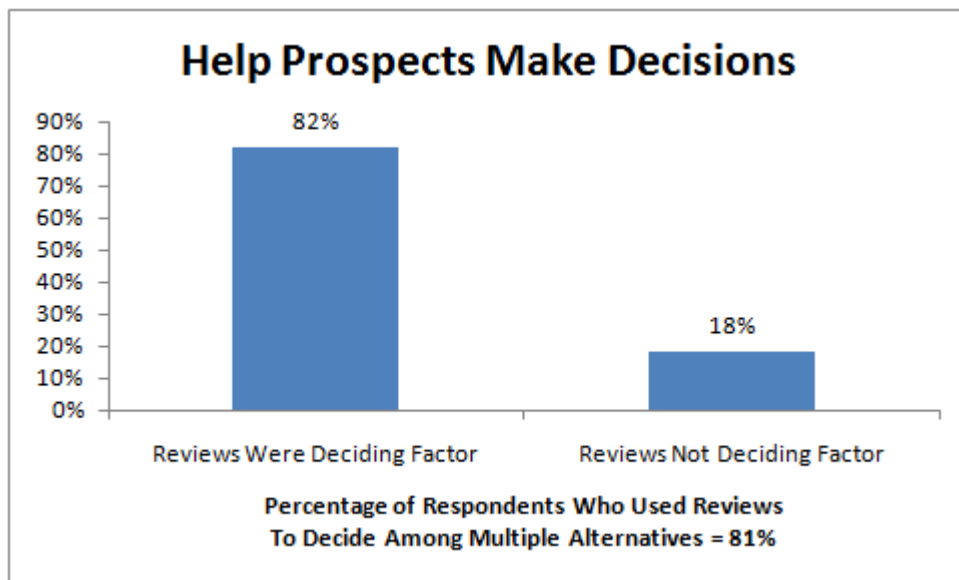
Multiple research companies have investigated the customer review phenomenon. They have discovered that reviews have significant advantages for companies:

ACQUIRE NEW CUSTOMERS



Source: Deloitte and Touche

HELP PROSPECTS MAKE DECISIONS



Source: comScore

INCREASE PROFITS



Source: comScore

BUILD LOYALTY



Source: Foresee Results

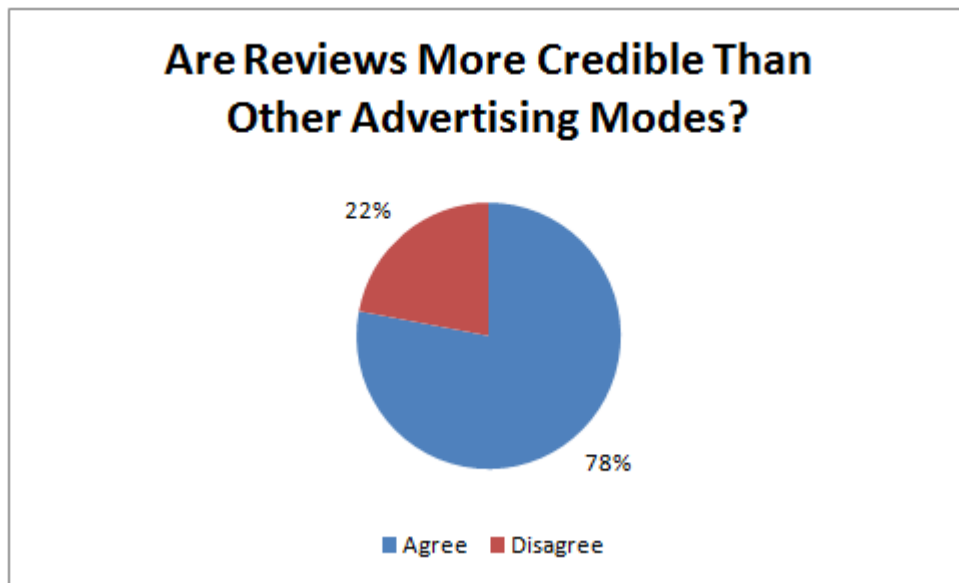
CASE STUDY: TEST OF CONVERSION RATE

Marketing Experiments Journal wanted to find out if customer reviews make an impact on revenue. They kept track of the conversion rate from site visitor to customer with reviews and without reviews. Interestingly, conversion increased 87%, moving from 0.47% to 0.88%. This has a significant impact on revenue:

	Without Customer Reviews	With Customer Reviews
Visitors to Site	14241	14241
Conversion Percentage	0.47%	0.88%
Number of Customers	67	125
Average Value of Each Customer	\$ 5,000	\$ 5,000
Revenue	\$ 334,664	\$ 626,604

SOLID CREDIBILITY

In a 2007 Nielsen survey, 78% of the respondents surveyed commented that they believe customer reviews are the most credible form of advertising. This is true whether a company actively promotes the reviews or not. These online reviews are helping companies across the spectrum of industries, whether online or offline.



Source: Nielsen Survey 2007

ISSUES

Over time, researchers have discovered unique characteristics of online customer reviews. Some of these results contradict expectations and require innovative approaches to take advantage of them. For example:

DIFFERENCES BETWEEN REVIEWS AND TESTIMONIALS

Testimonials are comments from a company's customers that appear on its own website. Reviews are comments on third-party sites. Several issues arise from the use of testimonials:

- Testimonials generally do not appear high in search engine results. Any marketing benefit is lost if testimonials are buried when users search for specific brand names.
- Testimonials are looked upon with skepticism by consumers. While they may not totally disbelieve the information, many think testimonials have been sanitized or heavily edited.

Part of the danger with testimonials is that, if they are positive, consumers think they may be "puffed up." If a business includes negative testimonials to increase credibility, some will think that other, perhaps more damaging testimonials were excluded.

NEGATIVE REVIEWS

One of the surprising things research shows is that negative reviews (unlike testimonials) sometimes actually help sales. Negative publicity is usually expected to hurt sales and profits. Several research studies have found that having a few negative reviews helps in certain cases.

For example, the movie Borat made fun of the country Kazakhstan. Yet after the film came out, Hotels.com reported a 300% increase in requests for information about the country (Yabroff 2006, p.8).

Similarly, a few negative reviews amongst all the positive reviews can help, for several reasons:

- Negative reviews help consumers that want "to be thorough." When they read negative reviews, they feel they are getting information that, along with (hopefully many) positive reviews, gives them a clear picture of the product. Hence, they can make an informed decision. In this case, negative reviews help move the sales process forward.
- Negative reviews help balance positive reviews. If every review is positive, consumers begin to doubt all of them. Negative reviews provide balance. In many cases 95% positive and 5% negative sounds more believable than 100% positive reviews.
- Negative reviews let marketers set the record straight. Sometimes negative reviews are completely wrong. The reviewer may be acting with sincerity but have all their facts wrong. For example, let's say someone says your company "doesn't honor its 30% off coupon." There's a good reason for that – you've never offered a 30% off coupon.
- Negative reviews provide a marketing opportunity. If a company handles a disgruntled customer with consistency, transparency and sincerity, other customers may be impressed. If you explain what happened, and the steps you've taken to make sure it does not happen again, it shows consumers you care for their business.

LOW VOLUME OF REVIEWS

One possible problem with reviews is when they are so old consumers doubt whether they are relevant. A similar problem arises if there are scant reviews available. Web users begin to wonder if the service is even still viable.

In fact, an eMarketer study revealed that 78% of US Internet web users feel between 4 to 7 reviews is the minimum number of reviews they need to help make a decision. Reviews are most productive when they have been published within 6-8 weeks of the time a web visitor views them. As a result, it's best to have fresh reviews on a steady basis.

REPUTATION MANAGEMENT

The web is so vast, there are seemingly limitless websites a web user can post a negative review of a service or product. They range from large search engines like Google, review sites like Yelp, forums, blogs, message boards, and more. Much of it is put up anonymously. Even if you wanted to take legal action, who would you target? It is even difficult to go after the site itself. Some sites like RipOffReport.com have pledged never to remove any negative information.

STRATEGY AND RESPONSE

To meet these challenges, research shows there are two effective responses:

- Make sure there is a significant number of positive reviews to negative reviews
- Where possible, manage where reviews appear on the web

POSITIVE REVIEWS

The good news is that you can get plenty of positive reviews just by asking. Many clients who love your service just never think to leave reviews. If you make it easy, most are happy to do so. Taken as a whole, 80% or more of the reviews on the internet is positive (2007 Forrester Research). Just look at Amazon.com. They have thousands of reviews because they ask for them and they make it simple.

Studies show around 5-20% of people you ask to leave a review will actually do it. Just the fact that you ask them makes your customers feel valued and recognized. This feeling promotes positive reviews. You have to set up systems that make it easy. If you don't ask, you won't get the positive reviews you deserve and negative reviews will be abnormally high in comparison.

MANAGE REVIEW SITE PLACEMENT

It's not possible to control every site customers use to leave comments. However, a company can create a place where they gather reviews. When people see many reviews it encourages them to leave one, and the cycle continues. In time, the company has a "critical mass" of their own reviews on their site or other sites they control.

Eventually, Google, Yahoo, Bing and the other search engines will start to recognize the site. The reviews will begin to populate the top slots on search engine result pages (SERPs). As they become more visible, more users see them and then leave their own reviews. Each review is filled with search engine friendly keywords. The whole process helps make the site a word-of-mouth magnet, a location where there is enough data that it becomes "The Authority" for reviewers and people seeking reviews on your product.

The challenge is that, the longer a company waits to start their own word-of-mouth magnet, the longer other sites will gather reviews simply because web users have nowhere else to go. If that happens, it makes it more difficult to establish enough reviews on a company's site to take the Authority role.

Online Reputation Management Made Easy.

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