

Everyone's a Critic: Winning Customers in a Review-Driven World

Bill Tancer

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Bill Tancer : Everyone's a Critic: Winning Customers in a Review-Driven World before purchasing it in order to gauge whether or not it would be worth my time, and all praised Everyone's a Critic: Winning Customers in a Review-Driven World:

0 of 0 people found the following review helpful. This is the most exciting marketing book I have ever read.... and I am 78 years old! I love surprises and this book surprises. By Mike Wayshak I feel a little like Rip Van Winkle, one day I woke up; looked around and the world was totally different. In short... the Review Revolution has taken over the world of business. Hence forth, all success in one business will depend entirely on the whims of customer/users of

your products. The new customer is "Now In Charge of Business Paradigm" has arrived, and it will forevermore alter how we go about our lives. Mr Tancer has done a magnificent job explaining this extremely important reality to me and I am so appreciative of this fact. One of the other reviewers said that he wanted to be notified if there is a sequel to this book, I would like to also include myself. Thank you again, Bill Tancer. .4 of 4 people found the following review helpful. Good read By Ninos Youkhana I recommend this book for business owners and to those who don't believe in reviews. My relatives owned a restaurant business, groupan was the worst experience for them. The equality and the type of people attracted that recommendation side was very bad. Nninos.com 0 of 0 people found the following review helpful. A hotelier's review By N. J. Steere I work for a luxury resort and am one of two managers who handle our social media reviews. I found the book to be useful, direct, and a good resource for anyone dealing with the wild world of online reviews. My one criticism would be that the editing could have been tighter: Tancer occasionally refers back to a person or concept that has not been introduced yet, but instead appears in a later chapter. I more than once found myself flipping back to refresh who/what he was talking about, only to realize I hadn't missed anything. Then, a few chapters later, I would have an "aha" moment and flip back to the earlier reference, now able to understand what he was saying. A minor quibble overall.

More than 70% of customers consult online reviews and take them very seriously. A disgruntled customer on Yelp might have more clout than a guidebook, magazine, or newspaper. This review-driven marketplace terrifies many businesses. But some have learnt to navigate and profit from customer reviews. Bill Tancer takes readers on a fascinating journey inside that world, to find out why one Los Angeles barber advertised his one-star reviews and how one scrappy hotel became the highest rated in London. Tancer's fascinating stories and data-driven research reveal how sites like Yelp and TripAdvisor are changing the way we interact and show how business owners can leverage online reviews to find greater success.

“Tancer identifies the attributes—such as transparency and passion—that will win a company more and better reviews. He also advances an array of suggestions for improving and drawing on this treasure trove of data.”—Publishers Weekly
“Worth a read—and a reread.”—Booklist
“This well-researched and very timely book should be of interest to consumers, students of business, business owners, and all others affected by such evaluations. Highly recommended.”—Library Journal
“Terrific! Amazing! Fantastic! s are everywhere and their commercial importance is growing. Bill Tancer masterfully unveils what’s behind the ‘critic economy’; so businesses can benefit—and not be bludgeoned—by ubiquitous reviews. Bravo!”—Kenneth Cukier, coauthor of Big Data
“With Everyone’s a Critic, Bill Tancer has hit the business book superfecta by writing one that is important, timely, useful, and fun to read. Whether you are a business owner, a marketer, or just an ordinary consumer like me, you will love his exploration of the online reviewing phenomenon that has transformed the competitive landscape—and that businesses ignore at their peril.”—Bo Burlingham, author of Small Giants
“A great guidebook to the most influential and most misunderstood online marketing channel.”—Martin Lindstrom, author of Buyology and Brandwashed
“If you’re in business, it’s indisputable that reviews matter—a lot. Read this book NOW to understand how to tackle reviews—the good, the bad, and the ugly. Then leave your own review!”—Dave Kerpen, author of Likeable Social Media
“The old adage of ‘The customer is always right’ is now ‘The customer is always reviewing’—and business owners better be prepared. Fortunately, Bill Tancer has created an essential guide to the new world of online reviews. From dealing with bad reviews, even to the point of embracing them, to natural steps to ensure good reviews flow, this is a five-star must-read.”—Danny Sullivan, founding editor, Marketing Land
About the Author Bill Tancer is the New York Times bestselling author of Click and general manager of global research at Experian Marketing Services. He is a frequent guest on CNBC, Bloomberg, and Fox Business and has been quoted by major publications about online consumer behaviour. He previously wrote a weekly column for Time entitled “The Science of Search.” Excerpt. copy; Reprinted by permission. All rights reserved.
“The Revolution—When Everything Is Able On Saturday, May 4, a reviewer by the name of ‘Mexico78’ made an appointment to see ‘English Kim’ at noon. The arrangement was simple: thirty minutes for eighty British pounds. Unfortunately the visit didn’t go as planned. As Mexico78 recalled in his online review: I walked to the building. A bit chill no jacket. Kim buzzed me in. She greeted me at the door was shown into the room. Pricing discussed cash exchanged. I was asked to get ready—which I did. Kim came back gave me a pound;10 back as I accidentally over paid. What a lovely honest gesture. Both ready we hopped onto the bed. I apologized about the cold hands at that point my nose got moist. Kim jumps up, grabs her clothes, [she] says that she won’t do snort. Before I could even dab my nose, my cash was on the bed and the front door was being unlocked. I was still undressed. I don’t have a cold. I am obviously embarrassed by my sudden moist nose. I’m clean, polite and I don’t have any ‘special requirements’. I’ve never been asked to leave anywhere. Excuse the pun, but nose very much out of joint. In out in less than 5 mins. With my cash back in my pocket. I wasn’t rude. I didn’t do anything on the naughty list. Rubbish really. Recommended: NOWould

You Return: NOToday everything is reviewable: this book that you're reading right now, what you had for lunch yesterday, the cafe; that you frequent most mornings, your dry cleaner, your doctor, your dentist, your blender, your professor, your favorite music, your date (or escort if you're Mexico), even you. As the individual who calls himself Mexico walks down the street in a London suburb to meet a prostitute he's never met before, by researching her on Punterlink, a UK-based review site for escorts, he enters what could be a very compromising situation armed with online opinions from other johns (also known as punters in the UK). Before he leaves the safety of his hotel room, based on the postings of others, he knows what her flat looks like, whether it's clean, how safe the area is, her appearance, whether she's friendly, and the quality of her services. Punterlink demonstrates why online reviews have become so valued by consumers; they provide information that allows parties to build some level of trust before entering a transaction. In the case of Mexico, his pursuit of a London prostitute is fraught with risks, from contracting a sexually transmitted disease to getting arrested, robbed, or worse. As consumers continue to post their experiences and opinions online, the resulting trust built by the exchange of information facilitates more transactions. Interestingly, according to Punterlink's stats page, johns are very positive reviewers. With a scale ranging from 60 (for the best) to 10 (for the worst), the average rating for all escorts on the site was 56.62. When geography is compared, ratings in eastern Europe were the most critical; Asian and American escorts were rated highest. Punterlink is but one of thousands of examples of online review sites on every conceivable topic. The proliferation of review sites has largely been a huge boon to consumers, who benefit from access to more complete information about products or services. Consumers aren't the only ones who can benefit from reviews. Businesses have the opportunity to get in front of their prospective customers at the point when they're making purchase decisions. For example, English Kim has a whole new channel to learn about and acquire new customers. By reviewing their online review history, she can quickly gather information on clients like Mexico, such as what other prostitutes they've visited, and how they've rated them. She might also study her reviews in aggregate for consistent areas of complaints or compliments. She might even check out her rivals' reviews to discover if she's pricing her services competitively. Given the opportunity to be in front of a prospective customer at the right place and time, you would expect that online reviews would be the number one priority on every marketer's list. Yet compared with traditional and online marketing channels, little attention is paid to this critical forum. One possible explanation for this market inefficiency is that, as businesses, we've become myopic in our focus on social media, building out and updating our Facebook pages, broadcasting messages via Twitter, and posting images to Pinterest. An exhaustive number of conferences are held across the country in every conceivable industry to discuss the latest social strategies. While social media has undoubtedly changed the way most companies market, the social channel is best suited for building brand awareness. Very rarely does a social interaction such as a Facebook page like, or a tweet, lead directly to purchase activity. In fact, studies show that less than 1 percent of online transactions can be traced to links from social media sites. Another potential explanation for the lack of attention paid to online consumer opinions is that the online review ecosystem can be complex and noisy. While consumer narratives and star ratings increase the information flow between businesses and consumers, they don't necessarily provide perfect information. Online opinions, while providing means to increase trust between parties, can also contain inaccuracies, differing opinions, or omissions; in this case, English Kim's dislike for runny noses. The importance of consumer opinions in consumers' decisions of what to buy continues to grow. According to a survey of U.S. consumers, close to 80 percent of the population consult online reviews before they make purchase decisions. Despite the growing importance of online reviews to revenue, many business owners choose to ignore this channel, creating a massive market inefficiency. If business owners are willing to navigate the complexity of this space, that inefficiency can be converted to a significant gain. 60 Million People Can't Be Wrong Just in case the opportunity to reach customers at the moment they're deciding to make a purchase doesn't appear real or important enough for you to leverage, consider how pervasive online review sites have become. In 2013, TripAdvisor ranked as the fourth most popular travel site in the United States of more than seventy-seven hundred sites, with 10.9 million visits per week. The site contains more than 60 million consumer-generated reviews. Yelp, a site that allows consumers to publish their own reviews on every conceivable category of business, including restaurants, dry cleaners, dentists, and car mechanics, just to name a few, had more than 9.9 million visits per week in 2013. According to Yelp, more than 27 million local business reviews have been authored by its army of consumer critics since its inception in 2004. Since its launch in the late nineties, much of the company's success can be tied to the wealth of online opinions available to online shoppers. By hosting millions of consumer reviews, has become an indispensable resource for consumers from all walks of life. In 2007, Yelp achieved the 1-million mark in online reviews posted on their site; by 2013, that number grew to 54 million. The dramatic increase in online reviews not only increases trust between buyers and sellers but businesses are also realizing that just having the presence of online reviews on their Web sites can dramatically increase revenue. Over the last several years, most e-commerce Web sites, selling anything from electronics to sporting goods to cosmetics, are hosting online reviews as a way of encouraging visitors to make a purchase. According to research firm Reevoo, having ten to thirty reviews for a product online can increase conversions more than 3 percent. When a company has more than fifty reviews on a product, conversion rates can rise

more than 4.6 percent.⁶ For retailers that have tens of thousands of visitors per day, a 3 to 4.5 percent increase in transactions can have a major impact on revenue. Heresquo;s the surprising fact: the reviews dont have to all be positive to increase conversions on a site. As we'll discuss later, in chapter 5, even bad reviews can be good for you. Reevoo found that 68 percent of consumers trust reviews more when they see both negative and positive reviews on a site, and when consumers purposefully seek negative reviews they are 67 percent more likely to make a purchase.⁷ Given the substantial impact to their bottom line, national hotel and retail chains have ramped up their efforts to host consumer reviews on their sites. Bazaarvoice, one of the largest providers of third-party reviews, states that their user reviews generate 400 million page views per month. Still, some businesses are reluctant to feature reviews of their products on their Web sites, returning to a pre- misunderstanding that allowing consumers to post reviews online must be bad for business because negative reviews will discourage sales. The influence of online reviews expands beyond Web site commerce. National retailers, such as the cosmetic chain Sephora, have launched mobile applications to help consumers consult online reviews while in their physical stores. In fact, in addition to its mobile app, online review terminals appear in many of Sephoras stores, where consumers can read cosmetic reviews supplied by other customers to help them make informed purchase decisions. With the rising popularity of online review sites, the way that we make purchase decisions is evolving. While older generations might have relied exclusively on recommendations from friends and family when eliciting opinions on what to buy, younger generations are becoming more comfortable with relying solely on the popular opinions expressed on user-generated review sites. A 2012 study by Bazaarvoice indicated that baby boomers prefer friend and family recommendations (66 percent) to online reviews (34 percent), while millennials (those born between 1977 and 1995) prefer online reviews (51 percent) to the opinion of friends and family (49 percent). When considering the long-term changes to recommendations, trust is increasingly shifting from friends and family to online reviews across all age groups. According to the findings of the 2012 Local Consumer Survey, among all age groups, 72 percent of consumers said that they trust online reviews as much as they do personal recommendations from friends and family. The study also found that 52 percent of survey respondents were more likely to visit a merchant if that business had positive reviews online. With each passing month, more and more consumers will look toward online reviews to make purchase decisions, and they'll have greater confidence that those reviews are fair and accurate. Despite the ubiquity of reviews, if you talk with business owners about the impact of online consumer opinions on their businesses, you'll find that the majority believe that reviews probably dont affect their bottom line at all. Perhaps this is a defensive view triggered by business owners who have read their negative reviews. According to research by restaurant industry firm Thats Biz, 31 percent of restaurant owners feel that reviews on sites like Yelp, TripAdvisor, City Search, and Google are either mostly inaccurate or not accurate at all, while only 5 percent believe they are very accurate, and 24 percent believe they are mostly accurate.⁸ The most important question to pose is, do online reviews impact revenue? To answer that question, at least from the perspective of restaurants, Michael Luca, an assistant professor at Harvard Business School, undertook a study to quantify just how impactful Yelp reviews were to restaurants. By analyzing the reviews of more than sixty thousand restaurants in Seattle and corresponding revenue data gathered from those same restaurants from the Washington State Department of Revenue, Luca was able to establish a causal connection between a restaurant's online Yelp rating and its revenue. His analysis demonstrated that every one-star increase in rating led to a 5 to 9 percent increase in revenue for independent restaurants.⁹ Another group of researchers, led by UC Berkeley assistant professor Michael Anderson, analyzed 148,000 Yelp reviews and reservation data from 328 restaurants gathered from an online restaurant reservation system. Their analysis found that a "half-star rating increase on Yelp translates to a 19% greater likelihood that a restaurant's seats will be full during peak dining times."¹⁰ With the upside of customer acquisition and increased bookings and revenue, you would think that businesses of all sizes would openly embrace the concept of consumer reviews. The War for Customers All businesses are engaged in a war to acquire customers. That war, however, has turned very bizarre with the advent of online reviews. Realizing the benefit that multiple five-star reviews can have on a business, common sense would dictate that every business would want to develop and deploy an online review strategy to maximize customer acquisition. Yet for many businesses, only the bare minimum is done: monitoring online review activity; if the business sells products online, then deploying a third-party review solution; and in some cases, responding to negative reviews. Even worse, some businesses ignore the space entirely, confused and angered by this new platform that provides their customers with a means to broadcast their experiences, both positive and negative, to every existing and future customer. Like many other business owners, you might hate online reviews, but by picking up this book, you're taking the first step toward addressing the problem of review denial. You should be happy, however, that you've taken the first step toward leveraging online reviews. What makes this scenario so compelling for your business is that you are a pioneer in a space where inattention creates inefficiencies among your competitive set. First Stepmdash; Just Show Up! Shoppers in the U.S. have over 2 billion conversations about brands per day.¹¹ If you're concerned that your online ratings are limited to the average number of stars you have, or the injustice of a negative comment, then you're missing the point. You need to be part of the conversation. The advent of online review sites like Yelp, TripAdvisor, and the review components of eBay, , and other retailers has created a vehicle where you

can easily converse with your customers, whether they've had a good or bad experience. For the first time in business history, aggregate opinions of quality can trump brand, marketing, and advertising spend. A small start-up retail business, restaurant, hotel, or product manufacturer can vault above its competitors in customer acquisition simply by providing excellence. Conversely, businesses that thrived on the strength of their brand, or made up for poor service with big marketing budgets, are finding themselves in an increasingly uncompetitive position. The consumer also wins in this scenario, particularly those who are more likely to be taken advantage of by unscrupulous business owners. Take a restaurant in a popular tourist destination like Pier 39 in San Francisco. In a world before online reviews, a "tourist-trap" restaurant could prey on a potential customer's ignorance. If you were traveling and needed a restaurant, you probably chose one based on the recommendation of your hotel or, worse, solely based on proximity. Your choice was based on minimal, asynchronous information. On the other side of the equation, as the restaurant owner, you might rightfully believe that you'll never see most of your customers again. So why go to the expense of buying the best ingredients or spend time and money training the best staff when tomorrow there will be a whole new crop of potential diners swarming the wharf whom you can profit on while providing a subpar dining experience? Better to spend your money on advertising to attract tourists, placing costly ads in local tourist magazines or offering discounts through local hotels and motels. As online consumer opinions become increasingly accepted, and more travelers check online reviews before making their trip plans, the tourist-trap restaurant will likely face extinction. As more granular detail is posted about every mediocre dining experience, the consumer will be in a position to make a true cost/benefit analysis when deciding to purchase a product or service. If I'm in San Francisco and find myself visiting Fisherman's Wharf, the average star rating on Yelp, TripAdvisor, or OpenTable will likely influence which restaurant door I walk through. For example, I would avoid Alcatraz Landing, which at the time of this writing ranks #3,135 of 4,840 restaurants, with an average TripAdvisor rating of one and a half of five possible stars. If you happen to be in my fair city, consider the advice of reviewer A.S.: "Probably the low-lite of our recent USA tour of three cities. We walked from our hotel down to the Landing looking for a cafe, the obviously better ones were full so we carried on and eventually hit the Alcatraz Pier where our eyes lit up to see a cafe. Big disappointment, vast sums charged for microwaved rubbish. Staff anything but polite. Served on paper plates, lacked taste. Not impressed. It is almost as if they take the view of we have you here so we'll have your money or you will go hungry. Amazing that when you visit the island they wax lyrically about the standards of food the inmates receive, clearly visitors are rated (in the cafe only) lower than inmates were on the Island. As information becomes more synchronous, customers will be won and lost by the experience sharing that online reviews afford. Though most business owners don't share this utilitarian view of online reviews, the by-product of this new flow of information is that businesses, in order to survive, must raise the quality of their products and services or, alternatively, find new ways to game the system. If anyone can give me a sense of how online reviews are affecting local businesses, it would have to be my barber, Gloria. Not only do reviews help drive business to her shop, All-Star Barbershop, but she also has several local business owners as clients. I'm sure she's heard it all. I visit All-Star Barbershop on Third Street in San Mateo every three to four weeks. On a late Tuesday afternoon I walk in to find Gloria sitting in the barber chair reading the paper. Gloria grew up in the business. Her dad is a barber, her uncles are barbers, and she doesn't hesitate to tell me about her family's business insight. "My dad told me to never lower my prices. Once you lower your prices you can't go back." I ask her how business is. "Slow," she says, the same response I've gotten every month over the last two years, so I ask Gloria if she's heard of Yelp, not realizing that she has a "People love us on Yelp" sticker on the shop door. I mention that online reviews would be a great way to bring in some new business. By the look of her face in the mirror directly in front of me, I know I've touched a nerve and she tenses up. I consider the fact that Gloria is wielding a straight razor and wonder if this is the best time to bring up the topic of reviews. "I had a guy in the shop the other day that gave me a one-star review," Gloria recounts as she returns to cutting my hair. "I know who that guy is, he wasn't very happy when he left, but you know what, he's lying." Gloria's All-Star Barbershop had a four-and-a-half-star rating with twenty-three reviews on Yelp at the time. Most of her clientele write five-star reviews for her shop, but occasionally she gets a negative review. The haircutting business in San Mateo, a suburb of San Francisco, is mostly a referral and retention business. There are five barbershops in close proximity; their owners try to build up a loyal customer base and keep them with excellent service. With the advent of online reviews, their addressable market grew to any local Web surfer looking for a new place for a haircut. A strong overall rating can provide a steady stream of new customers, while a few negative reviews can bring business to a sudden halt. Understandably, the negative review Gloria is referring to, aside from referring to her as a "sheep shearer," is getting under her skin. Also a constant irritation is the fact that Gloria has seventy-three filtered reviews that are almost exclusively five-star reviews. Beyond negative reviews, the most common complaint from business owners regarding Yelp's practices is that they use an algorithm to flag or filter reviews that are suspicious or likely to be fake. It's unlikely that many visitors read the filtered reviews on Yelp, as they appear at the bottom of a business's profile and require that you click through and verify your identity. Filtered reviews are also not counted in the average star rating that is so important to both the businesses and the consumers who follow reviews

and make decisions based on them. As we discuss the inequity of the consumer-review economy, Gloria's other customers chime in with their own review experiences, either as reviewers or as the reviewed. One waiting customer, a residential general contractor, comments on how reviews are being used as an outlet for his clients' aggression. He believes his business's profile has an unfair skew toward unhappy homeowners, and as a result, negative reviews are harming his business. Waiting third in line is an insurance salesman who comments on how much online reviews have changed his purchase behavior. He and his wife always check Yelp reviews before they try a new restaurant. Everyone else in the shop nods their heads in agreement. In this little barbershop, on a quiet suburban street, it's easy to see how influential reviews have become. No matter how much Gloria and other business owners, large and small, despise consumer reviews, this online flow of information is experiencing explosive growth, and along with that there is an increasing importance in consumers' purchase decisions. According to Experian Marketing Services Data, the visits to TripAdvisor and Yelp from U.S. consumers has increased from 41 million visits per month in 2010 to more than 67 million visits per month in 2013, a growth of 63 percent. Consumer reviews are also fueling a new redistribution of wealth. Those small business owners who have figured out how to harness the power of reviews find themselves with a flood of new customers, while those who choose to turn a blind eye to online consumer opinions, which in many cases includes larger, well-established businesses, are left wondering where their customers have gone. Despite the overall negative sentiment that business owners might have regarding reviews, my goal is to show the Gloria of the world that not all is lost in this new space; and, in fact, there's much to be gained. Everyone, from the owner of a small business to the chief marketing officer of a large corporation, can benefit from online reviews and the asymmetric nature of online information. In the chapters that follow, I hope to provide you with a thorough understanding of the constantly evolving ecosystem of consumer reviews, including the unique economics created by the review revolution, and the potential business gains you could experience from positive consumer-generated content. The first step to understanding today's review-driven world is to appreciate the makeup and varying motivations of the millions of consumers who pen online reviews. They are as varied as the population, but you'll find that there are some specific demographics that are much more likely to pen reviews than the rest of the population. In chapter 3 you'll discuss how getting to know your customer reviewers and their needs are a necessary foundation to formulating a review plan. Let's face it, the review world is fraught with problems, from extortion to fake reviews, excessive filtering, and questionable motivation. While all these issues might provide a justification for you to ignore what customers are saying about your business online, the fact that 80 percent of consumers are reading your reviews and trusting this imperfect channel before making a purchase decision should give you pause. Yes, there are shady reviews and a review "underworld"; there's a good chance that a competitor has posted a fake positive review for his business, and a fake negative review of your business. Despite the imperfect nature of review sites, the fact that a majority of your customers check reviews before they enter your site or door is proof that this channel has become too critical to your business for you to ignore it any longer. In chapter 3, you'll conduct an exercise to desensitize you to your bad reviews and show you how even your most negative review can provide you with an advantage. To build an online review strategy, let's start with a framework to help you focus on how to best position your business in your industry with these simple rules designed around the best practices of getting the most from your reviews: