SMALL BUSINESS DIGITAL REPUTATIONS

REPORT 2017

TRUE LOCAL

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FOREWORD

In 2015, we commissioned a research study on digital reviews, to understand the consumer appetite for online reviews and to find out how businesses used them.

Two years on, we have launched a follow-up more in-depth report that looks at how the digital review landscape has evolved for consumers and SMBs: **True Local Small Business Digital Reputations Report 2017**.

A trusted platform for Australians to discover dependable local businesses, trust is at the core of everything we do and a fundamental part of the small-and-medium-business-customer relationship. With online reviews becoming a staple way for businesses and consumers to connect, it's important they are acknowledged as a key driver for business growth and reputation management.

The research set out to identify online review behaviour from the perspective of the consumer; usage; reasons for usage; barriers to posting; and importantly, how reviews affect consumer attitudes towards SMBs.

As there are always two sides to every story, we also spoke to 300 Australian business owners and managers to assess their attitudes towards online reviews. Specifically, how they use online review sites as a customer service tool, and as a way to manage their reputation and growth.

What's positive to see is that the majority of Australians use online reviews and this usage is increasing. From health & beauty and trade, to food & beverage and automotive businesses, there's a very real appetite for consumers to consult or leave reviews across a range of SMB sectors.

It's also apparent SMBs are using online reviews as part of their customer service offering, with many reading reviews and taking the feedback on board.

However, what's clear is that while online reviews are a critical vehicle for sole trader, small and medium business (SMB) success, there is still a job to be done to ensure all business owners and managers value online reviews as a reputation management tool. With more emphasis on privacy laws than ever, they also need to implement formal processes and policies, to ensure best practice in a digital age.

Throughout this report, we've provided advice for SMBs to help them manage their online presence and reputation, so it can be used as a useful resource as well as an insightful read.

I hope you enjoy our report.

David Scribner
CEO True Local

ABOUT THIS REPORT

True Local commissioned this study to explore what trust means to today's consumer as well as the evolution of business trust in a digital age, particularly with regards to online behaviour.

This research was conducted amongst 1,032 Australian consumers 18+ and 300 Australian business owners and managers between 22 June and 27 June 2017.

A business owner or manager ('BOM') is classified as someone who either owns or part owns the business; or, is wholly or partly responsible for managing the business on behalf of the owner.

In this report, the following demographics are defined within these age brackets:

· Millennials – those aged 18-34
· Gen X – those aged 35-54
· Baby Boomers – those aged 55-74

Surveys were distributed throughout Australia including both capital cities and regional areas.

After interviews, data was weighted to the latest population estimates sourced from the Australian Bureau of Statistics (ABS) to ensure the data is reflective of the total population.

The Australian population sample was weighted to age, gender, and location. Business owner/managers were weighted to the latest business counts estimates sourced from the ABS.

The following terms referenced throughout the report are defined as follows:

A previous report for True Local was conducted by Lonergan Research in November 2015 amongst 1,260 respondents. Where tracking data is available, results for 2017 and 2015 have been presented together for the purpose of analysis.

This research was conducted by Lonergan Research, in compliance with the ISO20252 standard.

Term	Definition
Review website/app	A website or smartphone app where consumers can read and leave reviews about products and services
SMBs	Small and medium businesses, between 1-199 employees
Review site user	Australians 18+ who use online review websites/apps
Review site poster	Australians 18+ who post reviews on online review websites/apps
Review site readers	Australians 18+ who read reviews on online review websites/app
Sole traders	Employ only themselves
Small businesses	Employ between 1-19 employees
Medium businesses	Employ between 20-199 employees
Large businesses	Employ 200 or more employees

EXECUTIVE SUMMARY

THE MAJORITY OF AUSTRALIANS SUPPORT SMALL BUSINESSES

By providing employment and a personal experience, and giving back to local communities, it's no surprise sole trader, small and medium businesses (SMBs) are referred to as the backbone of the economy. While SMBs have to work harder to build trust and business, True Local is delighted to note the majority of Australians want to support them and believe they offer better services and products (85%).

Contrary to popular belief, consumers are not solely motivated by complaints or bad service. They understand online reviews are important for the survival of SMBs (82%), and leave reviews to recognise a small or medium business for excellent service (62%) and to help them gain more business (45%).

USAGE OF ONLINE REVIEW SITES IS ON THE UP

Not only is Australia a nation of review users, usage is growing amongst many who turn to online reviews to inform their key purchase decisions. The majority (82%) of Australians use online review websites and apps via a company's website, review sites or social media, both reading (75%) and writing them (46%).

Online review behaviour has remained the same for 67% over the past 12 months, but with reviews becoming a staple research tool for consumers (73%), usage has increased for 1 in 5 (22%). Australians are also becoming quicker at posting reviews – almost a whole day faster than in 2015.

SMALL BUSINESSES CAN BUILD CUSTOMER TRUST AND BUSINESS VIA ONLINE REVIEWS

True Local is urging SMBs to understand how crucial review websites are to inform Australians and help them make their purchase decisions. In fact, this is on par with search engines. Online reviews help to verify a business' credibility – consumers are more likely to trust a local small business if they have online reviews (64%) – and good reviews are a definitive trust-builder (32%).

Online review websites and apps help to benefit both sides, generating business for SMBs. Two-thirds of Australian businesses have been impacted by online review and 1 in 10 SMB customers are generated as a result of them reading an online review.

SMALL BUSINESSES UNDERESTIMATE THE POWER OF REVIEWS AND RECOMMENDATIONS

Many SMBs take online reviews seriously, with 70% of online reviews receiving a reply from a business. However, not all businesses place adequate emphasis on their online review process and True Local is keen to highlight the opportunities they are missing out on:

- **The opportunity to respond to and attract new customers:** over a quarter (28%) of SMBs do not use online review sites at all.

- **The opportunity to offer exemplary customer service and show their customers opinions matter:** 71% do not respond to every review they receive.

- **The opportunity to receive first-hand feedback:** 44% do not do anything to encourage customer reviews.

- **The opportunity to manage their reputation online:** 14% admit to not responding to any reviews.

There is also disparity between what consumers and SMBs value as important mechanisms to building trust. SMBs (39%) do not value recommendations as a way to instil trust as much as consumers (51%). Likewise, they do not place as much value on online reviews – just a quarter (26%) perceive them as a way to build trust. The study wants to highlight this and encourage SMBs to re-evaluate their opinions of online reviews.

CONSUMERS VALUE NEGATIVE REVIEWS AS MUCH AS POSITIVE REVIEWS

As the consumer is becoming more savvy, they are also becoming more cynical. Australians doubt the credibility of SMBs with only positive reviews (67%) and this has increased since 2015. Where SMBs shy away from online reviews, perhaps because they fear open criticism, True Local is encouraging businesses, particularly those who have experienced unfavourable reviews (38%), to effectively manage their reputations.

Consumers value constructive criticism (58%) and are more likely to trust a business that has a mix of negative and positive reviews (48%).

It is also important for SMBs to recognise the key motivation underlying review posting behaviour is a positive one: to make others aware of a great product or service (62%), something that has remained consistent over the past two years.

MILLENNIAL REVIEW USAGE IS HIGH BUT SO IS APATHY

As the 'smart generation', the Millennial demographic are active users of online reviews websites and apps (84%), and 1 in 3 has increased their use over the past 12 months.

Despite active usage and high trust of SMBs that have online reviews (4 in 5), Millennials are the most apathetic – 27% admit to reading online reviews but not posting because they can't be bothered (43%). True Local wants to see the gap close, as SMBs recognise the value of online reviews and find ways to engage the highly active Millennial audience.

SMBS ARE NOT SAFEGUARDING THEIR ONLINE REPUTATIONS

While many SMBs participate in reviews, True Local is concerned by the volume of SMBs (53%) and sole traders (85%) that do not have formal policies in place to safeguard their reputation on online review sites. The majority (84%) do not have policies to protect the identity of customer reviewers and 82% do not have policies preventing fake online reviews. This is particularly worrying in an age when privacy laws are paramount and as e-commerce platforms evolve, True Local wants SMBs to formalise the ways they reach and engage with customers.

SUPPORTING
SMALL BUSINESS

THE IMPORTANCE OF SMALL BUSINESSES TO THE AUSTRALIAN ECONOMY

There are more than 798,000[1] small businesses in Australia (ABS, June 2016), which account for a large share of national employment.

According to estimates small businesses accounted for the largest share of total employment in Australia (by firm size) at 44% at the end of June 2014 – this compares with a 24.3% share for medium-sized businesses (20-199 employees) and a 31.7% share for large businesses (200+ employees)[2]. However, these figures have decreased over recent years and have only been offset by the rise in the share of employment in large-sized businesses. The survival rate of those companies in the small business sector is also significantly lower than other medium and large businesses, with the exit rate of small business exceeding the entry rate (Reserve Bank of Australia, 2015).

While the annual turnover of small businesses may not be as large as major corporations, their impact on stimulating growth through employment, innovation and giving back through supporting local organisations and activities make them the backbone of local communities:

· Over 9 in 10 (93%) Australians agree thriving and inclusive communities need successful local small businesses.

· 3 in 5 (68.3%) working Australians are employed by SMBs.

**Figure 1.1
Business Profiles**

- Small Business
- Medium Business
- Large Business

31.7%

44%

24.3%
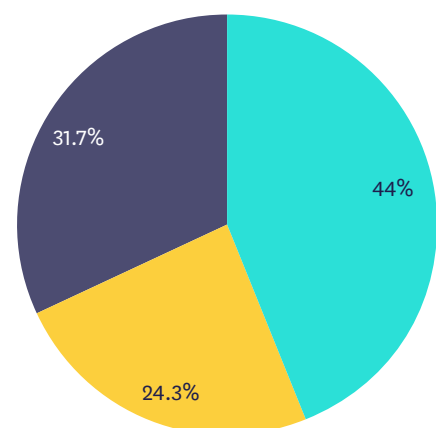
1   Source: ABS. 8165.0 Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016

2   Source: ABS, *Australian Industry,* Cat. No. 8155.0, Table 5.

HOW AUSTRALIANS ARE SHOPPING SMALL

While the majority of consumers (81%) prefer to buy from a combination of local small businesses, online and larger national companies, 1 in 10 (11%) prefer to **only** buy from local small businesses.

85% of consumers believe local small businesses offer better services and/or products, and close to 9 in 10 (88%) would prefer to buy from a local small business for at least one of the listed business types, if they were to buy that product or service at all (see figure 1.2).

Of Australians who use tradesman, 86% prefer to buy from a local small business – likewise for and hair and beauty (83%) and hospitality/food and beverage (78%). The majority (90%) visit local small businesses because they want to support the little guy.

IMPLICATIONS FOR SUPPORTING SMALL BUSINESS

Small businesses can leverage consumers' positive emotional investment in the little guy to take on the bigger companies. Particularly relevant for those in retail as Amazon prepares to enter the local market.

There is an opportunity for small businesses to leverage consumer support and use it to their advantage, to build the customer base and drive revenue.

Figure 1.2
Business types consumers prefer to shop small for

Business Type	Proportion who use this business type who prefer to buy from local small business
Tradesman (e.g. mechanic, plumber, electrician, gardener, etc.)	86%
Hospitality / food and beverage (e.g. restaurants, bars, takeaways, etc.)	78%
Hair and beauty (e.g. massage, skincare services, hairdressers, etc.)	83%
Automotive (e.g. mechanic, tyres, etc.)	63%
Professional services (e.g. accountant & tax services, solicitor, etc.)	70%
Sports and recreation (e.g. gyms, personal trainers, etc.)	64%
Retail shopping (e.g. clothes, shoes, etc.)	27%
Accommodation (e.g. hotel, B&B, etc.)	23%

2

THE IMPACT OF ONLINE REVIEWS ON SMALL BUSINESSES

HOW CONSUMERS BUILD TRUST WITH SMALL BUSINESSES

Small businesses are at a disadvantage when it comes to building trust and authenticity because larger competitors come with established credentials, and consumers assume a certain level of quality from the brand. Small businesses are often unknown to new consumers and must earn trust by proving their reliability and quality to new customers.

Consumers identify a number of elements that contribute to their trust of small businesses, one of which is good online reviews (32%), a trend even more common amongst Millennials (45%).

Others are good customer service (71%), fair and reasonable pricing (70%) and being recommended from someone they know (51%).

In line with how businesses build trust with consumers, the most likely topics of online reviews from consumers are about customer service and pricing:

· 3 in 5 (59%) businesses have received online reviews regarding their customer service.

· Half (53%) have had pricing-related reviews posted about them on a review website.

32%

of consumers cite good online reviews as a way to build trust

Women are more likely to trust a business enough to use them if they…

have good online reviews

35%   29%

have good customer service

75%   67%

follow up on any enquires made

49%   40%

Q15. What would a local small business have to do for you to trust them enough to use them?
Base: Australians 18+ (n=1,032)

Figure 2.1
Ways consumers believe local SMBs can build trust

71%	Have good customer service
70%	Have fair and reasonable pricing
51%	Be recommended by people I know
45%	Follow up on any enquiries I make
32%	Have good online reviews
25%	Have close community relationships
23%	Demonstrate their success
20%	Have a professional looking website
15%	Have a recognisable brand
11%	Promotional giveaways
6%	Service a specific group of people
1%	Other
8%	N/A

SOURCES OF
BUSINESS GENERATION

Traditionally, consumers have relied on word of mouth from family and friends when making a purchase decision; they view information from people they know to be unbiased, trustworthy and credible. However, the digital age has seen online reviews become increasingly important, with review websites being the source of, on average, 10% of business.

Online reviews have grown in stature and strangers have now become influencers as consumers view them to be more trustworthy than advertising or marketing messages. Consequently, online reviews are becoming an increasingly influential component of a consumer's decision-making process.

Sole traders and small and medium-sized businesses (SMBs) also generate sales and traffic through repeat business (31%) and nearly a quarter (23%) of their business originates from customer referrals and recommendations.

Figure 2.2
Sources of business

- Repeat business
- Referrals/recommendations
- Online search engine (e.g. Google)
- Walk-ins
- Review websites
- Other
- Unknown
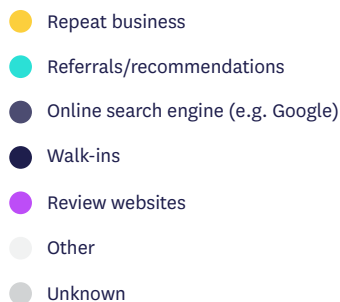
B14. Thinking about the business you own / manage. What percentage of your business comes from the following sources?
Base: Australian Businesses *Filtered to small and medium enterprises (n=276)

INTERNET-GENERATED BUSINESS

With Australians turning to the internet when looking to purchase a new product or service, it is no surprise that one fifth (22%) of business comes from online channels.

Online search engines, which generate an average of 12% of business, automatically expose consumers to a business's star ratings and written comments, providing the consumer with a snapshot of its services.

Many will come across at least one online review about a business in their search and a quarter (26%) form an opinion about the business from star ratings alone (i.e. they don't actually read the online reviews below the star rating).

While for the majority it takes more than just looking at a star rating to make a decision, consumers understand the influence they have, especially for small businesses. 82% of Australians believe reviews are important for the survival of small businesses and a similar proportion (80%) understand local small businesses rely on reviews as a means of promotion.

22%

Over one fifth of business comes from the internet
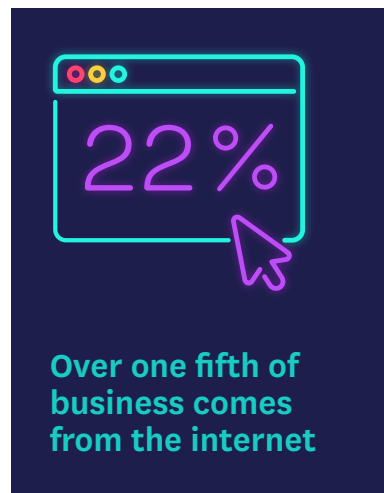
USING ONLINE REVIEWS TO BUILD BUSINESS TRUST

As mentioned earlier (p9), one of the key benefits of online reviews is the ability to instil trust in the consumer. This is especially true if a consumer is unaware of a business. Two-thirds (64%) will turn to online reviews to judge the reliability and/or quality of a small business if they haven't heard of them before.

More reviews leads to higher levels of trust. 3 in 5 (64%) are more likely to trust a small business if they have online reviews. Trust in online reviews is especially high amongst Millennials, with 4 in 5 (82%) more likely to trust a small business if they have online reviews, compared to 3 in 5 (61%) Gen X and more than half (56%) of Baby Boomers. 2 in 5 (38%) businesses have experienced increased levels of trust from new customers through online reviews, and a quarter (26%) believe having good online reviews help potential customers trust them enough to use their business.

Two-thirds, 64% of Australians will turn to online reviews to judge the reliability and/or quality of a small business if they haven't heard of them before.

Figure 2.3
Attitudes towards small businesses and online reviews

		Total Agree
Reviews are important for the survival of small businesses	32% / 50% / 11% / 2% / 5%	**82%**
Small businesses rely on reviews as a means of promotion	25% / 54% / 12% / 3% / 6%	**79%**
If I haven't heard of a small business, I rely on reviews to judge their reliability and/or quality	21% / 43% / 21% / 8% / 8%	**64%**
I am more likely to trust a small business if they have online reviews	22% / 42% / 23% / 6% / 8%	**64%**

● Strongly Agree ● Slightly Agree ● Slightly Disagree ● Strongly Disagree ● N/A

Q4. Thinking about online reviews of businesses, to what extent do you agree or disagree with the following statements?
Base: Australian 18+ (n=1,032)

IMPACT OF ONLINE REVIEWS

Two-thirds (66%) of SMBs have been impacted in one way or another by online reviews, with 97% of those who have received reviews citing impacts. If a business is interacting with their customers, it lets them know their voice is being heard and helps build a closer relationship with them. 2 in 5 (42%) of reviewed businesses attribute strengthened customer loyalty due to reviews.

Other ways online reviews positively impact businesses include:

· Creating an online presence (39%).

· Providing an important feedback mechanism for the business (36%).

· Increasing awareness of the business (33%).

Two-thirds, 66% of SMBs have been impacted by online reviews.

Figure 2.4
Ways online reviews have made an impact on SMBs

42%	Strengthens customer loyalty
39%	The business has an online presence
38%	New customers have more trust in the business
46%	Provides an important feedback mechanism
34%	Customers are more engaged with the business
33%	It has helped with customer retention
33%	More people are aware of the business
31%	Helps the business understand where improvements can be made
29%	The customer base / clientele has increased
28%	Potential issues are brought to light sooner rather than later
<1%	Other
7%	N/A

B3. Thinking about the business you own/manage. In which of the following ways, if any, have reviews on review websites impacted your business?
Base: Australian Businesses *Filtered to those who have been reviewed (n=211)

WHAT MAKES CONSUMERS TRUST ONLINE REVIEWS?

With so many online review websites to choose from, deciding which are reliable sources can prove tricky. Savvy consumers use various benchmarks to help guide them and ensure the sources and the information is credible.

Review site readers are most likely to trust a review site with a reputable website (49%). Interestingly, they will look for a mix of positive and negative reviews (48%), proving negative reviews play an important role.

Quantity and quality are also important. Having a significant number of reviews (46%), not deleting negative reviews (44%), high engagement (36%) and/or scanning to remove fake reviews (21%) all contribute to the trusted perception of a review.

Websites/apps with high engagement on reviews (i.e. replies and comments) are more likely to engender trust in women who read the reviews (41%) than men (29%), as well as the younger generation of review readers (Millennials 44%; cf. Gen X 32%, Baby Boomers 33%).
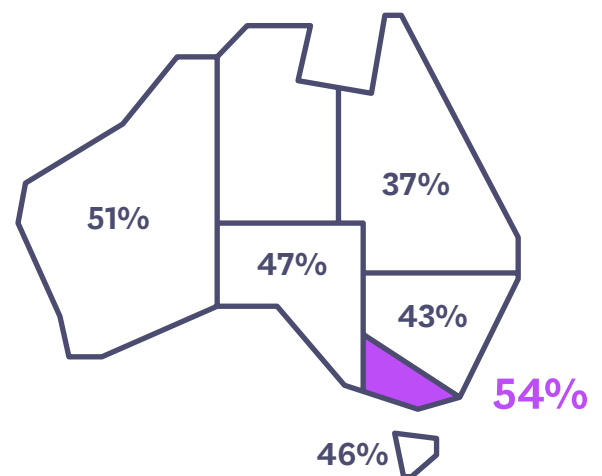
Quantities of online reviews are important, and Victorian review site readers are the most likely to trust an online website/app with a significant number of reviews.

Q14. What makes you trust an online review website/app?
Base: Australians 18+ *Filtered to review site readers (n=738)

Figure 2.5
Criteria that makes Australians trust online reviews websites/apps
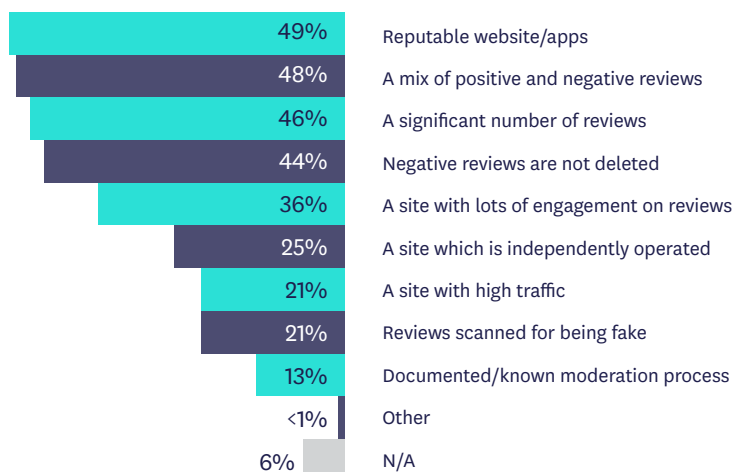
%	Criteria
49%	Reputable website/apps
48%	A mix of positive and negative reviews
46%	A significant number of reviews
44%	Negative reviews are not deleted
36%	A site with lots of engagement on reviews
25%	A site which is independently operated
21%	A site with high traffic
21%	Reviews scanned for being fake
13%	Documented/known moderation process
<1%	Other
6%	N/A

Q14. What makes you trust an online review website/app? Base: Australians 18+ *Filtered to review site readers (n=738)

CONSUMER PERCEPTIONS OF TRUST VS BUSINESS PERCEPTIONS

Creating customer trust is an essential component of a successful business and this is growing as consumers become increasingly savvy and expect more. Businesses have their own ideas about what is required to build this, but these don't always align with or reflect what the consumer deems to be important.

Despite the discrepancies, both business and the consumers see good customer service (consumers 71% cf. businesses 56%) and recommendations (consumers 51% cf. businesses 39%) as two of the most important aspects to build enough trust for consumers to use a small business.

However, fair and reasonable pricing is a sticking point, with almost twice as many consumers (70%) than businesses (39%) believing this is a key way to build trust. A third of consumers (32%) value good online reviews, but just a quarter (26%) of businesses perceive this as a way to build trust.

Likewise, businesses (39%) do not highly value recommendations as a tool to instil trust as much as consumers (51%). Recommendations have the largest disparity (17% percentage points) between where a business believes it can gain trust (39%) and what they actually invest in (22%).

Businesses in regional Australia are the most likely to believe recommendations increase the trust of the consumer (43%; cf. capital cities 38%), as are sole traders (48%; cf. small businesses and medium businesses 34%). Yet the call to action to request a recommendation is still low; only a third (33%) of businesses in regional Australia and 18% in capital cities act on this and invest in recommendations.

Businesses cite a lack of time (33%), the business already being successful enough (33%), and a shortage of money (28%) as the main reasons for not investing more into the actions they think will garner more trust from potential customers.

39%

51%

Businesses (39%) do not value recommendations as a way to instil trust as much as consumers (51%)

Figure 2.6
Perception vs Value vs Effort

Category	What consumers need to trust a local small business	What businesses think consumers need	How businesses invest
Have good customer service	71%	56%	45%
Strong word of mouth		52%	41%
Have fair and reasonable pricing	70%	39%	28%
Recommendations from known people	51%	39%	22%
Follow up on any enquiries made	45%	31%	23%
Have good online reviews	32%	26%	15%
Build close community relationships	25%	22%	18%
Demonstrate their success	23%	14%	15%
Have a professional looking website	20%	22%	14%
Have a recognisable brand	15%	22%	19%
Promotional giveaways	11%	11%	10%
Service a specific group of people	6%	14%	15%

● What consumers need to trust a local small business
● What businesses think consumers need
● How businesses invest

Q15. What would a local small business have to do for you to trust them enough to use them? Base: Australian consumers (n=1032)
B11a. What do you believe helps potential customers trust you enough to use your business?
B11b. And which do you actually invest in (energy, time and / or money) the most? Base: Australian Businesses (n=300)

IMPLICATIONS OF ONLINE REVIEWS ON SMALL BUSINESS

Online reviews are a key way to build trust and a vital part of the purchase process, so small businesses need to recognise reviews as an essential source of business generation, and make time to review and respond to them.

Businesses should actively encourage customers to leave honest reviews, to help them deliver exceptional service and to understand where any improvements can be made.

Engage with online reviews, positive and negative, shows the customer the business values their needs and strives to put them first.

Many businesses are investing in areas of their business that do not work towards building trust. Prioritising areas that reflect the customer's needs, such as fair pricing, word of mouth recommendations and customer service, are integral to building trusted relationships.

3

BEHAVIOURS OF ONLINE REVIEW WEBSITES/APPS

USAGE OF ONLINE REVIEW SITES

The growth in online review platforms over the last couple of years has provided an accessible, cost-effective way for consumers to obtain information about products and services to help inform their purchase decision.

Consumers are taking advantage of the vast amount of information available to them, with three-quarters having read online reviews (75%) via a company's website, social media, or a specific review website or app.

The majority (82%) of Australians use online review websites/apps, with nearly half (46%) having left an online review.

While age or gender is no barrier, the likelihood that somebody reads or posts on online review sites declines with age. Women are also more likely to read and post online reviews (read 77%; cf. men 73%, post 49%; cf. men 41%).

Online review usage decreases with age

Millennial
59%   84%

Gen X
45%   78%

Baby Boomers
36%   66%

● Post   ● Read

84%

82%

69%

78%

76%

74%
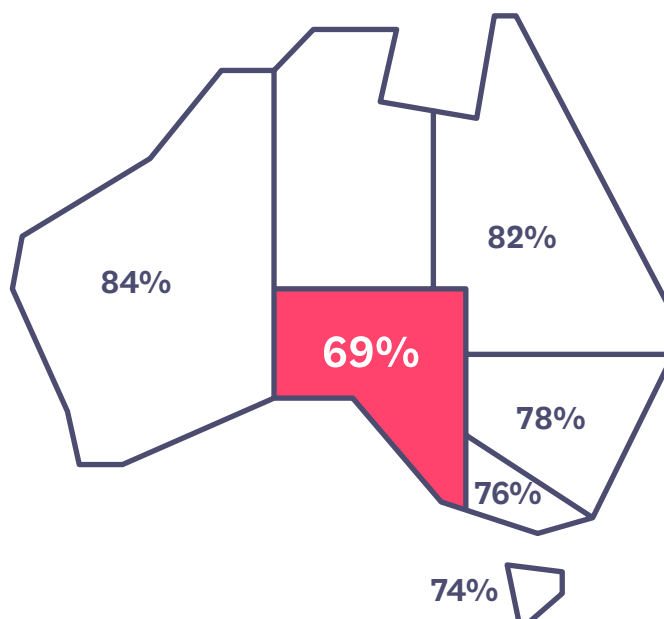
South Australians are the least likely to read online reviews

Q6a & Q6b. Thinking about each of the following business types – have you ever read/posted online reviews for any of the following? Base: Australians 18+ (n=1,032)

Q6a & Q6b. Thinking about each of the following business types – have you ever read/posted online reviews for any of the following? Base: Millennials (n=308), Gen X (n=347), Baby Boomers (n=308)

WHAT DO AUSTRALIANS READ AND POST REVIEWS ABOUT?

Over half of Australians turn to online reviews when looking at accommodation (56%) or hospitality/food and beverages (52%). Similarly, Australians most commonly write about these types of business, with 1 in 4 having posted reviews about businesses operating in the hospitality/ food and beverages (24%) or accommodation sectors (23%).

1 in 4 Australians will read reviews when looking for information about tradesmen (28%), and hair and beauty (26%). A fifth (19%) will read them for automotive services.

Women are more likely to read reviews (58%) and write them (30%) about businesses in the hospitality/food and beverages sector, compared to 44% of men who read and 18% who post.

Over half of Australians turn to online reviews when looking at accommodation or hospitality/ food and beverages

56%

52%

Figure 3.1
Proportion of consumers reading and posting reviews across business types

● Read   ● Left/Posted

Business type	Read	Left/Posted
Accommodation	56%	23%
Hospitality / Food and beverages	52%	24%
Retail shopping	31%	12%
Tradesman	28%	8%
Hair and beauty	26%	11%
Automotive	19%	5%
Professional Services	15%	4%
Sports and recreation	12%	3%
Other	1%	2%
None of the above	25%	54%
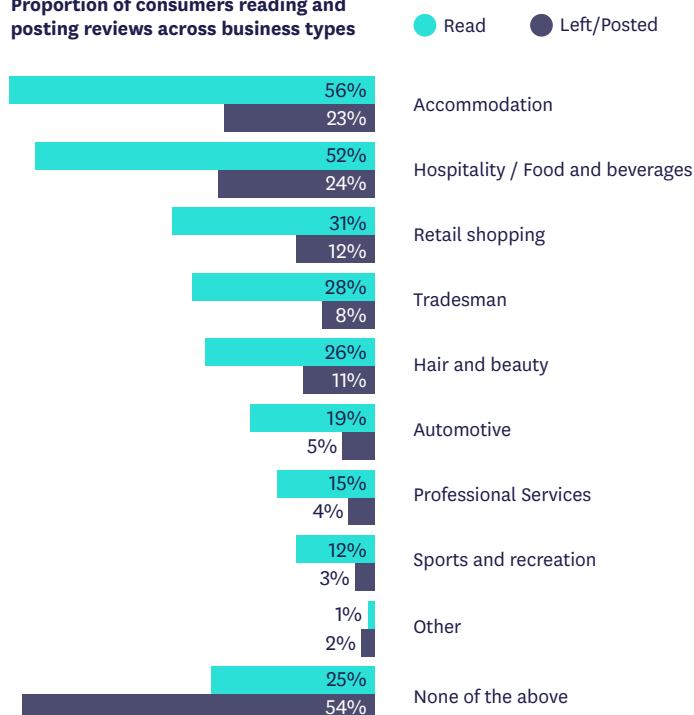
Q6a. Thinking about each of the following business types – have you ever read online reviews for any of these business types (for any reason at all)?

Q6b. Thinking about each of the following business types – have you ever left or posted online reviews for any of these business types (for any reason at all)?

Base: Australians 18+ (n=1,032)

CHANGE IN REVIEW SITE USAGE

Consumers are becoming more confident in sharing their opinions about a service or product online. At an individual level, online review site usage has changed for a third (33%) of review site users over the last 12 months. On balance, usage of online review websites/ apps amongst review site users has increased over this time period (net +12%), with 22% having increased their usage, and 11% having decreased their usage.

Amongst Australians whose usage has increased, Millennials make up the biggest group (Millennials 44%; cf. Gen X 31%, Baby Boomers 25%).

22% of consumers have increased their usage of review sites

Figure 3.2
Incidence of use over the last 12 months
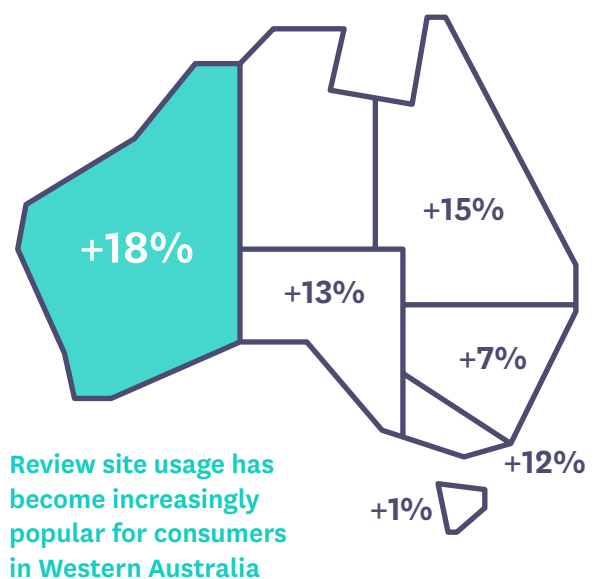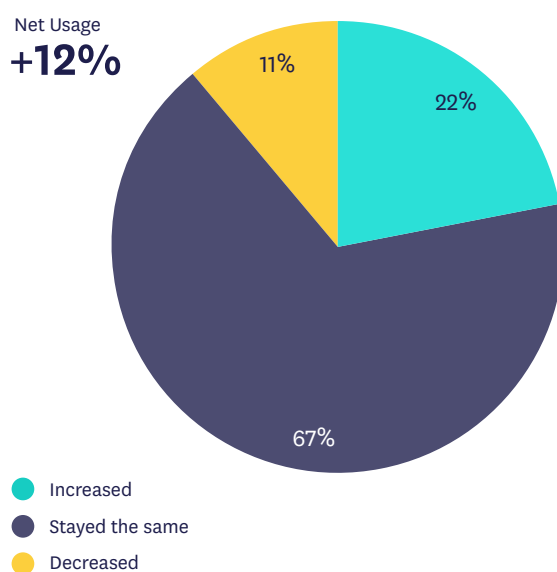
Net Usage
+12%

22%
11%
67%

- Increased
- Stayed the same
- Decreased

+18%
+15%
+13%
+7%
+12%
+1%

Review site usage has become increasingly popular for consumers in Western Australia

Q12. Thinking about using online review sites, has your use of online review websites or apps...? Base: Australians 18+ *Filtered to review site users, excluding don't know / not sure (2017 n=729, 2015 n=968)

Q12. Thinking about using online review sites, has your use of online review websites or apps...? Base: Australians 18+ *Filtered to consumer review site users, excluding don't know / not sure (n=729) _NET usage

FREQUENCY OF USING REVIEW SITES

Consumers are keen review site users. 2 in 5 (39%) of those who use review sites read reviews at least once a week and 13% up to three times a week. On average, review site users read reviews 1.1 times a week.

They post reviews less frequently. On average, review site users leave a review 0.5 times a week and just 14% leave a review at least once a week.

Millennial review site users are the demographic most likely to post online review (81%), significantly ahead of Gen X (69%) and Baby Boomers (72%).

When it comes to posting reviews, a generational shift is present amongst review site users

Millennials	Gen X	Baby Boomers
81%	**69%**	**72%**
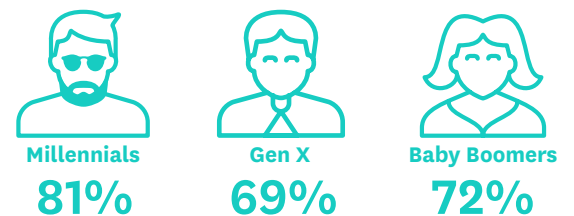
Q9_2. Thinking about using online review websites or apps, how many times per week would you say you do each of the following? - Leave reviews Base: Millennials (n=272), Gen X (n=292), Baby Boomers (n=239) * filtered to review site users

Figure 3.3
Frequency of reading and posting online reviews

Reviews site users
Average (times per week)

	6+ times per week	4-5 times per week	2-3 times per week	Once a week	Less often	N/A – never do this
1.1 Read reviews	4%	2%	13%	20%	56%	4%
0.5 Posts reviews	1%		4%	8%	58%	28%

● 6+ times per week   ● 4-5 times per week   ● 2-3 times per week   ● Once a week   ● Less often   ● N/A – never do this

Q9. Thinking about using online review websites or apps, how many times per week would you say you do each of the following?
Base: Australians 18+ *Filtered to review site users (n=857)

REASONS FOR POSTING ONLINE REVIEWS

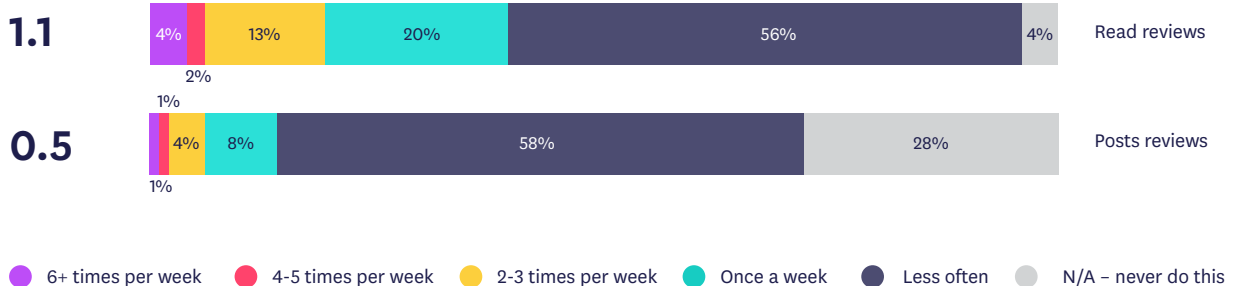When it comes to posting online reviews, consumers both care about and want to assist other consumers and the business. The primary motivation underlying review posting behaviour has remained consistent over the past two years.

Three-quarters (75%) of reviewers are driven by the belief they are helping others, whether that be making others aware of a great product or service (62%), or warning them about a dodgy product or service (47%). Western Australian review site users are most likely to be driven by Western Australian review site users (85%).

Review posters also like to acknowledge credit where credit is due. 3 in 5 (62%) post reviews because they want to thank and/or congratulate the service provider for their excellent service. This is more likely to motivate women (67%) than men (55%).

While negative complaints and dissatisfaction about service fuel over a third (36%) of reviewers, they are not a strong motivating factor for posting reviews. Where businesses may worry consumers like to use reviews to retaliate if they are unhappy with a service, this is actually the least common reason why (18%), and less than a third (29%) will post a review to officially complain about bad service.

Instead, businesses should take advantage of the fact that rewarding excellent service is one of the biggest motivators for review posters. Encouraging positive reviews can be as simple as responding to customers' needs and wants, or going above and beyond, putting the customer first.

75%

Three-quarters of reviewers (75%) are driven by the belief they are helping others.

Figure 3.4
Reasons for posting online reviews

	2017	2015	
To make other people aware of great products or service	62%	59%	
To thank and/or congratulate the service provider for their excellent service	62%	64%	
To warn people about dodgy products or service	47%	49%	
To help the service provider get more business after they've provided great products/services	45%	45%	
To officially complain about bad service	29%	32%	
To retaliate after receiving bad service	18%	14%	
Other	2%	1%	

● 2017
● 2015

Q10. For which of the following reasons do you leave or post reviews for businesses and/or service providers?
Base: Australians 18+ *Filtered to those who leave or post online reviews (2017 n=606, 2015 n=872)

TIME TAKEN TO POST ONLINE REVIEWS

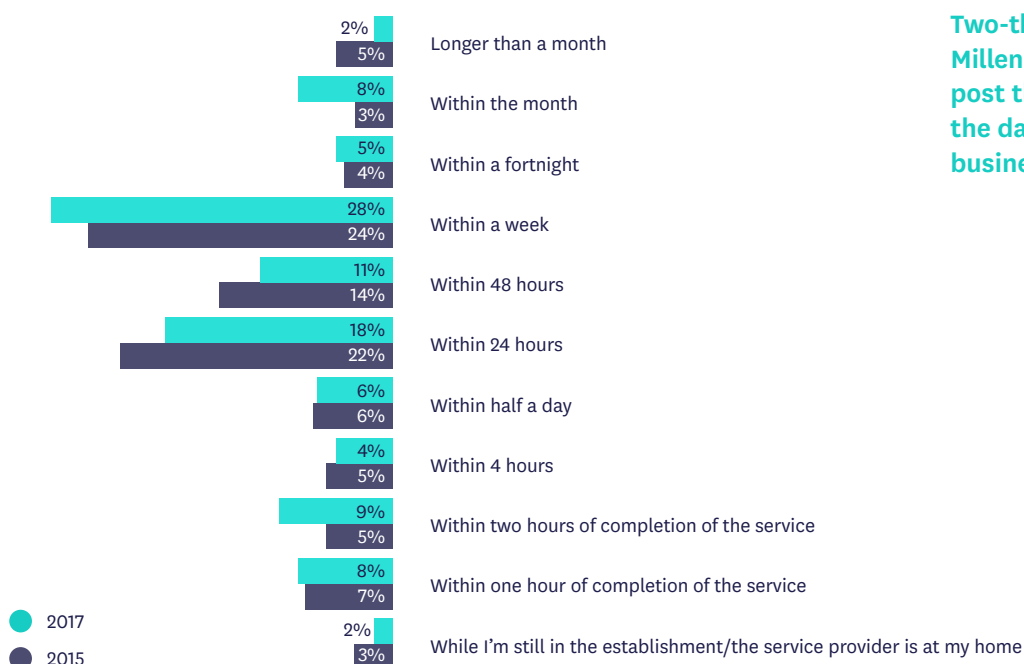Consumers are reacting more quickly to share their experiences and opinions. 55% of review posters will write a review on the day they use a product or service, up from 50% in 2015.

Millennial reviewers are the most efficient in posting their reviews, with two-thirds (67%) posting on the day they use a business or service. This is in comparison to 58% of Gen X and 42% of Baby Boomers posting on the day.

While immediacy is improving, there is still a delay in most reviewers posting. On average, reviews are posted 3.5 days after using a product or service, almost a whole day faster than in 2015 (4.25 days). On average, Millennials take 3 days to post a review, Gen X take 3.5 days and Baby Boomers 3.9 days.

Queensland review posters are the quickest off the mark, with 64% posting on the day and take an average of 3.2 days to post. Otherwise, they take an average of 3.2 days to post. Tasmanian review posters lag behind the rest of the country – just over a third (36%) post on the day of using a business or service and take an average of 4.7 days to post.

REVIEW
REVIEW
REVIEW
67%

Two-thirds of Millennial reviewers post their review on the day they use the business or service

Figure 3.5
Length of time taken to leave a review for a business

Time	2017	2015
Longer than a month	2%	5%
Within the month	8%	3%
Within a fortnight	5%	4%
Within a week	28%	24%
Within 48 hours	11%	14%
Within 24 hours	18%	22%
Within half a day	6%	6%
Within 4 hours	4%	5%
Within two hours of completion of the service	9%	5%
Within one hour of completion of the service	8%	7%
While I'm still in the establishment/the service provider is at my home	2%	3%

● 2017
● 2015

Q11. Thinking about the times you leave online reviews. Approximately, how long after using a business or service do you leave or post a review?
Base: Australians 18+ *Filtered to those who leave or post online reviews (2017 n=606, 2015 n=872)

CONSUMER MOTIVATION FOR USING ONLINE REVIEW WEBSITES

Online review sites are becoming a go-to source for consumers who are looking for insight from like-minded people about the products and services they are considering, so they are able to make an informed decision.
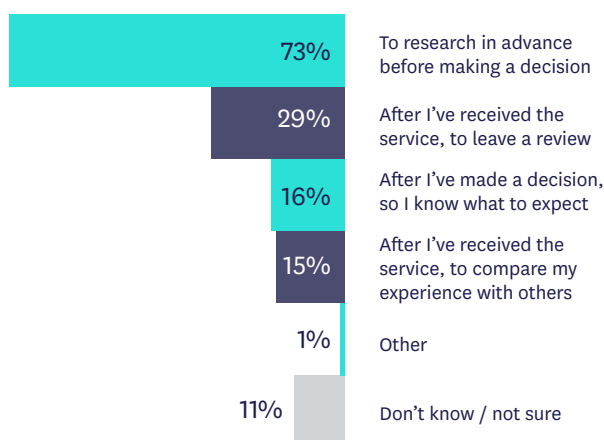
73% of review site users turn to online reviews to research prior to making a purchase decision. This is higher amongst women (77%) than men (68%).

More than 1 in 4 (29%) use them to leave reviews after they have received a service. A small number read reviews to manage their expectations after they've booked a service (16%), or to compare their experience with others (15%).

73% of users turn to online reviews for research prior to making a decision

Figure 3.6
Reasons for using online review sites

73%	To research in advance before making a decision
29%	After I've received the service, to leave a review
16%	After I've made a decision, so I know what to expect
15%	After I've received the service, to compare my experience with others
1%	Other
11%	Don't know / not sure

Q8. For which of the following reasons do you use online review websites/apps?
Base: Australians 18+ *Filtered to review site users (n=857)

Western Australian users are the most likely to turn to online reviews to inform a decision

81%
73%
74%
67%
75%
78%
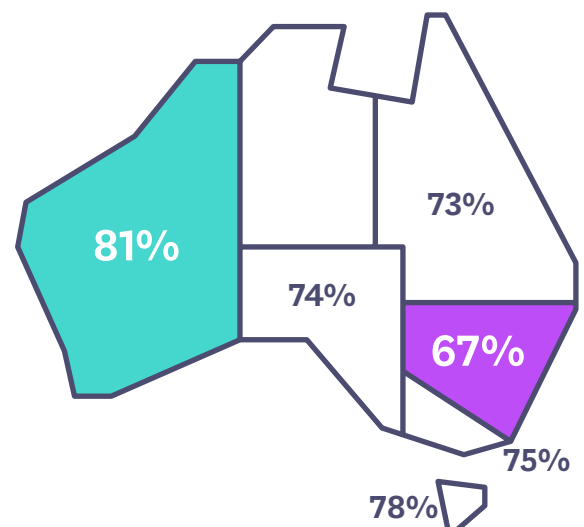
Q8. For which of the following reasons do you use online review websites/apps_ To research in advance before making a decision?
Base: Australians 18+ *Filtered to review site users (n=857)

WHAT MAKES AN ONLINE REVIEW HELPFUL?

With potentially hundreds of reviews posted online for any given product or service, time-poor consumers cannot read them all. Instead, they will seek out the reviews that contain information they perceive to be helpful in facilitating their purchase decision.

Australian review site users believe reviews which contain constructive criticism (58%) provide a general overview of experiences (55%) and focus on specific aspects of their experience (47%) are the most helpful.

Reviews featuring constructive criticism are more pertinent for older generations, with 66% of Baby Boomers finding them helpful (cf. Millennials 52%, Gen X 57%).

Australian review site users believe reviews containing constructive criticism (58%) are the most helpful type

Figure 3.7
Criteria for most helpful types of reviews

Criteria	%
Contains constructive criticism	58%
Has a general overview of experiences	55%
Focuses on specific aspects of their experience	47%
Strong attention to detail	44%
Relevant to the majority of people	42%
Insightful	33%
Interesting	27%
Aligned to my opinion	9%
Different to my opinion	8%
Other	1%
N/A	5%
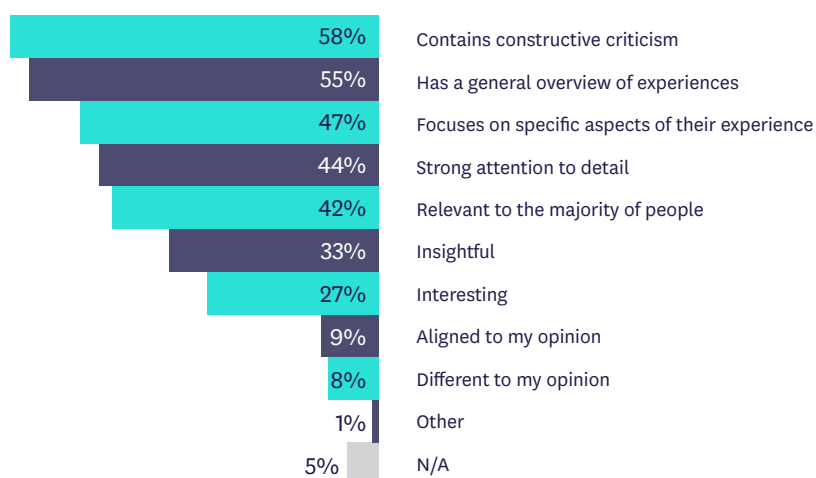
Q18. What aspects do you feel make the most helpful type of review?
Base: Australians 18+*Filtered to review site users (n=857)

REASONS FOR NOT POSTING ONLINE REVIEWS

While 77% of consumers believe more reviews would improve the quality of review sites, 7 in 10 (70%) cited at least one reason that prevents them from posting more online reviews, a slight fall from 2015 figures (79%).

The number one barrier is they can't be bothered (35%) and this has remained the same over the last two years, despite the figure having fallen slightly (-4%*).
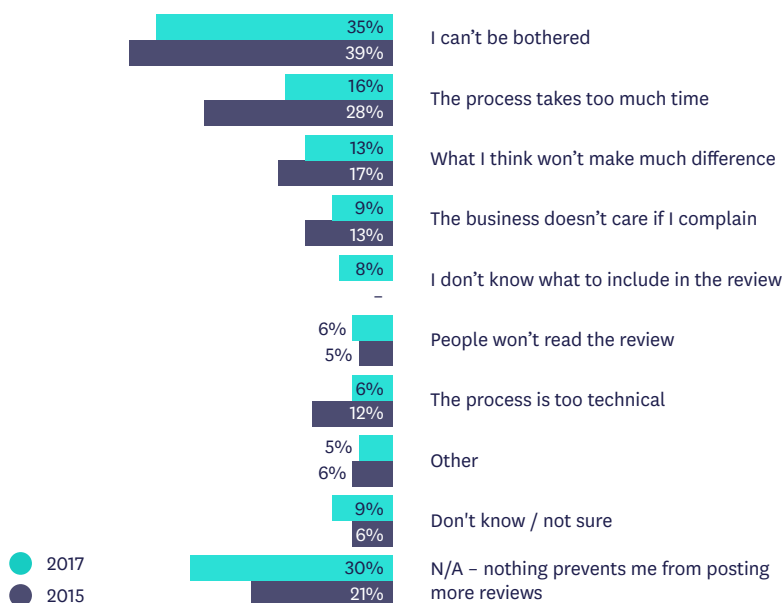
Other reasons for not posting online reviews are:

· The process taking too much time (16% – down from 28%* in 2015).

· The belief their opinion won't make much of a difference (13% – down from 17%* in 2015).

While Millennials are the most active review site users, they are also the most likely to not be bothered to post more online reviews (43%; cf. Gen X 40%, Baby Boomers 26%). This is down from 56%* in 2015.

Barriers to leaving reviews has decreased by 9%

Figure 3.8
Reasons Australians do not leave online reviews

	2017	2015
I can't be bothered	35%	39%
The process takes too much time	16%	28%
What I think won't make much difference	13%	17%
The business doesn't care if I complain	9%	13%
I don't know what to include in the review	8%	–
People won't read the review	6%	5%
The process is too technical	6%	12%
Other	5%	6%
Don't know / not sure	9%	6%
N/A – nothing prevents me from posting more reviews	30%	21%

● 2017
● 2015

Q13. What prevents you from leaving or posting more online reviews? Base: Australians 18+ (n=1,032) *2015 data filtered to review site users

*   All 2015 data is filtered to review site users, whereas 2017 data represents the proportion of Australian Consumers. Use comparisons with caution

BUSINESS USAGE OF REVIEW WEBSITES

The value that consumers place on online reviews is evident, but are Australian businesses taking advantage of the opportunity? For the majority of businesses, the answer is yes. Nearly three-quarters (72%) use online review websites or apps. 9 in 10 (92%) medium-sized businesses, 4 in 5 (82%) small businesses and over half (54%) of sole traders use them.

This means that 3 in 10 (28%) businesses are missing a prime opportunity to attract new customers, or to manage their reputation by not responding to negative reviews. This could prove to be particularly detrimental for businesses operating in the accommodation and hospitality/ food and beverage sectors, as more than half of Australians turn to reviews when looking to purchase within these categories.

3 in 10 **(28%) Australian businesses are missing a prime opportunity to attract new customers**

TYPES OF REVIEWS RECEIVED BY BUSINESSES

Two-thirds (66%) of businesses have received online reviews and are more likely to be based in metropolitan cities (69%) than regional Australia (58%). Just under half (46%) have received **only** positive reviews, 19% have received a mix of positive and negative reviews, and 1% have received **only** negative reviews.

It is no surprise that the majority of reviews received by businesses are positive, especially as review posters are primarily motivated by altruistic reasons (as noted on page 24). In fact, 98% of businesses who have received an online review have received a positive one at some point in time.

Most commonly, businesses have received reviews about their customer service (59%) and of these, more than 9 in 10 (93%) have received positive reviews. This is pertinent as good customer service is the number one factor that helps to build consumer trust in a business they are considering using (see page 11). Product quality (58%) and pricing (53%) also rated as top review topics.

37% **81%** **92%**
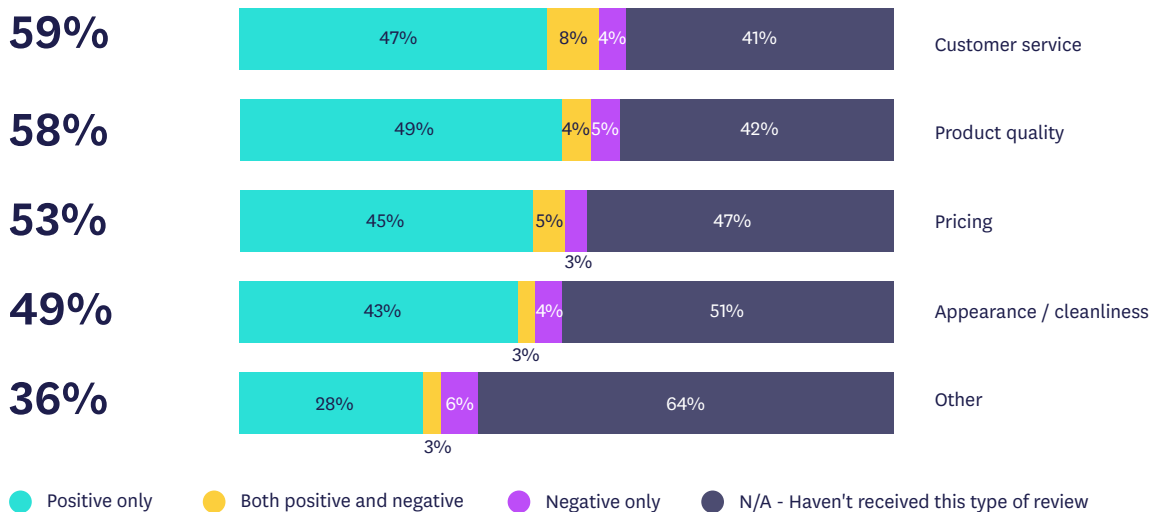
Sole trader   Small Business   Medium Business

Medium-sized businesses are the most likely to have received reviews

B1. Thinking about the business you own or manage. Which of the following types of reviews on review website, if any, has your business ever received? Total have been reviewed Base: Australian Businesses (n=300)

Figure 3.9
Types of online reviews received by SMBs

Total received reviews

	Positive only	Both positive and negative	Negative only	N/A - Haven't received this type of review	
59%	47%	8%	4%	41%	Customer service
58%	49%	4%	5%	42%	Product quality
53%	45%	5%	3%	47%	Pricing
49%	43%	4%	3%	51%	Appearance / cleanliness
36%	28%	3%	6%	64%	Other

● Positive only   ● Both positive and negative   ● Negative only   ● N/A - Haven't received this type of review

B1. Thinking about the business you own or manage. Which of the following types of reviews on review website, if any, has your business ever received?
Base: Australian Businesses (n=300)

BUSINESS INTERACTIONS WITH ONLINE REVIEWS

With over 60,000,000[3] reviews posted in 2016, it is evident the consumer voice is being heard by others, but how are businesses responding? In the majority of cases, reviews are being read (90%) and replied to (88%) by the businesses who have received them. There is only a small number (2%) of business owner/managers who read but don't reply to the reviews they receive. However, this still means 10% don't read the reviews they receive, equivalent to approximately 6,000,000 unread reviews in 2016 alone.

On average, businesses are reading reviews 3 times a week and responding 2.6 times per week. Businesses in NSW/ACT are the most committed, reading reviews, on average, 3.7 times per week and replying 3 times per week.

3   Figure calculated from the results of the Sensis Social Media Report 2016 *'How Australian people and businesses are using social media'*, released 1 June 2016

The majority of reviews are being read

90%

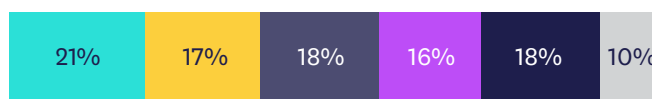**and replied to by Australian businesses who have received reviews**

88%

Medium-sized businesses are the most likely to read & reply to online reviews

91%
Sole trader

87%
Small business

93%
Medium business

Figure 3.10
Frequency of reading and replying to online reviews

Average
(times per week)

59%   Read reviews left for your business

21%	17%	18%	16%	18%	10%
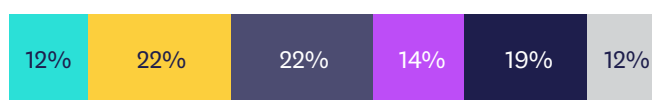
58%   Reply to reviews on behalf of your business

12%	22%	22%	14%	19%	12%

● 6+ times per week   ● 4-5 times per week   ● 2-3 times per week   ● Once a week   ● Less often   ● NA –never do this

B5. Thinking about using online review websites or apps, how many times per week would you say you or someone in your business does each of the following?
Base: Australian Businesses * filtered to those who have been reviewed (n=211)

BUSINESS REVIEW RESPONSE RATE

Replying to reviews can be time consuming, especially for small businesses who may not have the resources available to continually monitor and reply to online reviews. However, taking the time to reply to online reviews helps improve a business's reputation and drives potential customers by showing the business cares about what customers have to say.

Despite this, not all businesses place emphasis on responding to online reviews. On average, 7 in 10 (70%) online reviews receive a reply from the business. Just 2 in 5 (39%) business owners and managers respond to **every** review they receive, and 14% admit to responding to none of them.

Healthy businesses (those who rate their business's health as high) are aware of the importance of acknowledging a review. Over half (53%) of business owners and managers who rate the health of their business as high respond to 100% of the reviews they receive (compared with just 44% of their medium-health and 23% of their low-health counterparts). On average, healthy businesses respond to three-quarters (73%) of the reviews they receive.
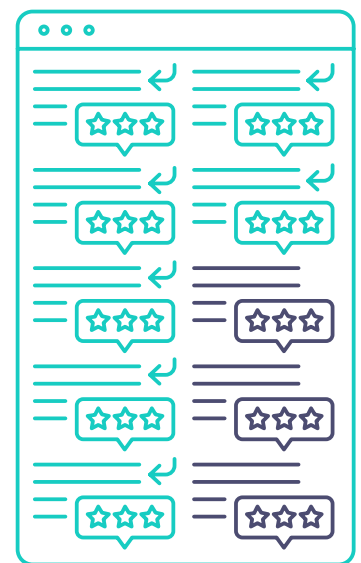
7 in 10 (70%) of online reviews receive a reply from the business

1 in 10 small businesses do not reply to any reviews

● Reply to none
● Reply to all

Sole Trader

20%   56%

Small Business

12%   35%

Medium Business

7%   37%

B6. What proportion of online reviews do you or someone in your business respond to?
Base: Australian Businesses *Filtered to businesses who have received reviews (n=211)

Figure 3.11
Proportion of online reviews Australian businesses reply to
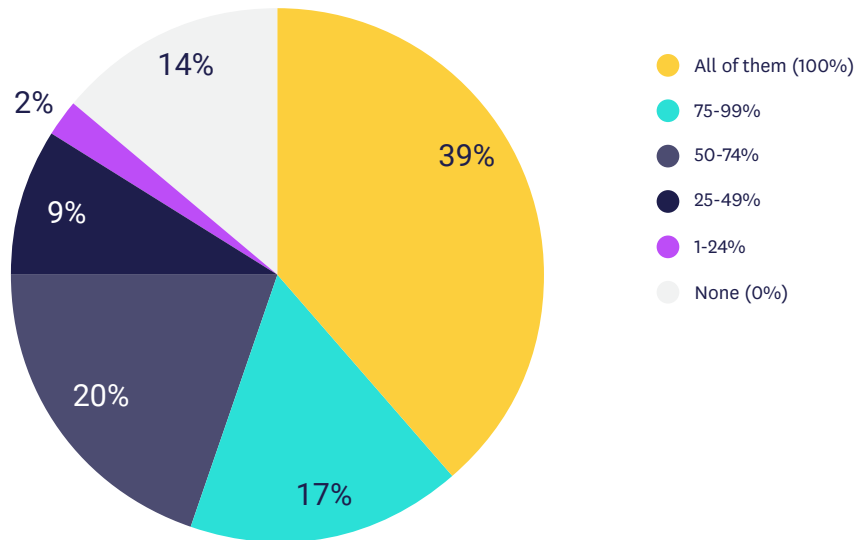
Legend:
- All of them (100%)
- 75-99%
- 50-74%
- 25-49%
- 1-24%
- None (0%)

Pie chart values: 39%, 17%, 20%, 9%, 2%, 14%

B6. What proportion of online reviews do you or someone in your business respond to?
Base: Australian Businesses * filtered to those who have received a review (n=211)

IMPLICATIONS OF BEHAVIOURS OF ONLINE REVIEW WEBSITES/APPS

Consumers value and read online reviews, so no matter the sector, businesses should consider reviews as part of the customer service process.

Consumers are more likely to read reviews than leave them; businesses need to help close this gap and there is a job to be done in encouraging all customers to provide feedback.

Consumers like to leave constructive reviews that champion or help a business grow – positive and negative reviews should be treated with equal importance.

Attitudes towards reviews need to shift, so they are perceived as an opportunity for a business to gather valuable intel and respond accordingly.

Businesses should not perceive negative reviews as a threat but as an opportunity to obtain honest feedback that can be used to evolve and improve.

4

THE MILLENNIAL APPETITE FOR ONLINE REVIEWS

ALWAYS ON MILLENNIALS

Millennials are thought to be much more tech-savvy than their older counterparts, continually connected and taking advantage of the information available online to inform their behaviours and choices. With nearly everyone aged 18-29 on social media (99%),[4] social media is often the first and last thing they do every day. 8 in 10 (79%) accessing social media first thing in the morning and almost two-thirds (65%) last thing before they go to bed.

And it doesn't start and finish with social media. Online information gathering is increasingly being used to inform purchase decisions, with more than 4 in 5 (84%) Millennials having read online reviews for businesses, and this age group more likely than their older counterparts to trust a small local business if they have online reviews (82%; cf. Gen X 61%, Baby Boomers 56%).
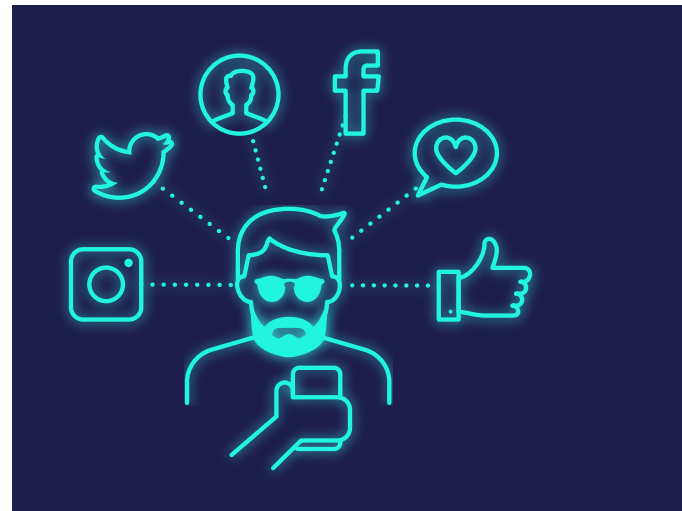

4   https://www.sensis.com.au/about/our-reports/sensis-social-media-report – How the age groups compare

MILLENNIAL USAGE OF ONLINE REVIEW SITES

Over the past 12 months, almost one third (31%) of Millennial review site users have increased their use, and the majority (80%) of these review site users have taken advantage of these resources to aid their decision-making, admitting they rely on reviews to judge the reliability and/or quality of local small businesses they haven't heard of. Three-quarters (76%) use online review websites and apps to research in advance before making a decision to buy.

When it comes to leaving reviews themselves though, Millennials are lagging behind, with just 59% ever having left or posted an online review. Half (51%) of Millennial review site users read reviews at least once a week, yet just 1 in 5 (20%) leave or post reviews with the same frequency.

When they do not post reviews, Millennials tend to act promptly, most commonly leaving a review within 24 hours of completion of the service (67%). They're primarily motivated by altruistic reasons, with 3 in 4 (73%) leaving an online review to help future consumers, compared with just 2 in 5 (42%) motivated to post by a negative experience. Millennials are significantly more likely than their older counterparts to be confident that they can spot a fake online review (55%; cf. Gen X 43%, Baby Boomers 38%), and are also more likely to trust an online review website/app if it has high engagements on reviews (i.e. comments, views etc.) (42%; cf. Gen X 30%, Baby Boomers 29%).

76%
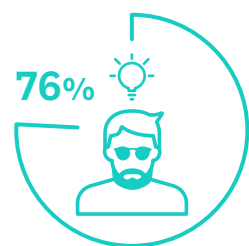
Three-quarters of Millennials use online review websites and apps to research before making a decision to buy

59%

Only 59% of Millennials have left or posted an online review

73%

3 in 4 (73%) online reviews by Millennials are intended to help future consumers

THE APATHY GAP FOR POSTING REVIEWS

With over 4 in 5 (83%) Millennials understanding that local small businesses rely on reviews as a means of promotion, and 72% leaving reviews to positively impact the service provider in some way, it's clear the younger generation wants to help.

Millennial review site users are significantly more likely to agree that more reviews would improve the quality of review sites (90%; cf. Gen X 78%, Baby Boomers 79%), yet a quarter (27%) of Millennials admit to only reading online reviews but not posting.

But what's gone wrong? The main barrier seems to be complacency with more than 2 in 5 (43%) Millennials admitting that they don't post reviews because they can't be bothered. Yet 93% of those who do not post reviews do so for selfless reasons, so Millennials make the effort, it's for altruistic reasons.

Other barriers to leaving reviews include the length of the process, with 18% believing it takes too much time. This doesn't seem to be cause for concern though for the one-third (33%) of Millennials who post their reviews within 2 hours of the completion of the service (and 6% do so while they're still in the establishment or while the service provider is still in their home).

14% of Millennials shy away from posting more online reviews because they don't know what to include in their review. However, frequent review users (those who read reviews at least once a week) can point them in the right direction; listing their top tips on what makes the most helpful type of review:

1. Has a general overview of experiences (54%)

2. Contains constructive criticism (53%)

3. Focuses on specific aspects of their experience (48%)

4. Strong attention to detail (46%)

These barriers to leaving reviews can be circumvented. Encouraging Millennials to leave reviews through a mobile site or the True Local app appeals to their complacency by making the process easier and more convenient. Similarly, highlighting the importance of reviewing, especially individual opinion, can also motivate Millennials to review more frequently.

Reasons Millennials don't leave reviews:

43% **Can't be bothered**

18% **Takes too long**

14% **Don't know what to include**

IMPLICATIONS OF THE MILLENNIAL APPETITE FOR ONLINE REVIEWS

As active users of social media and online review sites, Millennials are an influential demographic when it comes to generating online reviews.

The Millennial market provides a huge opportunity for businesses to cement their digital reputation.

True Local encourages businesses to actively encourage and incentivise Millennial customers to leave reviews, which in turn could make a significant impact on their existing reputation.

5

HOW REGIONAL BUSINESSES ARE MANAGING ONLINE REPUTATIONS

REGIONAL USAGE OF ONLINE REVIEWS

Businesses run by regional business owners/managers are typically smaller than their metropolitan counterparts, so perhaps it's no surprise that 3 in 4 (74%) have no formal policies in place to safeguard the company's reputation on online review sites.

It is apparent regional business owners/managers may not fully appreciate the impact online review websites/apps can have on their business. 2 in 5 (41%) do not do anything to encourage reviews (compared with a third of their metropolitan counterparts), and the same proportion (39%) of businesses run by a regional owner/ manager do not read or reply to the online reviews they do receive.

More than a quarter (28%) of regional owners/managers don't use any online review websites/ apps for their business at all.

While only a quarter (24%) of regional owners/managers have had someone reply to reviews in order to encourage more reviews, they are less likely to have had their businesses reviewed compared to those in urban areas (58%; cf. capital cities 69%).

56%

Half of regional Australians use online reviews to help them judge the reliability of a small business

REGIONAL PERCEPTIONS OF ONLINE REVIEWS

A third (34%) of consumer review site users in regional Australia believe a local small business should have good online reviews in order that they be trusted enough to be used. This sentiment is echoed by a quarter (27%) of regionally-based business owner/ managers, yet less than 1 in 10 (4%) actually invest any energy, time or funds into securing online reviews. This represents an investment gap of 23%.

It is important for businesses to be aware that more than half (56%) of regional Australians do look to online reviews when considering how trustworthy a local small business is, and 3 in 4 (76%) use online reviews in one form or another, with 1 in 5 (21%) regional Australian review site users increasing their use of online review sites and apps over the last 12 months.

IMPLICATIONS OF HOW REGIONAL BUSINESSES ARE MANAGING ONLINE REVIEWS

Regional business owners and managers are missing an opportunity to generate positive awareness around their business because they are not investing in online reviews.

No matter the location or size of your business, online reviews are a useful and cost-effective tool to build your reputation locally and generate business in the vicinity.

6

SMBS AND UNFAVOURABLE REVIEWS
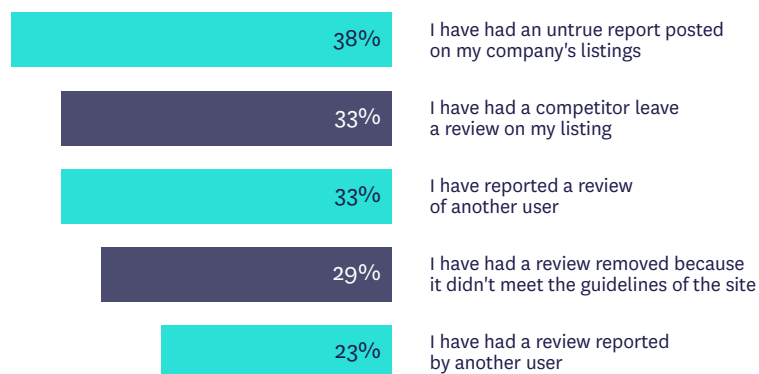
BUSINESSES AND UNFAVOURABLE REVIEWS

38% of Australian businesses have experienced something unfavourable on an online review site. Amongst those who have, the mostly common is a fake post on their company's listing (38%) and a competitor leaving a review on their listing (33%).

Business owner/managers in capital cities are more likely to have experienced something unfavourable on an online review site (42%; cf. regional Australia 26%), as well as those in Victoria (50%; cf. national average 38%). Amongst those who have had an unfavourable online experience, those in capital cities are more likely to have had a review being removed as it didn't meet the guidelines of the site (32%; cf. national average 29%).

Medium-sized businesses are the most likely to have experienced something unfavourable on an online review site (64%; cf. sole trader 9%, small business 53%), amongst which having an untrue report posted on their listing is most common (46%). Amongst more than half (53%) of small businesses who have experienced something unfavourable on an online review site, a third (35%) have had a competitor leave a review on their listing (cf. medium businesses 20%) and the same proportion have had an untrue report posted on their listing (34%).

38%
of Australian businesses have had a negative experience on an online review site

Figure 6.1
Unfavourable review breakdown

38%	I have had an untrue report posted on my company's listings
33%	I have had a competitor leave a review on my listing
33%	I have reported a review of another user
29%	I have had a review removed because it didn't meet the guidelines of the site
23%	I have had a review reported by another user

B8. Have you ever had any of the following happen to you as a business owner/manager?
Base: Australian Businesses *Filtered to those who have had an unfavourable online experience (n=126)

IMPACT OF ONLINE REVIEW MANAGEMENT ON NEGATIVE POSTS

While negative reviews may be frustrating to, they affect many businesses. 1 in 5 (20%) of all businesses, and 3 in 10 (30%) reviewed businesses, have received a negative online review. Though confronting if managed appropriately, they can provide an opportunity for the business.

Three-quarters (76%) of review site users believe a mix of positive and negative reviews isn't a bad thing. In fact, a quarter (26%) of review site users wouldn't think twice about using a business, even after reading a negative review. Consumers are more interested in how a business reacts to the feedback; 9 in 10 consumers (89%) feel more positively about a business that responds to negative reviews and tries to provide a resolution.

Amongst those businesses that have received a negative review, 4 in 5 (80%) have replied to their reviews, most commonly in the form of an explanation (52%) or an apology (41%). Over half have taken the criticism and made changes to their business (53%).

While the majority take a positive approach to dealing with negative reviews, there are some that don't deal with them constructively, either denying (15%), ignoring (15%) or even deleting the review (8%). The latter sits the most uncomfortably with consumers, with 85% not liking the thought of negative reviews being screened out or deleted by businesses.

9 in 10 (89%)
consumers feel more positively about a business that responds to negative reviews and tries to resolve their problem

Figure 6.2
Attitudes towards online reviews

- Strongly Agree
- Slightly Agree
- Slightly Disagree
- Strongly Disagree
- N/A

2%   3%

16%

18%

60%
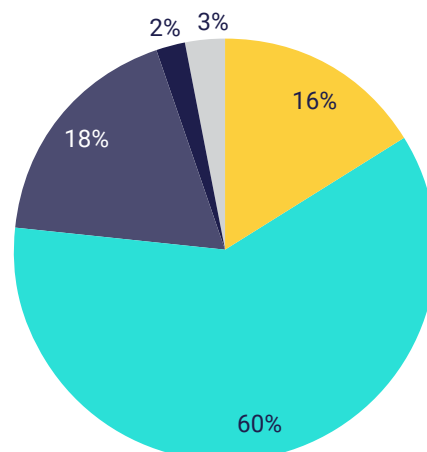
Total Agree
70%

Q4&5. Thinking about online reviews of businesses, to what extent do you agree or disagree with the following statements? Base: Australian 18+ *Filtered to review site users (n=857)

Figure 6.3
Customer opinions about negative reviews

			TOTAL AGREE	
			2017	**2015**

I feel more positively about a business who responds to negative reviews and tries to resolve the problem

53% | 36% | 8% (3%)   **89%**   **93%**

I don't like the thought of negative reviews being screened out/deleted by businesses

52% | 33% | 8% (4%) (2%)   **85%**   **89%**

Reading a negative online review would make me think twice about using that business

16% | 49% | 23% | 9% (2%)   **66%**   **66%**

● Strongly Agree   ● Slightly Agree   ● Slightly Disagree   ● Strongly Disagree   ● N/A

Q16. To what extent do you agree or disagree with each of the following statements? Base: Australians 18+ (n=1,032)

Figure 6.4
SMB's responses to negative online reviews

- 53% Taken the criticism and made changes
- 52% Replied with an explanation
- 46% Trained staff further
- 41% Replied with an apology
- 24% Invited the patron to return and try the service again for free
- 15% Replied in denial
- 15% Ignored the review
- 8% Deleted the review / comment

B4. Which of the following have you or someone from your business ever done after receiving a negative online review?
Base: Australian Businesses *Filtered to businesses who have received a negative review (n=75)

THE IMPORTANCE OF AUTHENTIC ONLINE REVIEWS

While deleting negative reviews leaves a bitter taste in the mouth of the consumer, authenticity is paramount and 4 in 5 (79%) agree it is important for online review sites to screen out fake reviews. This has changed slightly from 2015 (87%) but the importance of the authenticity of online reviews still rates highly amongst consumers (83%; cf. 2015 88%).

Men are more likely to value and place greater importance on, sites screening out fake reviews (83%; cf. women 76%, strongly agree: men 50%; cf. women 41%), with women also showing a decrease in the importance of authenticity from 2015 (76%; cf. 2015 86%).

The age of the review site user impacts the importance of authenticity, with Millennials the most likely to value authenticity of online reviews (87%; cf. Gen X 84%, Baby Boomers 80%), and while the trend is consistent with 2015, the gap between the generations has increased.

State-wise, Western Australia is the only state that recorded an increase in the importance of authentic online reviews (89% in 2017, 86% in 2015). This figure fell in all other states and territories, most notably in Tasmania (74% in 2017, 87% in 2015).

79% of
consumers want fake reviews screened

BEING AWARE OF FAKE REVIEWS

What happens when a fake review slips through the net? In 2015, less than half (45%) of Australians were confident they could spot a fake review and this remains the same in 2017 (44%).

Across the country, Western Australians are most likely to lack confidence in this field (49%), followed by Queenslanders (47%).
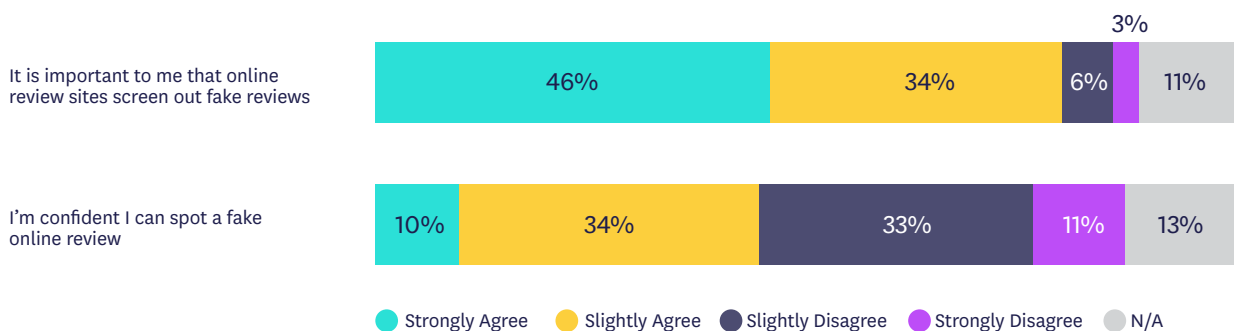
Practice and exposure make a difference as regular review site users (those who read reviews at least once a week) are more confident in spotting a fake review (58%), compared to those who read reviews less regularly (41%) and those who don't read reviews at all (20%).

Confidence in spotting fake online reviews has dropped significantly amongst Baby Boomers. In 2015, half (49%) of Baby Boomers were confident in their ability to spot a fake online review. This has fallen to 38% in 2017, while Millennials are the most likely to be confident in their ability to spot a fake online review (55%; cf. Gen X 43%, Baby Boomers 38%).

44% of
Australians believe they can spot a fake review

Figure 6.5
Attitudes towards fake reviews

	Strongly Agree	Slightly Agree	Slightly Disagree	Strongly Disagree	N/A
It is important to me that online review sites screen out fake reviews	46%	34%	6%	3%	11%
I'm confident I can spot a fake online review	10%	34%	33%	11%	13%

● Strongly Agree   ● Slightly Agree   ● Slightly Disagree   ● Strongly Disagree   ● N/A

Q16 & Q17. To what extent do you agree or disagree with each of the following statements?
Base: Australians 18+ (n=1,032)

UNDERSTANDING BUSINESSES CAN IMPROVE CREDIBILITY

Too much positivity can be a bad thing. Two-thirds (67%) of Australians doubt the credibility of businesses with only positive reviews (up from 65% in 2015).

Men question the credibility of businesses with only positive reviews (71%, cf. women 63%), and this has increased since 2015 (63%). It's noteworthy that the proportion of those who strongly agree has seen the largest increase, up from 14% in 2015 to 22% this year.
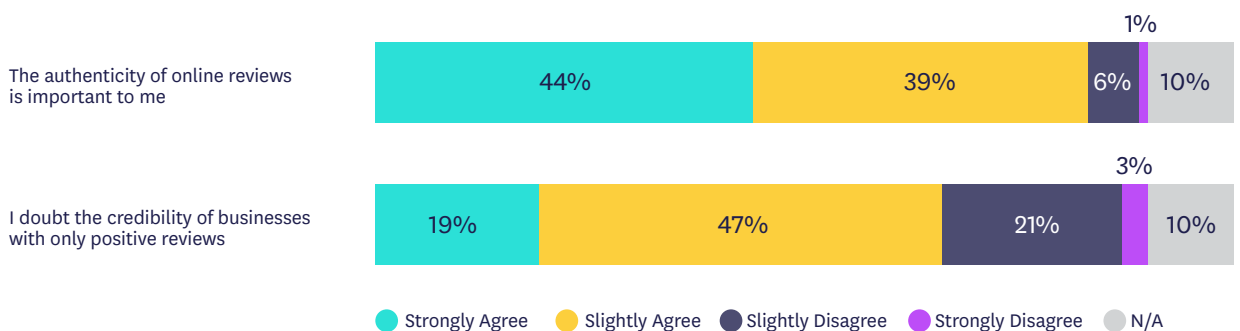
Older consumers are more likely than their younger counterparts to be cynical when a business has only positive reviews (Baby Boomers 72%; cf. Millennials 61%, Gen X 69%), which is consistent with the figures from 2015. However, the biggest increase in concern from 2015 across the generations is Gen X, seeing an increase from 62% to 69%.

Across the states, Western Australians are the most likely to doubt the credibility of businesses with only positive reviews (74%, up from 65% in 2015). Tasmanian consumers show a significant decrease since 2015, 67% down to 60%.

67% of consumers doubt a business's credibility when they only see positive reviews

Figure 6.6
Attitudes towards authenticity

The authenticity of online reviews is important to me: 44% Strongly Agree, 39% Slightly Agree, 6% Slightly Disagree, 1% Strongly Disagree, 10% N/A

I doubt the credibility of businesses with only positive reviews: 19% Strongly Agree, 47% Slightly Agree, 21% Slightly Disagree, 3% Strongly Disagree, 10% N/A

● Strongly Agree   ● Slightly Agree   ● Slightly Disagree   ● Strongly Disagree   ● N/A

Q16 & Q17. To what extent do you agree or disagree with each of the following statements?
Base: Australians 18+ (n=1,032)

POLICIES FOR
REVIEWING COMPETITORS

Australians perceive competing companies posting reviews about each other to be ethically dubious. The majority (69%) believe companies should not be able to post about their competitors on online review sites. Three-quarters (73%) of older Australians hold this view and are far more likely to be against it than their younger counterparts (cf. Millennials 58%, Gen X 68%).

Despite best practise laws, one third (31%) of consumers still believe companies should be able to post about their competitors on online review sites. 14% think companies should be able to post reviews about positive and negative experiences they have had with competitors, 9% think they should be able to only post positive reviews, and 8% think they should only able to post negative reviews.

Tasmanians are the most likely to believe that companies should be able to post reviews about their competitors online (41%; cf. national average 31%), and those in capital cities are also more likely to hold this view (34%; cf. regional Australia 28%).

The ACCC's Competition and Consumer Act 2010 strictly stipulates that fake or misleading reviews, and those relating to competitors are a breach of law, so businesses must ensure they adhere to regulations and are clear with their customers about honest and unbiased feedback.

69% of Australians believe companies should not be able to post about their competitors

Figure 6.7
Attitudes towards SMBs reviewing competitors online

- Yes, they should be able to post positive and negative reviews
- Yes, they should be able to post positive reviews only
- Yes, they should be able to post negative reviews only
- No, they should not be able to post any reviews

14%

9%

8%

69%
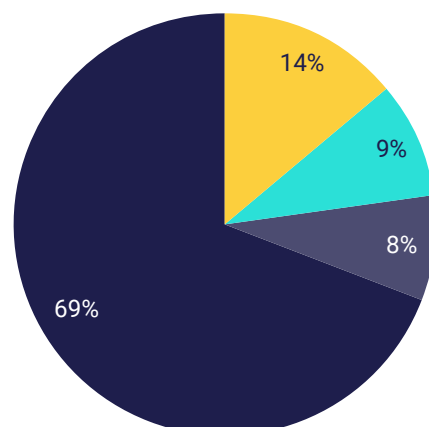
Q19. Do you think companies should be able to post about their competitors on online review sites? Base: Australians 18+ (n=1,032)

IMPLICATIONS OF SMBS AND UNFAVOURABLE REVIEWS

Consumers feel more favourably towards businesses who respond to reviews and acknowledge all feedback, positive and negative, businesses should set aside time to invest in this.

Authenticity is integral for online reviews. Businesses need to ensure they have strict policies in place for monitoring online reviews and ensuring they are credible.

Businesses shouldn't fear negative reviews as they help build credibility by showing both sides of the story.

Negative reviews should be acknowledged and rectified openly in a professional manner.

7

ONLINE REVIEWS AND REPUTATION MANAGEMENT

HOW BUSINESSES ARE MANAGING ONLINE REPUTATIONS

E-commerce platforms are evolving and so too are the ways businesses reach, convert and engage with consumers. Consumers are using the internet as a stage to share their experiences and opinions about businesses with the wider community and, in turn, influencing others purchasing decisions.

Managing online reviews is becoming paramount for the success of small businesses and an integral part of reputation management and traffic generation.

With an increasing awareness of the effect online reviews have on a company's reputation, almost half (47%) of businesses have formal policies in place to safeguard their reputation on online review sites. This policy formalisation is primarily driven by larger organisations, with 92% of large and 71% of medium-sized businesses having at least one policy in place. Small businesses aren't too far behind, with 63% formalising their reputation management policies but just 15% of sole traders have a formal online review policy.

Most commonly, businesses have a policy preventing fake online reviews (18%) and/or a policy protecting the identity of patrons and customers (16%). Medium-sized businesses are more likely to have a 'must reply' policy (30%; cf. sole trader 6%, small business 12%), and a training program about how to deal with negative online reviews online (21%; cf. sole trader 4%).

47% of **businesses have formal policies in place to safeguard their reputation**

The larger the business, the more likely they are to have a policy in place to safeguard their reputation online
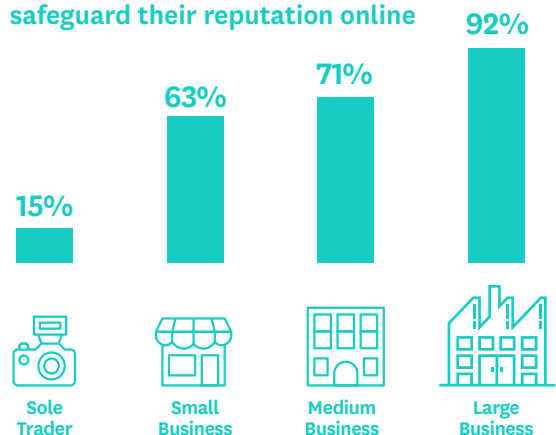
|			
15%	**63%**	**71%**	**92%**
Sole Trader	Small Business	Medium Business	Large Business

B13 Does the company you own/manage have any of the following formal policies to safeguard the companies' reputation on online review sites? Base: Australian Businesses (n=300)

BUSINESS PERCEPTIONS OF ONLINE REVIEW PERFORMANCE

Policy or no policy, the majority (80%) of businesses are happy with the online review performance of their business, this is even higher amongst reviewed businesses (90%). Business owner/managers in regional Australia (85%) are more likely than those in capital cities (79%) to be happy with their business' online review performance, especially so if their business's has been reviewed (98%; cf. capital city 88%).

More than half (53%) of business owner/managers are happy and do everything they can to make sure their online review performance stays positive. Just over 1 in 4 (28%) is happy with the performance but note they could do more to improve it. This is highest amongst small businesses where a third (34%), despite being happy, note they could improve their online performance (cf. sole trader 16%, medium business 28%).

Figure 7.3
Business satisfaction with their online review performance
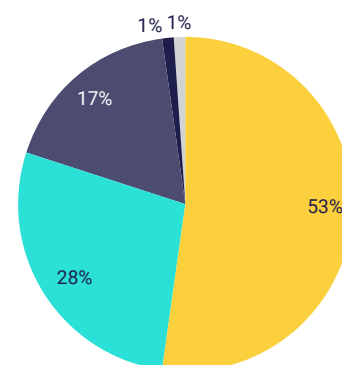
Total Happy

81%

(90% among those who have received reviews)

- I am happy with the performance, and I do everything I can to make sure it stays positive
- I am happy with the performance, but I could do more improve it
- The review performance is not something I think about
- I am unhappy with the performance and am trying to improve it
- I am unhappy with the performance, but there is nothing I can do to improve it (i.e. there are barriers)

B7. Thinking about the online review performance of your business, which of the following applies to the business you own or manage? Base: Australian Businesses (n=300)

Figure 7.2
Formal policies introduced by SMBs to safeguard their reputation

16%	A policy protecting the identity of patrons/customers
13%	A policy that prevents employees from reviewing their employer/their own company online
11%	A 'must reply' policy
18%	A policy preventing fake reviews
15%	A training program about how to deal with negative online reviews online
14%	A policy outlining the response timeframe
11%	A policy against reviewing competitors online
53%	N/A – The company has no formal policies in place

Q20. Does the company you work for have any of the following formal policies to safeguard the company's reputation on online review sites? Base: Australian Workers (n=497) B13. Does the company you own/manage have any of the following formal policies to safeguard the company's reputation on online review sites?
*Filtered to business owner/managers (n=300)

ENCOURAGING BUSINESS REVIEWS

Perception is everything, especially as the evolution of the internet has created fewer touch points for businesses to directly interact with the consumer prior to a decision being made. Encouraging feedback and responding to these reviews, positive and negative, are crucial to building a positive online reputation.

More than half (56%) of businesses have done at least one thing to encourage more customer reviews, predominantly in the form of replying to reviews (27%) and thanking reviewers for leaving positive reviews (23%). Only 17% of business owners and managers are proactively requesting reviews with the most in Victoria (27%).

More than half (56%) of Australian businesses are actively encouraging customer reviews

Figure 7.4
Ways SMBs encourage positive business reviews

27%	Reply to reviews
23%	Thank reviewers for positive reviews
17%	Ask for reviews
17%	Apologise for negative reviews
14%	Promotional material so customers know they can review
12%	Reward reviews
12%	Ask friends and family to review
9%	None of the above
34%	N/A – I do not do anything to encourage reviews

B10. Do you or have you or someone in your business ever done any of the following to encourage customers' reviews? Base: Australian Businesses (n=300)
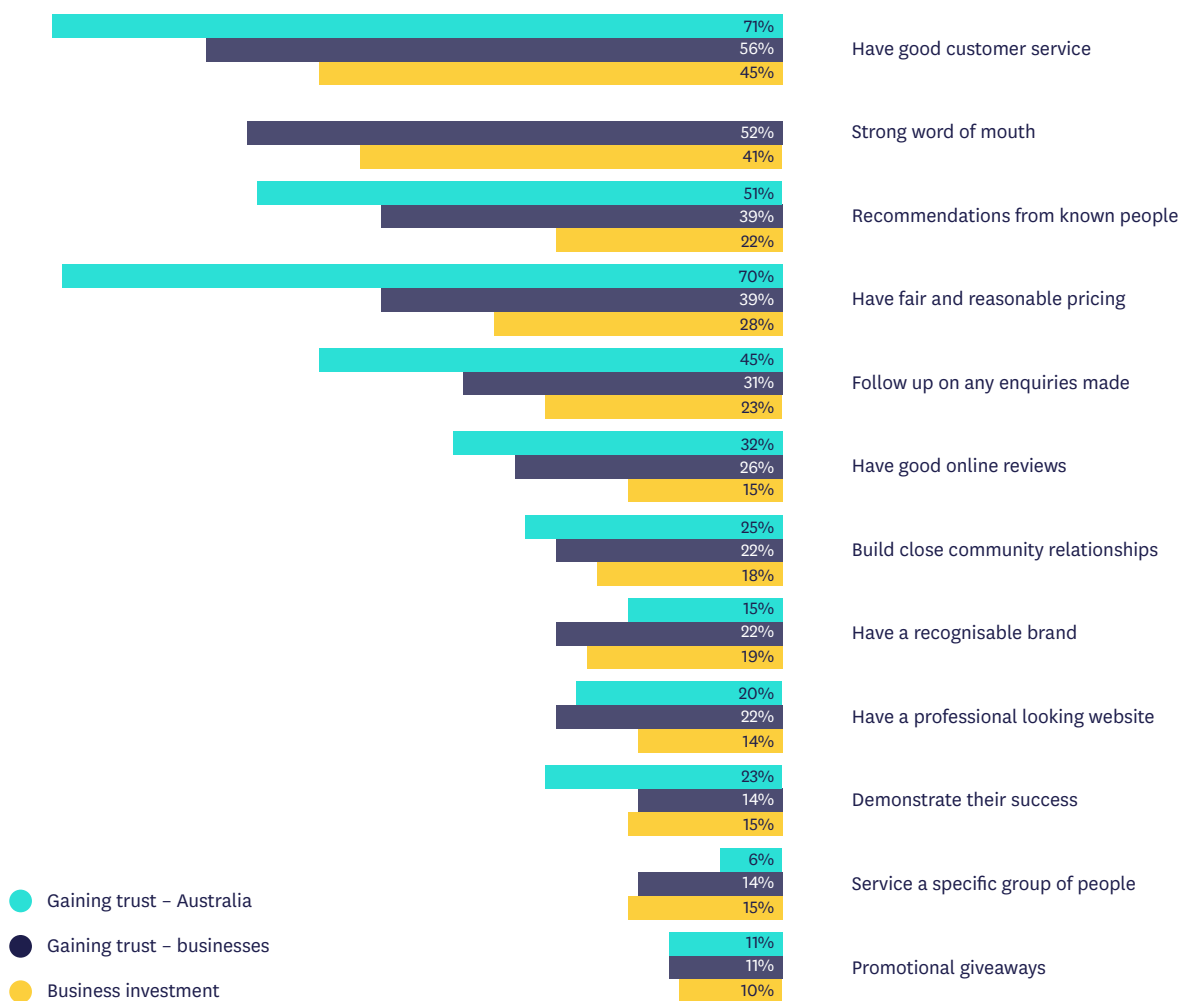
INVESTING IN CUSTOMER TRUST

The three most influential factors business owners and managers believe builds trust in consumers are; good customer service (56%), strong word of mouth (52%) and recommendations (39%) – all of which can be enhanced or replicated by a good online review platform.

Business owner/managers tend to underestimate the impact of fair and reasonable pricing (gap of 31%), good customer service (gap of 15%) and following up on enquiries (gap of 14%) – all of which can impact customer satisfaction and review performance.

While business owner/managers have a reasonable understanding of what encourages trust in consumers, there is a gap in where they spend their time, energy and financial investment. The positive impact of recommendations is relatively well understood by businesses, yet just 22% invest in that aspect of trust improvement (a gap of 17%). Having positive online reviews are similarly well valued, though just 15% invest in this area of their business (a gap of 11%).

Amongst sole traders, the investment gap in recommendations is 23% and focusing on positive online reviews suffers a 16% investment gap. Small businesses fare a little better, with a 14% investment gap in recommendations and 8% gap in online reviews.

Figure 7.5
Ways SMBs can earn trust vs business investment

71% / 56% / 45%	Have good customer service
52% / 41%	Strong word of mouth
51% / 39% / 22%	Recommendations from known people
70% / 39% / 28%	Have fair and reasonable pricing
45% / 31% / 23%	Follow up on any enquiries made
32% / 26% / 15%	Have good online reviews
25% / 22% / 18%	Build close community relationships
15% / 22% / 19%	Have a recognisable brand
20% / 22% / 14%	Have a professional looking website
23% / 14% / 15%	Demonstrate their success
6% / 14% / 15%	Service a specific group of people
11% / 11% / 10%	Promotional giveaways

- ● Gaining trust – Australia
- ● Gaining trust – businesses
- ● Business investment

Q15. What would a local small business have to do for you to trust them enough to use them? Base: Australians 18+ (n=1,032) // B11a. What do you believe helps potential customers trust you enough to use your business? B11b. And which do you actually invest in (energy, time and/or money) the most? Base: Australian Businesses (n=300)

IMPLICATIONS OF ONLINE REVIEWS AND REPUTATION MANAGEMENT

Online review management is important to maintain a business' reputation and a key way to drive customer growth.

Businesses should assess their formal review policies, such as response timeframes, policies on fake reviews and staff training on how to deal with online criticism. These are crucial to help build online reputations and True Local actively encourages businesses to ensure these are implemented and reviews monitored closely.

More businesses should thank consumers for their review; it's a simple yet effective way to build trust and retain business.

Australians value reviews and recommendations to make trusted purchase decisions – more so than the appearance of a website, or having a recognisable brand. By investing in reviews, businesses can earn consumer trust and drive their customer base.

TRUE LOCAL

ABOUT TRUE LOCAL

True Local is the go-to trusted platform for personal and genuine ratings and reviews on over one million local businesses, from restaurants to hair salons, tradies to accountants. Used by millions every month, True Local has helped Australians discover and experience all things local, since 2006.

True Local attracts an average of 3.1 million unique visitors a month, carrying out 1.6 million searches across Australia.*

*Based on average site data each month over the FY15/16 period

www.truelocal.com.au/blog/report