



Impact of online reviews on multi-location businesses

- 2023 Data Report



Table of contents

Table of Contents

Introduction	1
Key findings	2
Frequency of purchase from multi-location businesses	3
Do consumers expect their spending to change in the next 6 months?	4
Popular Local Business Searches	5
How are consumers finding local products and services?	6
Impact of online reputation on multi-location local businesses	7
Number of online reviews required for a consumer to form an opinion	9
How do consumers respond to customer experiences delivered by local businesses?	10
Summary	12
Survey methodology	12

Introduction

Online reviews have become a powerful tool that consumers rely on when making purchase decisions. From choosing a restaurant for dinner to selecting a reliable contractor for home repairs, consumers increasingly turn to online reviews to gather insights and assess the reputation of local businesses. The influence of [online reviews](#) on consumer behavior cannot be underestimated, as they have the potential to sway purchase decisions and shape the success or failure of a local business.

This data report explores the significance of online reviews in consumer decision-making processes and sheds light on how the reputation of a multi-location business impacts its selection in local markets. By understanding these dynamics, businesses can strategically manage their online presence and cultivate positive customer experiences that drive growth and loyalty.

Key Findings

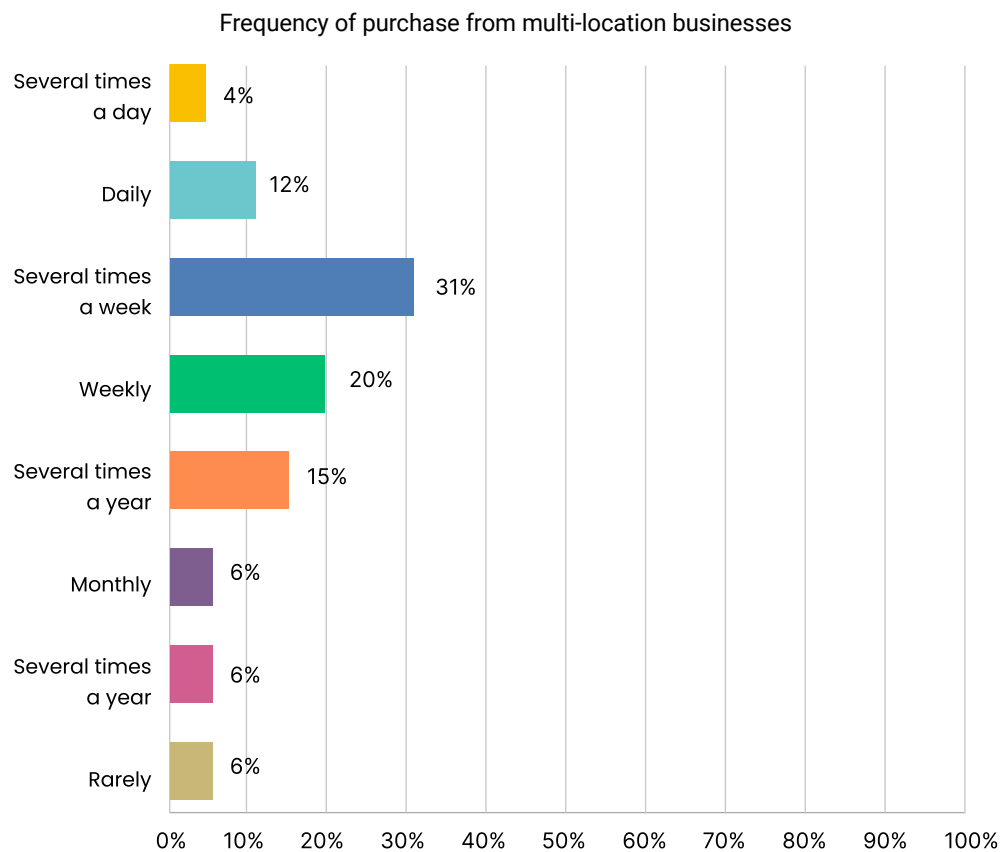
- 51% of consumers purchase products or services from multi-location businesses with a local presence at least once a week
- The top 3 channels influencing the research options for evaluating local businesses are - **'Friends and family,' 'Search engines' and 'Customer review sites.'**
- 68% of the time, consumers check online reviews before engaging with a local business
- 85% of consumers decided against a multi-location business with a local presence after reading a negative review

Frequency of purchase from multi-location businesses

How often are consumers shopping local?

The survey unveiled an encouraging trend: 67% of consumers purchased products or services from local businesses at least once a week.

Supporting local businesses fosters economic growth and ensures personalized service. However, consumers today seek not just local but the best local options, making a company's **online reputation** crucial. For multi-location businesses, being the top choice in every location, enhanced by robust online reviews, can amplify the return on investment (ROI).



Projected Local Spending

Do consumers expect their spending to change in the next 6 months?

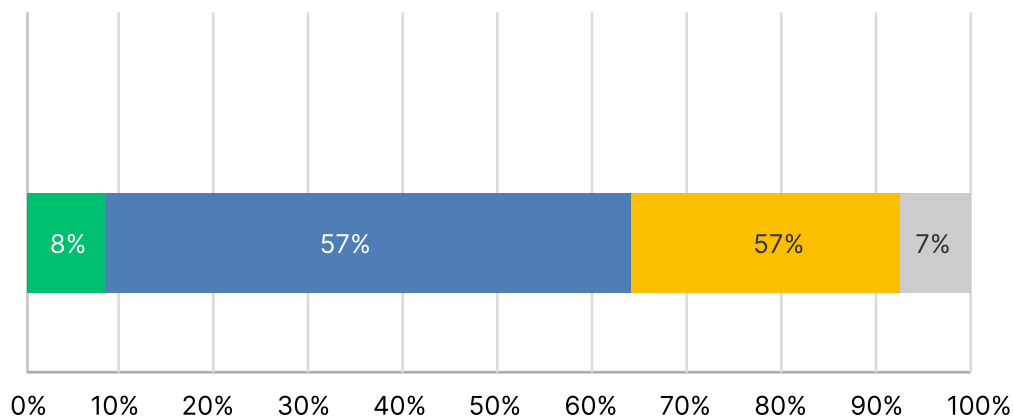
While the rate at which consumers shop with local businesses is healthy today, we wanted to understand if they expected to change how they shopped in the next six months, given the state of the current economy.


To our surprise, the survey showed that 57% of consumers predicted their spending would remain the same, and 8% even said they plan to spend more than they do today.


In a nutshell, 65% of respondents plan to spend more or about the same as they do today on local businesses





Projected local spending



 I plan to spend more than I do today

 I plan to spend less than I do today

 I plan to spend about the same as I do today

 Not sure

Popular Local Business Searches

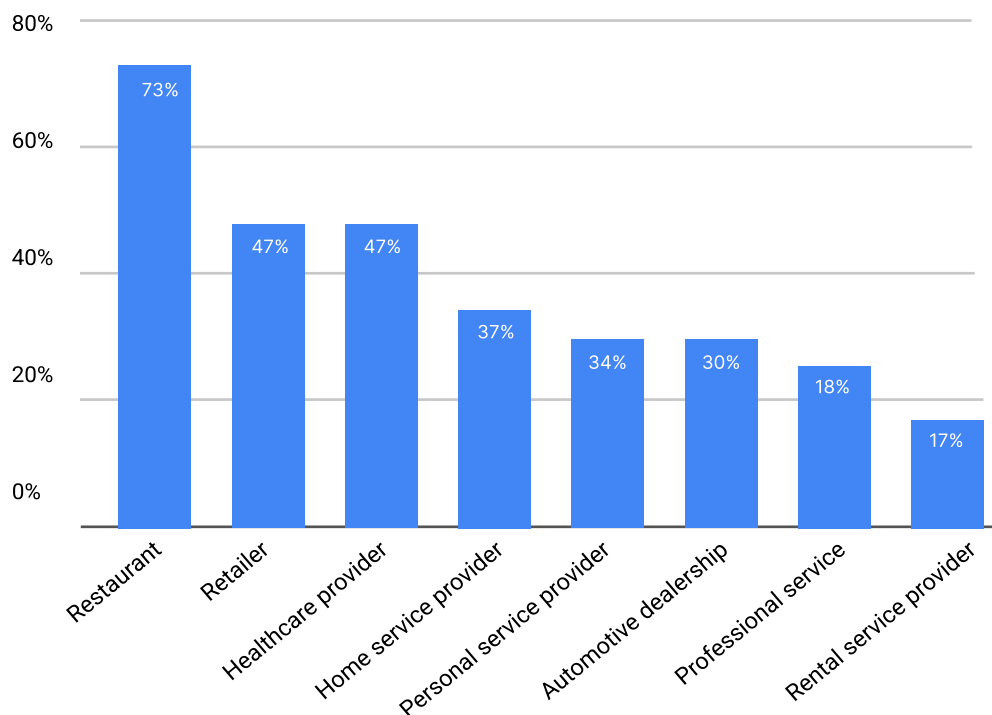
What type of local businesses are consumers looking for?

Consumers research a wide range of local businesses online. The type of businesses they research can vary depending on their specific needs, preferences, and the nature of the product or service they seek.

Typically consumer preferences and behaviors may vary based on location, culture, and individual needs. Interestingly we saw a uniform trend across all demographics. 73% of respondents claim to have **searched for local restaurants** in the last 12 months. This was followed by 47% of consumers searching for local retailers or healthcare providers.



Local Business Search by Consumers



Research Process

How are consumers finding local products and services?

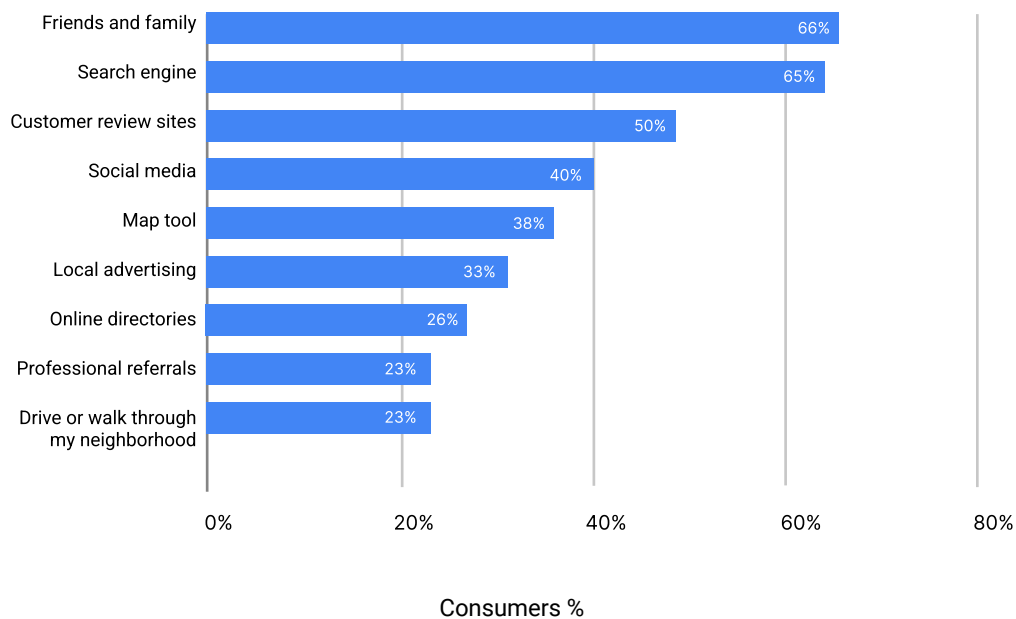
How people discover and choose local businesses, even locations of multi-location businesses, has significantly transformed. Various influencers, such as search engines, online reviews, social media recommendations, and **word-of-mouth**, shape consumers' online search behaviors.

Each of these influencers impact consumers' online search behavior, helping them find, evaluate, and make informed decisions about local products and services.

The top 3 channels influencing the research options for evaluating local businesses are – 'Friends and family,' 'Search engines' and 'Customer review sites.'

The survey findings highlight the significant impact of these channels, rooted in the trustworthiness of personal recommendations, the unparalleled accessibility and convenience of online search engines, and the undeniable role of social proof and reputation management provided by customer review sites.

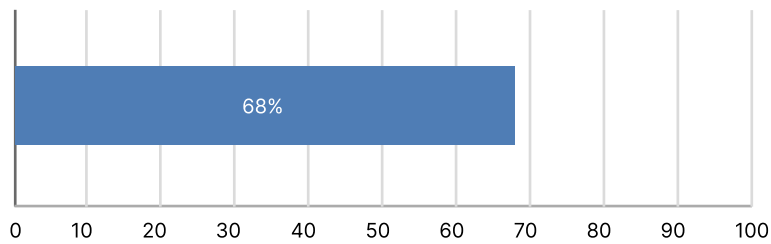
Influencers of Local Business Searches



Frequency of Research

How frequently do consumers research reputation before selecting a local business?

When in the market for a local business or service, consumers are highly likely to research online first. Respondents said that they research online 68% of the time before making a purchase.



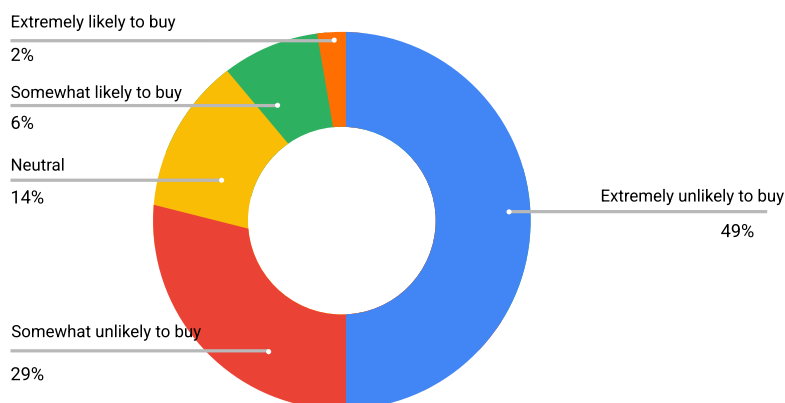
Impact of Reputation

Does reputation affect consumer choices?

78% of survey respondents claimed they were unlikely to select a local business or service provider with a poor online reputation.

Consumers like supporting local businesses for the personal touch and to help the community. However, a bad online reputation can seriously hurt these businesses. Online reviews and ratings play a significant role in what customers think and buy. For businesses with many locations, the negative reputation of a few locations can impact not just the revenue of those locations but also the entire company.

How likely are you to select a local business or service provider that has a poor online reputation



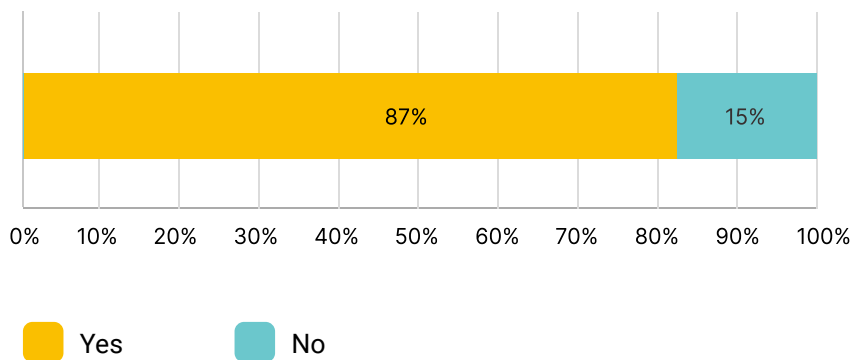
Do negative reviews influence consumer choices?

Negative reviews impact consumers by eroding trust, influencing decision-making, questioning the value, providing social proof, raising concerns about the customer experience, and damaging a business's reputation.

The survey confirmed this behavior. 85% of respondents confirmed that they decided to refrain from using a local business or buying from them in the past 12 months if they had negative reviews.



Have you ever decided not to use a local business based on negative online review



It is important to note that while negative online reviews can significantly impact consumer behavior, businesses also have the opportunity to address and manage their online reputation. Engaging with customers, resolving issues, and actively seeking positive feedback can help multi-location local businesses regain consumer trust and mitigate the adverse effects of online reviews.

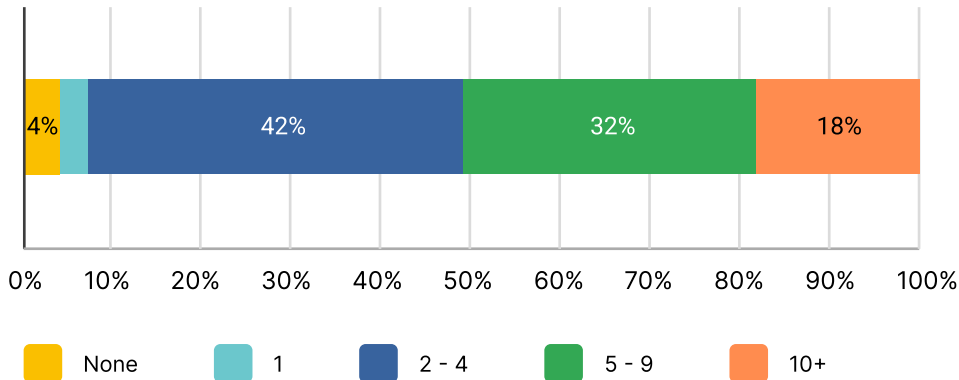
How many reviews does it take to form an opinion?

Generally, consumers prefer to see multiple reviews to get a more comprehensive and balanced understanding of a business, product, or service. Reading multiple reviews provides consumers with diverse perspectives, a balanced evaluation, reliable feedback, and confirmation of consistency, and it boosts **confidence in decision-making**.

The survey confirmed this trend, with 92% of respondents claiming to read at least 2 reviews before forming an opinion and a whopping 50% read 5 or more reviews!



How many reviews do you typically read to form an opinion about a business



By considering multiple reviews, consumers can make more informed choices, mitigate the influence of individual biases or outliers, and have a higher likelihood of aligning their expectations with the actual experience they will receive.

Impact of Customer Experience

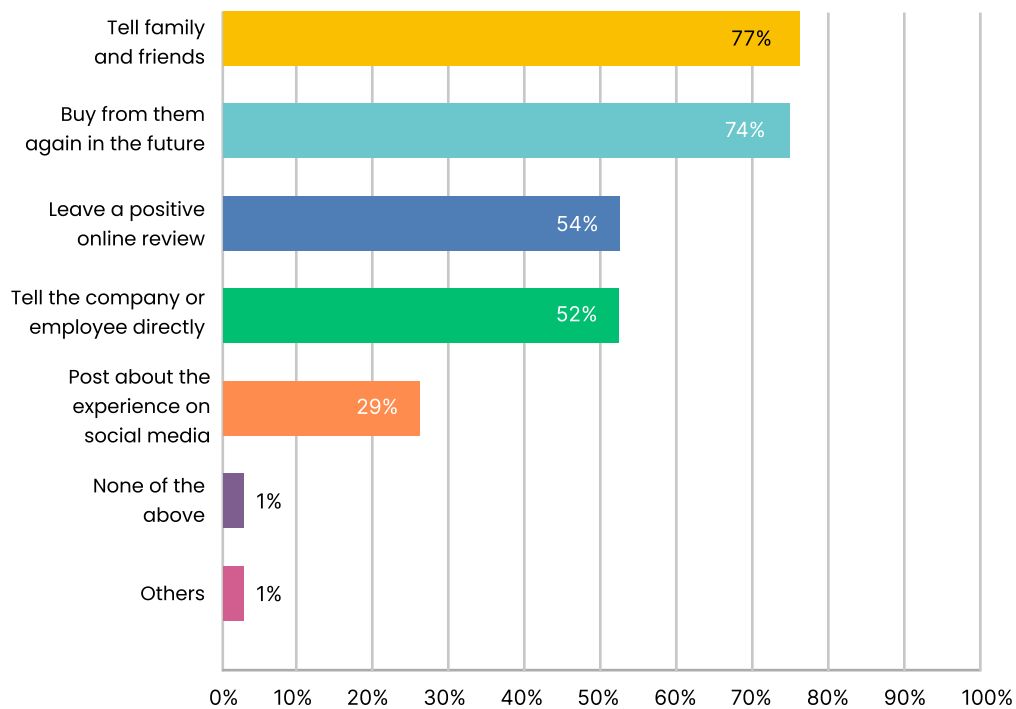
How do consumers respond to customer experiences delivered by multi-location local businesses?

When a local business delivers an AMAZING customer experience

Delivering a fantastic customer experience can result in positive reviews, recommendations, loyalty, reputation enhancement, **social media** promotion, and business growth.

The study suggests that 54% of customers show their appreciation for a great customer experience by leaving a positive online review. Positive online reputation and word-of-mouth have the power to influence both new and repeat purchases and are great drivers of ROI.

When a local business delivers an AMAZING customer experience, how do you typically respond

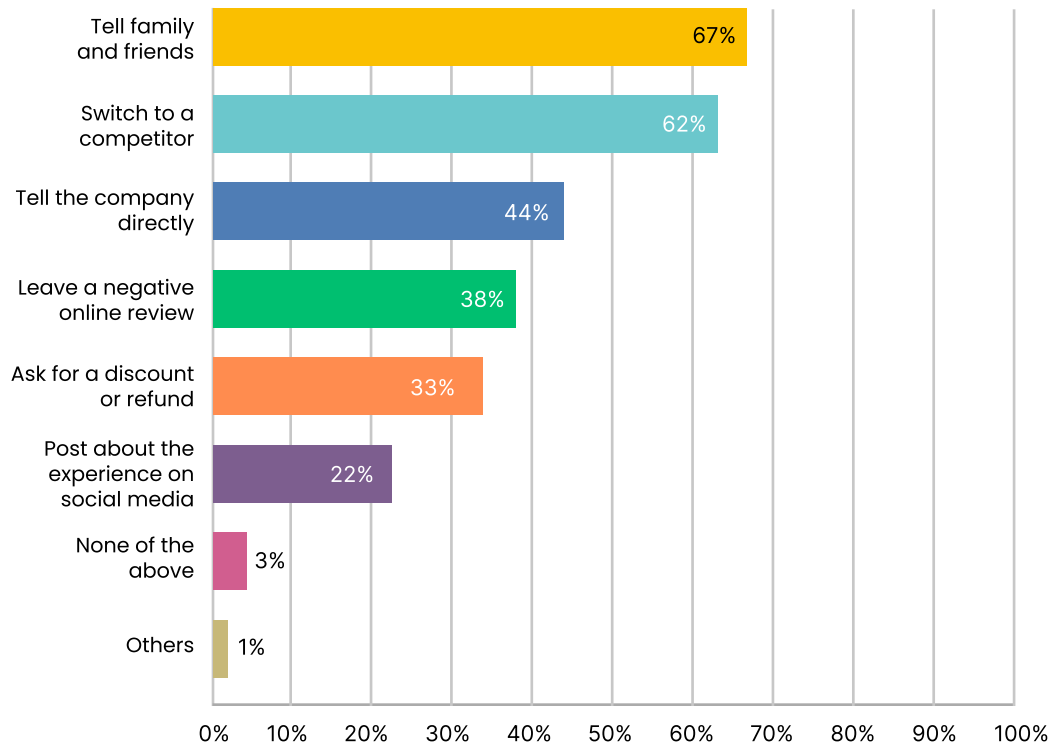


When a local business delivers a BAD customer experience

When a local business delivers a bad customer experience, consumers respond by leaving negative reviews, sharing their experiences through word-of-mouth, reducing loyalty, decreasing recommendations, voicing complaints on social media, and seeking compensation or resolution.

Unsurprisingly, 77% of consumers tell family and friends about their negative experiences, and 74% switch to a competitor. It was interesting to note that only 38% of the respondents left a negative review online when they were unhappy about their experience compared to 54% who would leave a review for a positive experience.

When a local business delivers a BAD customer experience, how do you typically respond



Different studies have suggested that consumers are more than happy to oblige a company when they request them to write a review. 6 or 7 out of 10 consumers actually write a review for the business when asked.

By not asking for customer reviews, the business may experience limited online presence, missed opportunities for improvement, reduced visibility and trust, an incomplete picture of customer satisfaction, and missed marketing opportunities.

Most local businesses strive hard to provide great experiences to their customers. In the off case where a customer is dissatisfied with the service, the chances that they may leave a negative review is low. Local businesses should proactively request feedback from their customers regularly to grow their online reviews and influence potential customers.

Summary

This data report highlights the significance of **reviews** for local businesses, emphasizing their role in surpassing competitors and establishing a solid presence. It emphasizes that while providing excellent customer experiences is essential, local businesses must also shine amidst fierce competition. To achieve this, reviews become a critical component.

The report underscores that consumers place high trust in the opinions of their friends, relatives, and fellow consumers. They rely on these reviews for reliable information, considering them more credible than company advertisements or press releases. Consequently, local businesses must maintain a continuous flow of recent reviews to thrive. Especially considering 65% of consumers plan to spend more or at least the same on local businesses in the next six months.

Addressing a common concern, the report reveals that businesses apprehensive about negative reviews often limit their review requests to a select few customers. However, this approach significantly restricts the overall number of reviews received. Interestingly, the study found that when asked for reviews, customers are more inclined to write positive reviews if their experience is satisfactory rather than leaving negative reviews for unsatisfactory experiences.

The report concludes by emphasizing the importance of ongoing feedback collection from customers as a critical factor for business success. By encouraging reviews and maintaining an active feedback loop, multi-location local businesses can garner positive reviews, enhance their reputation, and secure a competitive edge in the market.

Survey Methodology

A representative sample of 1,054 US-based consumers was used to conduct the 'Impact of online reviews on local businesses – 2023 data report' in May 2023. The survey was distributed online to an independent consumer panel via SurveyMonkey. No consumers under the age of 18 participated in this survey.



Want to manage your multi-location business reputation and succeed in local markets?

- Leverage customer feedback as your primary marketing channel
- Consolidate customer feedback into a single platform to glean insights per location
- Drive efficient revenue growth/increase ROI per location.

Watch demo

See pricing



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