

# Why Reputation Management Matters

A Churn Analysis on 100k+ SMBs



## Executive Summary

If you're looking for an effective way to retain your small and medium business (SMB) clients, set your eyes on their stars and their online reputation management!

We all know that a business's online reviews are vitaly important, but how reviews are managed may be even more critical. New Vendasta research shows that service providers who aim to improve their SMB clients' online reputation see better retention. But that's not all: It's in the way the provider manages a client's reputation that matters most.

Vendasta studied data from 130,000 SMBs using its reputation management product and uncovered new strategies for busting client churn. The research also supports some reputation management strategies you can use to help your SMB clients realize their own online success. Keep reading as we uncover new data that your agency and your clients can't afford to ignore, summarized by these four main takeaways:

1. Manage your clients' reputation with a trusted tool
2. Encourage Google My Business authentication
3. Reinforce the importance of review responses and utilize Marketing Strategists to assist your clients
4. Advocate for an established online presence to help increase Google My Business actions

*“The only thing more important than getting new customers?*

*Keeping the ones you have.”*

*(SaaS proverb)*

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## Why manage an SMB's online reputation?

First, a little context: Reputation Management has been Vendasta's top product for 10 years. In that time, we've had hundreds of thousands of businesses use it to manage their online reputations, plus many more using other products in our [Marketplace](#). Our research finds that SMBs who purchase Reputation Management had an increased retention rate of 57% compared to SMBs who didn't purchase the solution. The conclusion is simple: **Sell Reputation Management and retain SMB clients for longer.**



# 57%

*increased retention rate compared to SMBs who didn't purchase Reputation Management solution*

# How should you manage your clients' online reputation?

## 1. Authenticate Google My Business

We all know the importance of a business being found online. One of the most crucial places to display business information is through Google My Business (GMB). In the recent updates to our [churn study](#), we briefly outlined the difference in retention for SMBs that authenticated their GMB in our system. We found SMBs that connected their GMB saw a 68% increased retention rate after two years compared to SMBs who didn't connect their account. Thus, this simple action has significant benefits for your agency!



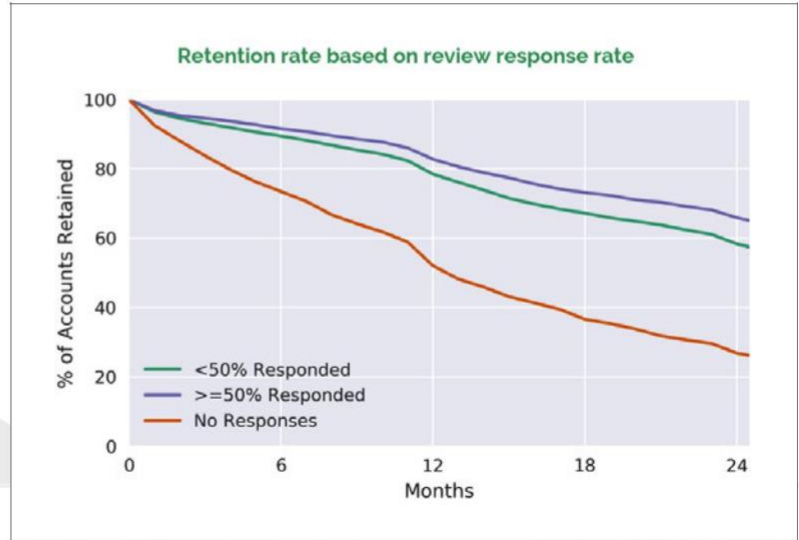
# 68%

*greater retention after two years with connected GMB accounts.*

## 2. Respond to customer reviews

A significant part of a reputation management strategy is responding to customer reviews. There's no denying the important effect it has on brand trust and loyalty. But, does this action have any effect on retaining an SMB as a client? In our research, we found that after two years, **if a partner's SMB responded to at least one review they had a 124% increased retention rate**. Thus, encourage your clients to respond to customer reviews and you could retain them for longer.

If responding to at least one review could result in such a high retention rate, we then wondered if the volume of review responses had an effect. It appears it does. Our data shows that **SMBs that responded to 50% or more of their reviews had a 66% retention rate with their agency** after two years. This is a 17% increased retention rate compared to SMBs that responded to fewer than half of the reviews they received.



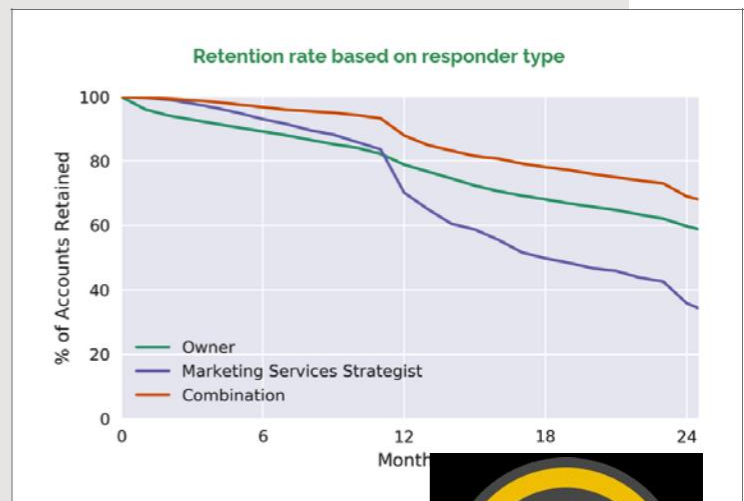
# 124%

*increased retention rate  
if a partner's SMB responded to  
at least one review*

## 3. Outsource to the review response experts

After establishing the importance of responding to reviews, we looked into whether the person responding had any effect on client retention. By investigating who the responder was, we found that **Vendasta partners who used a combination of both an SMB client and a Marketing Services Strategist to respond to reviews retained more of their clients**.

The owner and Marketing Services Strategists make the best combination for retention. As you look at the graph, you may be surprised by the low retention rate of businesses that solely rely on a Marketing Services Strategist to respond on their behalf. We were too—at first. But then it began to make sense: it's important for engagement and retention that an owner is involved in their reputation management even if an expert is involved in fulfillment. A key takeaway here: **Outsource the work to our team, under your brand and keep the business owner involved in the process.**





## What effect does online reputation management have on the SMB?

We've covered why online reputation management is important to your agency in regards to client retention, but what's in it for your SMB clients? The final part of our research uncovers the importance of generating and responding to reviews and star rating and how they can effect these Google My Business (GMB) actions:

- Website clicks
- Direction requests
- Phone calls

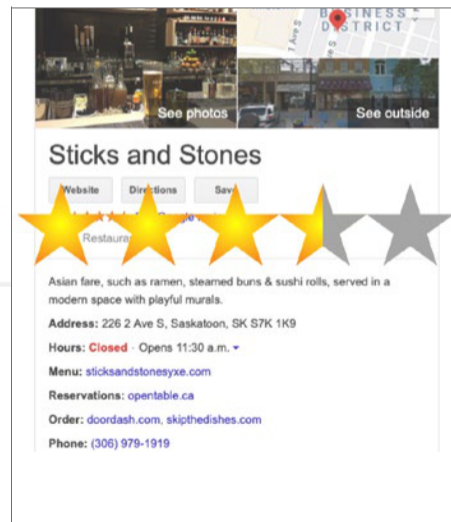
You'd be hard pressed to find someone who has never Googled a business and seen a Google knowledge panel. What is it about that panel of information that compels us to view the business's website, call them up, or request directions? Well, you're in luck, we were just as curious about this.

The screenshot shows a Google My Business knowledge panel for 'Sticks and Stones'. At the top, there are two images: a restaurant interior and a street view of the building. Below the images are buttons for 'See photos' and 'See outside'. The business name 'Sticks and Stones' is prominently displayed, followed by buttons for 'Website', 'Directions', and 'Save'. The rating is 4.5 stars with 562 Google reviews. The price range is \$\$\$ and the category is Restaurant. The description reads: 'Asian fare, such as ramen, steamed buns & sushi rolls, served in a modern space with playful murals.' The address is 226 2 Ave S, Saskatoon, SK S7K 1K9. The hours are Closed, with a note that it opens at 11:30 a.m. The menu is listed as sticksandstonesyxe.com, reservations as opentable.ca, and order options as doordash.com and skipthedishes.com. The phone number is (306) 979-1919.

## 1. Star rating and Google My Business actions

To answer this question, we looked into the 16,000 SMBs using our Reputation Management product that have their GMB authenticated in our system. They demonstrate they have a good grasp on their online presence since they use a reputation management tool and have taken the steps to create and/or claim a GMB listing.

We compared these businesses to each other to find out what makes one business's listing more attractive to potential customers over another. For one, a business's star rating affects its SERP ranking which could propel the listing to the top of Google search results. But does a higher star rating mean more clicks to a business's website? We compared SMBs that have a star rating of 3.5 or higher on Google to those that have a star rating less than 3.5. We found that SMBs with a higher star rating had an **average of 78 more website clicks** in a given month than those with a lower star rating. More stars equal more conversions.



## 2. Customer reviews and Google My Business actions

Along with star rating, customer reviews are a powerful entity on Google. Do more reviews compel a potential customer to take action on a business's GMB listing? We looked at how the number of Google reviews related to the number of GMB actions. In our research, we found a positive meaningful relationship between the number of Google reviews and the number of GMB actions. Meaning, **as the number of total reviews went up, so did the number of GMB actions, including phone calls, website visits, and requests for directions.** Ask for reviews and more GMB clicks are likely to follow!

To dig deeper, we looked at what GMB actions were more greatly affected as reviews increased, as well as what industries saw the greatest correlation. We observed that **reviews and website clicks had the strongest relationship of the three actions.** Consider how receiving more customer reviews could funnel more customers through to your website. As we analyzed specific verticals, we found that the strongest relationship between the number of reviews and GMB actions came from the **event services, auto, hotel, and travel industries.**

From the SMB's perspective, we were curious to know how responding to reviews impacts their business's success. Our assumptions were confirmed and we saw that **the more reviews an SMB responded to, the higher number of GMB actions they experienced.** If you ever doubted the power of review responses, doubt no more.







## Strategies for Success

Our study of 130,000 SMBs uncovered some important insights in regards to online reputation management:

- 1. Offer an online reputation management solution to assist your clients and retain them for longer*
- 2. Encourage your clients to set up and authenticate their Google My Business, enabling them to see how their business is performing online*
- 3. Keep your clients involved and engaged in their online reputation management, including performing key tasks*
- 4. Work alongside your clients to improve their star rating and advocate for generating and responding to reviews*
- 5. When put into action, these key takeaways will ensure that your agency continues to grow, while retaining your clients long into the future.*