

FURTHER INFORMATION

Content Marketing Institute: <https://contentmarketinginstitute.com/>



The power of persuasion

Gavin Mullins explains that “keeping it real” and marketing a business with reviews and user-generated content can yield significant results.

TEN SECOND SUMMARY

- 1 Content marketing can lead to increased sales.
- 2 Millennials in particular trust user-generated content from other customers.
- 3 Increasing the level of trust in a business can boost the value of its goodwill.



Gavin Mullins is the chief executive officer of Eooro.com and an expert in helping companies to benefit from user-generated content. Eooro.com is a platform that enables business owners to cost effectively collect “on-the-spot” reviews directly from their customers and very quickly build a strong online reputation and Google ranking. W: www.eooro.com

Traditional marketing has become less effective in recent years and the whole profession has undergone a complete transformation. Nowadays, consumers don’t tolerate being sold to, they want advice and a “relationship” with the brands they use. This is true regardless of whether those consumers are young or more mature in age, and whether that brand is focused on business-to-customer (B2C) or business -to-business (B2B) markets. It’s especially the case in “millennial heavy” industries such as travel, technology, fashion, health, wellbeing and food.

Instead of just pitching products or services as they would have in the old days, companies now need to balance their overt selling tactics with useful and relevant information, designed to help prospects and customers solve their issues. These consumers want to be educated, informed and entertained. Enter the world of content marketing.

Content marketing

Content marketing is everywhere and is defined by the Content Marketing Institute as “a strategic marketing approach, focused on creating and distributing valuable, relevant, and consistent content, to attract and retain a clearly defined audience and, ultimately, to drive profitable customer action.” Specifically, there are three key reasons — and benefits to be seen — for companies that adopt content marketing as a strategy: increased sales, greater cost savings (because content marketing is more efficient in generating conversions) and increased customer retention and loyalty. What’s not to like?

Of all the types of content used as part of the marketing mix, nothing is more important for achieving the aforementioned benefits than user-generated content (UGC). This is any content – social posts, tweets, forum comments, blogs, articles, white papers, images, videos, reviews, testimonials – that has been created and shared by consumers, without any commercial incentives to do so.

Although not relevant for the purposes of this article, which is focused on free UGC, it’s important to highlight that some brands do pay consumers to develop content. Here, for instance, influencer marketing with celebrities is a good example, but such relationships must be openly disclosed. And strictly speaking, it doesn’t qualify as UGC because of the commercial incentive.



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The best types of user-generated material are powerful specifically because it is simply a happy customer sharing their own stories of what they love about a product or service, with no strings attached.

A new generation

For brands targeting millennials in particular, UGC is especially important, because estimates suggest they can spend up to five hours a day engaging with such content. They also trust it highly – 50% more than other media. According to research published by *Social Media Today*, 84% of millennials report that UGC influences their buying decisions and 86% believe it to be a good indicator of brand quality.

Reviews are a particularly powerful example because they are useful in helping consumers to decide whether they should invest in a particular product or service. Online, they are becoming a modern-day equivalent of the “word of mouth” our parents would have relied on a mere ten or 15 years ago to filter out the best potential suppliers. Today, consumers can buy from niche businesses all over the world and this creates a huge opportunity for brands of all sizes to develop a strong profile and compete in specialist sectors.

Customer research

Industry research and my own direct experience from working with different business owners using customer reviews as a form of UGC, verifies the impact that it can have on sales and, in particular, new customer conversion rates.

Independent research by e-commerce specialists 3DCart, highlighted that 71% of all consumers said that customer reviews made them more comfortable about buying a product and 82% of consumers reported that reading user-generated reviews to obtain feedback from customers was extremely valuable. In total, 70% of their sample said they looked at reviews or ratings before making a purchasing decision, with at least 41% of consumers reading between four and seven reviews in their quest for product information.

This study also showed that reviews created a 74% increase to conversion rates and customers are swayed to buy from a company that has good reviews. The research used a wide range of ages within the sample and, given millennials’ appetite for UGC, the findings are even more pronounced for this audience group. These figures are also evident in the outcomes of a UGC marketing trial conducted with a small, independent business based in South London using online reviews – a flooring retailer targeting consumers, interior designers and property developers.

Over a 12-month period, they saw a 30% annual increase in sales turnover and a 70% improvement in new customer conversion rates. When they asked their new customers what influenced their buying decisions, it was the customer reviews that were considered to be making the real difference.

Connect customers with free advice

Intuit, the accounting software provider, is another example of a company benefiting from a generic UGC strategy, by connecting its target audiences (small business owners and accountants) with free expert advice. Its model is based on creating a trusted community of advisers and business owners. The advisers benefit from the free publicity on offer through the branded online community and a chance to prove their capabilities among the many small business owners. They, in turn, rely on the information resources available for advice and welcome the chance to make useful professional contacts. It’s a self-perpetuating form of marketing that gets stronger and more trusted over time.

At a time when more than 500 new startups are being launched each day in the UK, finding ways to differentiate a business brand and grow it rapidly is more important than ever. Customer endorsements and online reviews are a powerful way to achieve this and demonstrate that a brand has a strong reputation.

Apart from boosting conversion rates and sales revenues, the obvious customer goodwill communicated through a collection of positive reviews has another, much more long-term value. For many business owners, an exit in the form of a trade sale, management buyout or successful initial public offering (IPO) is their eventual goal. It’s the prize reward for many years of hard work and personal sacrifice. As all accountants will be aware, although valuing the tangible assets of a business is straightforward, goodwill – the value of brand, reputation and customer loyalty – is far more difficult to quantify. There are a variety of measures available to value a business, but a general gut instinct of how good a customer and fan base the entity has accrued should not be underestimated. It signifies the level of trust the business has built up among customers and other stakeholders and this, in turn, is a measure of potential future value in the form of repeat transactions.

A matter of trust

The rise in the importance of reviews and other forms of UGC is closely linked to another social trend, which is best described as a general “crisis of trust”. According to the *Trust Barometer* research report published annually by Edelman, trust in business has reached an all-time low. We live in an era characterised by mistrust and consumers have become cynical about the wider motives of big brands and traditional influencers. Who can blame them? They must now distinguish between real and fake news, fake influencers with an agenda and fake endorsements from celebrities, some of whom receive huge sums in return for endorsing brands. In response, consumers prefer to trust their peers and fellow consumers – people “just like them” – who are sharing photos, tips and free advice online. Hence the power of UGC, which is perceived as agenda free and authentic. For any business, having customers willing to go on record and share their experiences is a very powerful form of advocacy.