# THE INTERNET ADVENTURE: THE INFLUENCE OF ONLINE RATINGS ON A PROSPECT'S



**Exclusive Research Conducted for the 2016 NMHC OPTECH Conference** 





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# ABOUT J TURNER RESEARCH

## Insight. Empowerment. Advantage

J Turner Research exclusively serves the multifamily industry. We empower management companies with customer insights and a fully integrated online reputation management platform to advance their business—enhance resident satisfaction, increase closing ratios, and improve online reputation.

We extensively survey thousands of residents and prospects each month to offer actionable feedback to our clients. Our ORA™ Score (Online Reputation Assessment™) serves as the industry benchmark for measuring a property's online reputation. This score is based on monthly online reputation monitoring of more than 62,000 properties nationwide, across all review sites. Companies can not only monitor and benchmark their ORA™ Scores, but they can also manage and respond to online reviews all from one single platform.

As industry influencers, we have produced more than a dozen national research studies that unravel emerging trends, shifting demographics, industry best practices, and new market opportunities. Headquartered in Houston, we have been helping multifamily companies to advance their portfolios since 2003. Contact us at <a href="mailto:sales@jturnerresearch.com">sales@jturnerresearch.com</a>

For more information, visit <a href="http://www.jturnerresearch.com/">http://www.jturnerresearch.com/</a>





# **EXECUTIVE SUMMARY**

J Turner Research's previous national research indicates that for a majority of prospects online ratings and reviews, along with location and price, are among the first determining factors in looking for an apartment. As the front runners in online reputation management for the multifamily industry, we set out to further analyze the behavior of prospects as they use the Internet to search for an apartment and the role played by online ratings and reviews in shaping their research.

The Internet Adventure: The Influence of Online Ratings on a Prospect's Decision Making study is a groundbreaking research initiative that investigates the Internet journey prospects undertake to navigate their way to a property. Specifically, the purpose of this study is to assess how important is a property's online reputation in this process, how online ratings and reviews guide prospects at various stages of their apartment search, and what characteristics of online ratings and reviews matter most to them.

This study was undertaken as part of the panel presentation —*Illuminating Insights: New Research Shines Light on the Motivation and Behavior of Prospects and Renters* presented at the 2016 NMHC OPTECH Conference.

#### SCOPE OF THE STUDY

The Internet Adventure study offers clarity on the following aspects of prospects' behavior:

- What is the general approach prospects adopt to find an apartment?
- At what stage/s of their apartment search process do prospects utilize online and ratings and reviews?
- To what extent do online and ratings and reviews influence a prospect, either in their decision to tour a property or to lease at a property?
- What information about online ratings sites matters to prospects?
- What motivates prospects to click on a link while searching for an apartment?
- Do prospects choose to visit a property with a higher online reputation?
- Which ratings sites have the most impact on a prospect's decision to visit a property?
- How do prospects rank ratings sites based on the impact on their decision to rent at a property?

#### **DEMOGRAPHIC PROFILE**

This study drew participation from 2,715 prospects nationwide. The majority (65 percent) of the respondents were females, with 35 percent males. The average age of females was 36.98 and the average age of males was 37.34.

#### **KEY FINDINGS**

## Rise in use of online ratings and reviews

Increasingly, more prospects utilize online ratings and reviews at different stages of their decision making process. Overall, 83 percent of respondents indicated using online ratings and reviews in their apartment research. This is up six percent since 2015.



#### **Behavioral Classification of Prospects**

Prospects can be classified into three behavioral segments, based on when they use online ratings and reviews in their apartment research:

- i) Starters prospects that use online ratings and reviews at the beginning of their search.
- ii) Short Listers prospects that use ratings and reviews to shortlist apartments.
- iii) Enders prospects that use ratings and reviews when making a final decision.

## Effect of Ratings and Reviews

Overall, the effect of ratings and reviews is stronger on a prospect's decision to visit a property than to lease. Other factors such as the experience at the property, the interaction with the property staff, and the property tour most likely dilute the effect of ratings on leasing to a certain extent.

For Enders, ratings and reviews play a greater role in their decision to lease at a property.

## Star ratings, relevancy, and volume of reviews matter

Overall, the top two most influential characteristics of ratings and reviews in a prospect's decision making are star ratings and the relevancy of reviews to their likes and dislikes. The number of reviews is a close third.

Based on when prospects use ratings and reviews in their apartment research, they are influenced by different aspects of online ratings and reviews. While Starters and Short Listers lean more toward the star ratings and the number of reviews, the Enders are persuaded more by the content of the reviews. In this study, the content of reviews is defined as the relevancy of reviews to their likes and dislikes. Men are more interested in the "cliff notes" version, while women are more focused on the content of the reviews.

#### Internet search results

While searching for an apartment on Google, the positioning of a link rather than the brand name of the review site plays a decisive role. We found that prospects are most likely to click on the first organic search result followed by the first advertised listing.

#### Prospects are not contributing to the review funnel

The majority of respondents, 66 percent, indicated that they have <u>not posted</u> reviews online. However, there is a significant surge in the residents' willingness to post online reviews since 2012. The number of respondents who have reported posting online reviews has grown by 58 percent since 2012.

#### Impact of review sites on decision to visit

Google reviews have a strong influence on a prospect's decision to visit a property. However, in case of a property, where the star rating or the volume of reviews in Google reviews is very low, prospects are most



impacted by the ratings site with the highest volume of reviews. As indicated earlier, for prospects, number of reviews is among the top three most critical aspects of reviews.

### Impact of review sites on decision to rent - Google rules

In terms of impact of review sites on the prospects' decision to rent at a property, Google ratings and reviews outshines all other ratings sites.

Apartments.com, a relatively new entrant to the ratings and reviews game, is the number two most impactful site followed by ApartmentRatings.com at the third spot.

We have been analyzing the trust of review sites since 2012. In our 2012 national study, involving 41, 303 respondents, Yelp was the most trusted site, followed by Rent.com. ApartmentRatings.com was at the sixth spot. In our 2015 national study, involving 25,099 respondents, Google was the most trusted site, followed by Yelp, and ApartmentRatings.com ranked third.

#### A Good Online Reputation Matters

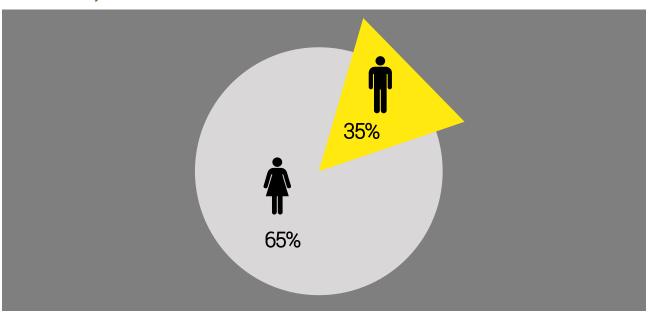
We presented the respondents with three sets of properties and asked them to select a property they would like to visit strictly based on ratings and reviews. Seventy percent of prospects decided to visit a property with a better online reputation. The online reputation of a property is measured by its individual ORA™ score.



# SAMPLE SIZE

## Number of Prospect Responses – 2,715

## Breakdown by Gender



# USAGE OF ONLINE RATINGS AND REVIEWS

Do you use online ratings and reviews in your effort to search for an apartment?

There is a considerable surge in the utilization of online ratings and reviews as a research tool by prospects. Overall, 83 percent of respondents indicated using online ratings and reviews in their effort to search for an apartment.

|          | ALL DATA | MALE | FEMALE |
|----------|----------|------|--------|
| Yes      | 83%      | 79%  | 85%    |
| No       | 15%      | 19%  | 13%    |
| Not Sure | 2%       | 3%   | 2%     |

The use of online ratings and reviews has grown 12 percent since 2012. In our 2012 study - <u>What do</u> <u>Residents Want: Trends in Resident Technology & Communication Preferences</u>, 74 percent of respondents indicated using online ratings and reviews.



#### The Apartment Search Process

When you know you are going to move to a new apartment, what is the general approach you take (and in what order) to find your new home?



Prospects show an indispensable proclivity to utilizing the Internet during their apartment search process. In our 2015 Multifamily Executive Concept Community study - <u>Marketing to Different Generations: Emerging Online, Lifestyle and Language Trends</u>, the importance of the Internet while researching prospective apartment homes was rated 8.43 on a scale of zero to ten (with zero being least important and 10 being most important). The Internet continues to be center stage in finding an apartment even in 2016.

As evident from the responses, the quest to find an apartment begins on the Internet with the prospects researching the right location and apartments within that location online. The Internet reflects a property's online reputation in terms of its ratings and reviews.

Prospects turn to online ratings and reviews more than once in their research. Talking to residents, which features lowest in their research process outline is not a factor.



## Ratings and Reviews in Various Phases

At what point did you utilize online ratings and reviews to gather information about the apartment communities you were interested in?

|  | ALL DATA | MALE | FEMALE |
|--|----------|------|--------|
| As I was beginning my search                             | 43%      | 46%  | 42%    |
| As I was narrowing my search to 4-5 communities          | 28%      | 29%  | 28%    |
| As I was narrowing my search to 2-3 communities          | 19%      | 18%  | 19%    |
| As I was selecting the property I was most interested in | 9%       | 7%   | 10%    |
| After I put a deposit down on the community I chose      | 0%       | 0%   | 1%     |
|  |          |      |        |

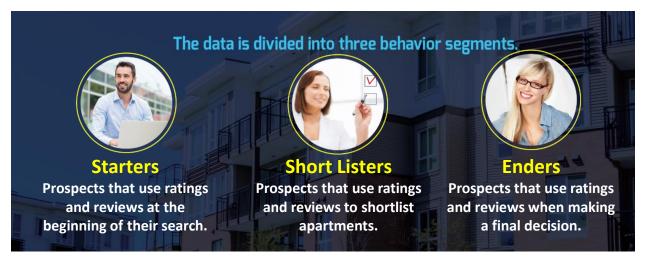
Prospects examine online ratings and reviews at various stages of their apartment search. Forty-three percent of respondents reported using online ratings and reviews as they were beginning their research. It's the first impression which determines whether prospects will continue to consider your property. Also, prospects revisit ratings and reviews at multiple stages for further details on the property and/or for validation of their research.

With regards to gender, the women who are Enders (prospects who use ratings and reviews when making a final decision) appear to be more focused on online ratings and reviews than men.

In a nutshell, today's savvy prospects come to a property's doorstep equipped with all their homework. Thereafter, the onus rests with the property to meet and exceed their expectations and to convert the visit to a lease.



# **BEHAVIOR SEGMENTS**



| Demographic breakdown of different segments |         |              |         |         |              |         |
|---|---------|--------------|---------|---------|--------------|---------|
|   |         | MALE         |         |         | FEMALE       |         |
|   | Starter | Short Lister | Ender   | Starter | Short Lister | Ender   |
| Number                                      | 46%     | 47%          | 7%      | 42%     | 47%          | 10%     |
| Average Age                                 | 34.96   | 36.79        | 37.92   | 36.47   | 35.68        | 39.75   |
| Average Rent                                | \$1,628 | \$1,793      | \$1,608 | \$1,538 | \$1,598      | \$1,499 |
|   |         |              |         |         |              |         |
|   |         |              |         |         |              |         |
|   |         |              |         |         |              |         |

Based on our analysis of when prospects use online ratings and review in their apartment search, we have classified prospects into three behavioral segments.

- a) Starters prospects that use online ratings and reviews at the beginning of their search.
- b) Short Listers prospects that use ratings and reviews to shortlist apartments.
- c) Enders prospects that use ratings and reviews when making a final decision.

Each of these prospect categories evaluates different aspects of online ratings and reviews in their apartment research.



## Effect of Ratings and Reviews

| DATA |      |        |                     |                          | V.                    |
|------|------|--------|---------------------|--------------------------|-----------------------|
|      | MALE | FEMALE | SEARCH<br>(Starter) | SEARCH<br>(Short Lister) | SEARCH<br>(Ender)     |
| 15   | 7.40 | 7.48   | 7.96                | 7.22                     | 6.48                  |
| 19   | 7.00 | 7.28   | 7.56                | 6.97                     | 6.70                  |
|      |      |        |                     |                          |                       |
| _    |      |        |                     | 5 7.40 7.48 7.96         | 5 7.40 7.48 7.96 7.22 |

Overall, the effect of ratings and reviews is stronger on a prospect's decision to visit a property than to lease. Other factors such as the experience at the property, the interaction with the property staff, and the property tour most likely dilute the effect of ratings on leasing to a certain extent.

For Enders, ratings and reviews play a greater role in their decision to lease at a property, most probably validating other research they have already completed.



#### Influence of Different Aspects of Reviews

What are the two most influential aspects when looking at different reviews for a property?

|  | ALL DATA | MALE | FEMALE | SEARCH<br>(Starter) | SEARCH<br>(Short Lister) | SEARCH<br>(Ender) |
|--|----------|------|--------|---------------------|--------------------------|-------------------|
| The Star rating                                    | 41%      | 41%  | 41%    | 46%                 | 38%                      | 37%               |
| The relevancy of the review to your likes/dislikes | 36%      | 32%  | 38%    | 33%                 | 37%                      | 43%               |
| Number of reviews                                  | 35%      | 42%  | 32%    | 38%                 | 33%                      | 32%               |
| The recentness of the reviews                      | 32%      | 27%  | 34%    | 32%                 | 31%                      | 32%               |
| The sentiment of the reviews                       | 30%      | 32%  | 29%    | 26%                 | 34%                      | 26%               |
| The date of last review                            | 19%      | 19%  | 20%    | 19%                 | 19%                      | 25%               |
| The frequency of reviews                           | 6%       | 7%   | 6%     | 5%                  | 7%                       | 5%                |

The top two most influential aspects of reviews in a prospect's decision making are star ratings and the relevancy of reviews to their likes and dislikes. The number of reviews is a close third.

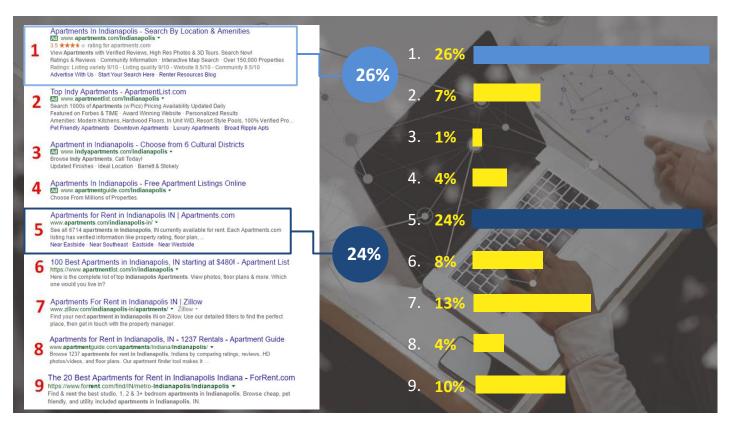
Based on when prospects use ratings and reviews in their apartment search process, they are influenced by different aspects of online ratings and reviews. While Starters and Short Listers lean more toward the star ratings and the number of reviews, the Enders are motivated differently. The prospects that utilize reviews to make the final call are persuaded more by the content of the reviews. In this study, the content of the reviews is defined as the relevancy of reviews to their likes and dislikes. Men are more interested in the "cliff notes" version, while women are more focused on the content.

In summary, prospects consider various characteristics of reviews based on when they focus on reviews in their apartment search process. Overall, the star ratings, the relevancy of reviews to their likes and dislikes, and the number of reviews are the most critical aspects of review information. However, the closers the prospects are to making a decision to lease, the more they focus on the content of the reviews.



# INTERNET SEARCH RESULTS

Assuming you are searching for an apartment in Indianapolis, which link are you most likely to click first?

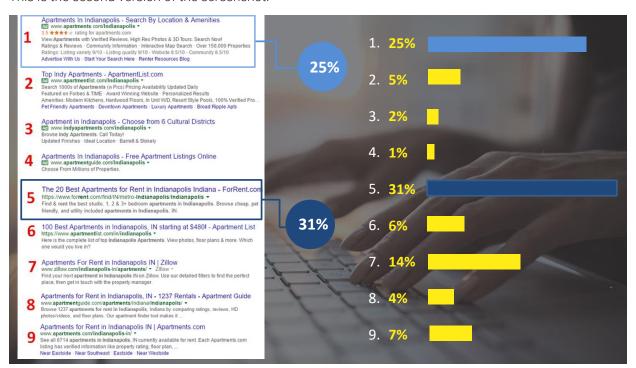


The objective of this question was to accurately assess what motivates prospects to click on a specific link when researching an apartment on the Internet— is it the positioning of the link (order of the links as they appear on their screen) or is it their preference for a particular brand of ratings site.

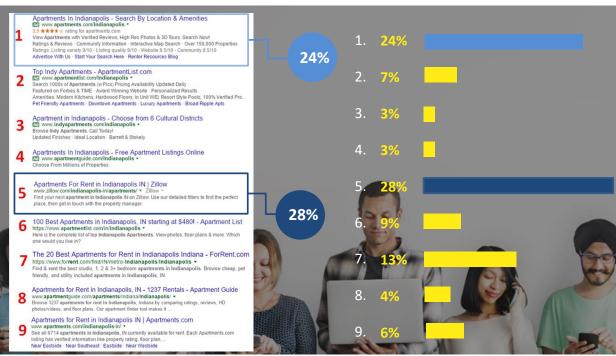
To ascertain this, we randomly selected a city. We presented the respondents three variations of the Google search results for apartments in that city. In each variation, we switched the positioning of the listings to eliminate any bias towards a specific brand. Each Google screen shot was shown to one third of prospects at random.



#### This is the second version of the screenshot:



#### This is the third version of the screenshot:



<u>The Result</u> – The majority of prospects clicked on the first organic search result followed by the first advertised listing. If you are investing your dollars in advertising, you will get more bang for your buck if your advertised listing is in the first place. Any listing after the first slot, paid and organic, has diminishing returns.



# EFFECT OF REVIEWS ON A PROPERTY'S WEBSITE

In your opinion, how effective are reviews for a property on that property's website?



The effect of the reviews on a property's website is marginally higher on women as compared to men.

# **POSTING REVIEWS**

Have you posted a review of an apartment community online?



Though prospects are increasingly relying on reviews to guide their apartment search, the data shows that they are not contributing to the process. The majority of respondents, 66 percent indicated that they have <u>not posted</u> reviews online. However, there is a significant surge in resident's willingness to post reviews online. The number of respondents who have reported posting online reviews has grown 58 percent since 2012.

In our 2012 study - What Do Residents Want: Trends in Resident Technology & Communication Preferences, 19 percent respondents said yes to posting reviews online.



# RATINGS AND LIKELINESS TO VISIT

The objective of the questions in this section was to assess the influence of a property's online reputation on a prospect's likelihood to visit the property. Do prospects choose to visit a property with a higher online reputation?

J Turner Research has pioneered a statistical model to quantify online reputation. This model measures a property's online reputation using multiple review sites and establishes a single ORA™ Score (Online Reputation Assessment). This ORA™ score is based on monthly online reputation monitoring of more than 62,000 properties nationwide, across all review sites. To learn more about the ORA™ methodology, please visit <a href="https://www.iturnerresearch.com/about/what-is-ora-score">https://www.iturnerresearch.com/about/what-is-ora-score</a>

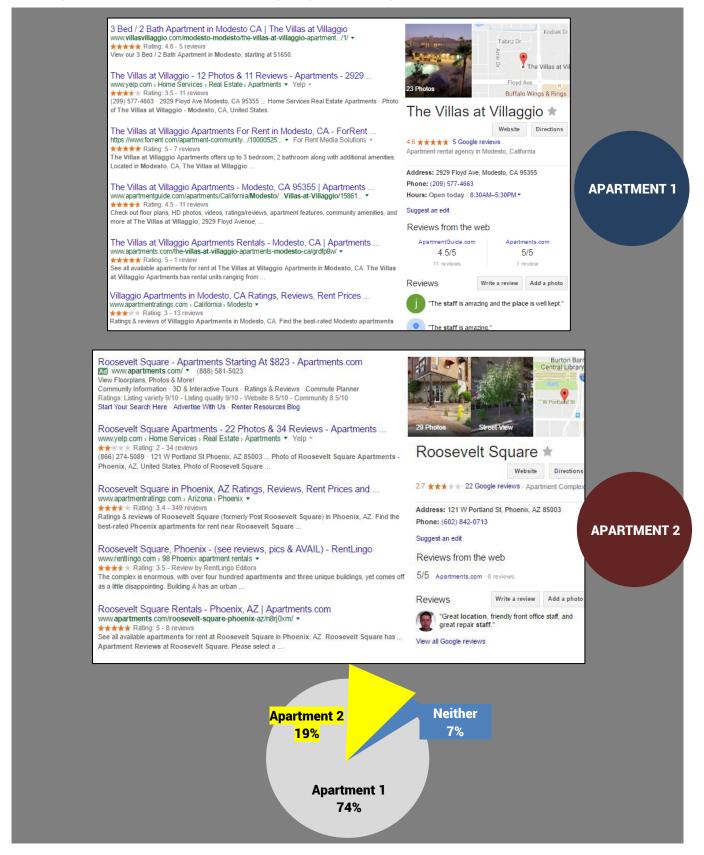
To determine the influence of online ratings and reviews of a property on a prospect's likelihood to visit it, we selected three sets of properties (each set compared two communities) with varying  $ORA^{\mathsf{M}}$  scores. The score was not revealed to the respondents.

Each prospect was presented Google search results screen shots of these three sets of communities. Each set compared search results for two communities. Prospects were asked two questions for each comparative set:

- Q1. Strictly based on reviews, for which of the communities are you more likely to visit?
- Q2. Which rating had the strongest impact on your decision to visit the property?

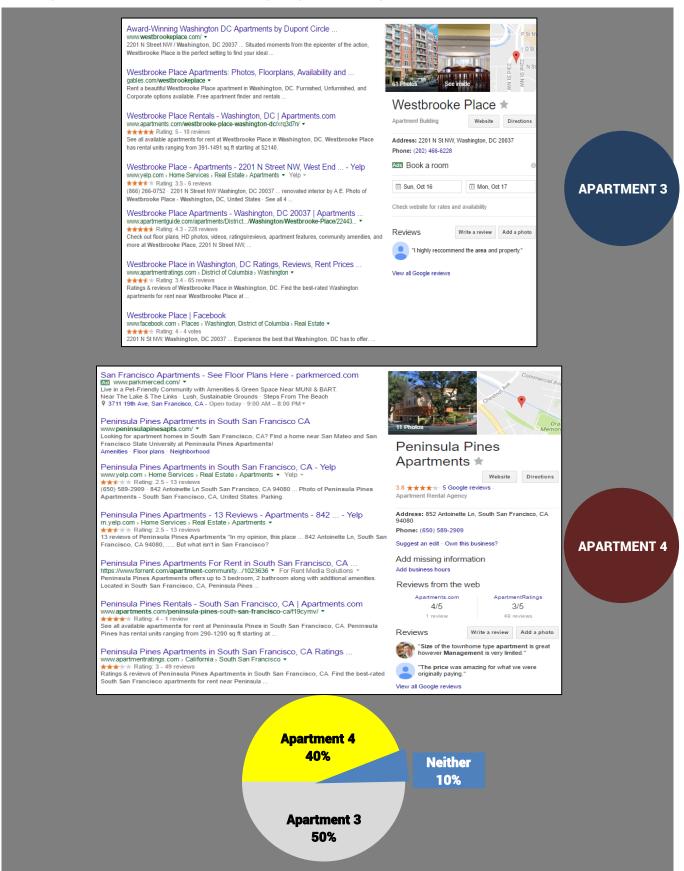


## Strictly based on reviews, which community are you more likely to visit?



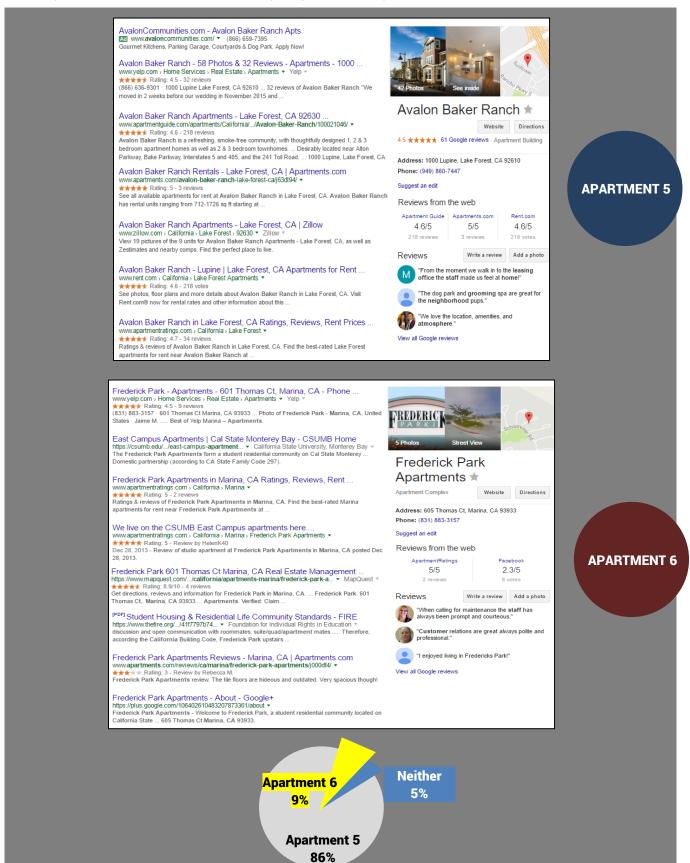


## Strictly based on reviews, which community are you more likely to visit?





## Strictly based on reviews, which community are you more likely to visit?







Results for Question 1: Strictly based on reviews, for which of the communities are you more likely to visit?

| Community   | Likelihood to Visit | ORA™ Score |
|-------------|---------------------|------------|
| SET 1       |                     |            |
| Apartment 1 | 74 %                | 70         |
| Apartment 2 | 19 %                | 60         |
| SET 2       |                     |            |
| Apartment 3 | 50%                 | 80         |
| Apartment 4 | 40%                 | 70         |
| SET 3       |                     |            |
| Apartment 5 | 86%                 | 90         |
| Apartment 6 | 9%                  | 80         |

Seventy percent of prospects chose to visit a property with a better online reputation. The online reputation of the selected property across multiple review sites is measured and quantified by its individual  $ORA^{m}$  score.



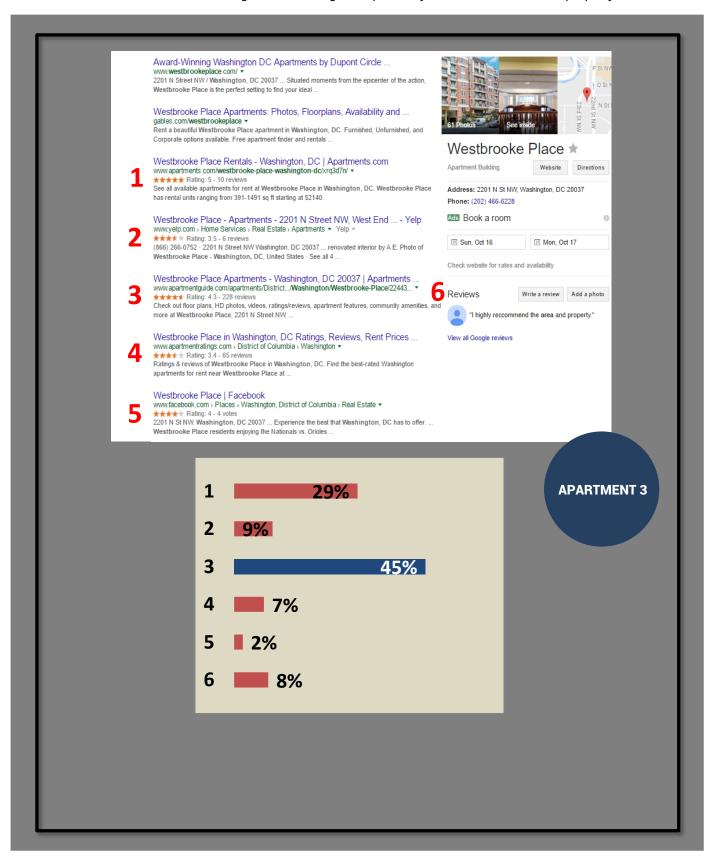








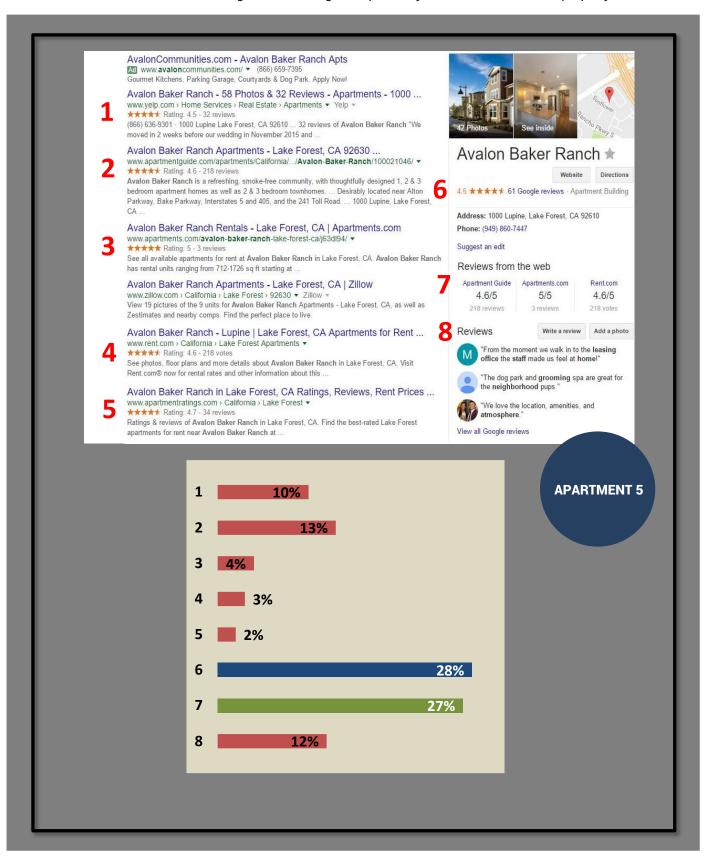
















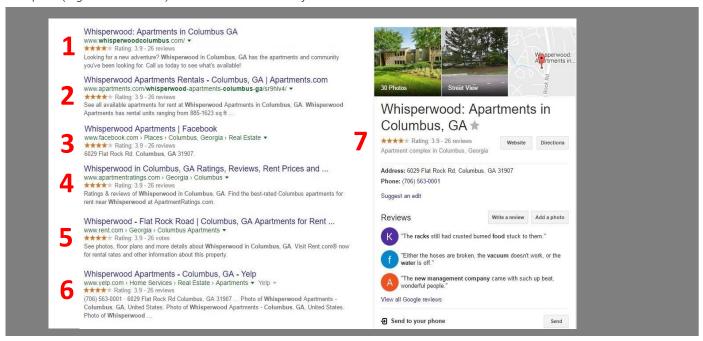
In summary, Google reviews have a strong influence on a prospect's decision to visit a property. However, in case of a property, where the star rating or the volume of reviews in Google reviews is very low,



prospects are most impacted by the ratings site with the highest volume of reviews. As indicated earlier, for prospects, number of reviews is among the top three most critical aspects.

# SITE PREFERENCE

Assuming you were considering this apartment as a possible place to rent. Please rank the sites in order of impact (highest to lowest) each one will have on your decision to rent there?



| RANK | SITE                        | Number on<br>Screenshot |
|------|-----------------------------|-------------------------|
| 1    | Google                      | 7                       |
| 2    | Apartments.com <sup>®</sup> | 2                       |
| 3    | Apartment Ratings           | 4                       |
| 4    | Property Website            | 1                       |
| 5    | yelp                        | 6                       |
| 6    | Trent.com                   | 5                       |
| 7    | facebook                    | 3                       |



In terms of impact of review sites on the prospects' decision to rent at a property, Google ratings and reviews outshines all other ratings sites.

Apartments.com, a relatively new entrant to the ratings and reviews game, is the number two most impactful site followed by ApartmentRatings.com at the third spot.

We have been analyzing the trust of review sites since 2012. In our 2012 study - *What do Residents Want: Trends in Resident Technology & Communication Preferences,* Yelp was the most trusted site. Rent.com took the second place and ApartmentRatings.com was sixth.

We did a similar study in 2015 for Multifamily Executive Concept Community project - *Marketing to Different Generations: Emerging Online, Lifestyle and Language Trends*. In this study, Google was the most trusted site, followed by Yelp, and ApartmentRatings.com ranked third.



# CONCLUSION

J Turner Research's study - *The 2016 Internet Adventure: The Influence of Online Ratings on a Prospect's Decision Making* is a trailblazing initiative that for the very first time spotlights the process a prospect follows, specifically on the Internet, to find a property. The study focuses on the integral role of online ratings and reviews in that process and the various motivations that shape prospects' behavior.

Based on the findings, it is evident that prospects turn to ratings and reviews repeatedly in their apartment search process. Starters are prospects who use ratings and reviews at the beginning of their research, Short Listers are those who use it to narrow their research down, and Enders are prospects who use it to make a final decision.

Overall, the effect of ratings and reviews is stronger on a prospect's decision to visit a property even more than to lease. Other factors such as the experience at the property, the interaction with the property staff, and the property tour most likely dilute the effect of ratings on leasing to a certain extent.

Prospects are motivated by different aspects of ratings and reviews, depending on when they bring ratings into their decision-making. Overall star ratings, relevancy of reviews to their likes and dislikes, and the number of reviews is what prospects focus on the most. The Enders, especially women Enders, are persuaded more by the content of the reviews. In this research, content is defined as the relevancy of reviews to their likes and dislikes.

While searching for an apartment on the Internet, prospects are more likely to click on the first organic search result followed by the first advertised listing. In both cases, it will be worth the effort to be in the first position.

Given the dynamic nature of the online ratings and review sites, currently Google has the most impact on a prospect's decision to rent at a property, followed by Apartments.com at the second spot, and ApartmentRatings.com at the third position.

Last, but not the least, **a stellar online reputation makes all the difference**. The majority of prospects are more likely to visit a property with a better online reputation. Having a poor online reputation may eliminate your property from their consideration. A property's online reputation, across multiple review sites, can be measured and quantified by a single ORA™ Score developed by J Turner Research.

For any questions or for further information, please email research@iturnerresearch.com