

CASE STUDY: PROPERTY MANAGEMENT INDUSTRY

The volume of online reviews has increased by more than 1,870% since 2006,¹ and consumers trust reviews more than ever—they are now on par with word-of-mouth recommendations.²

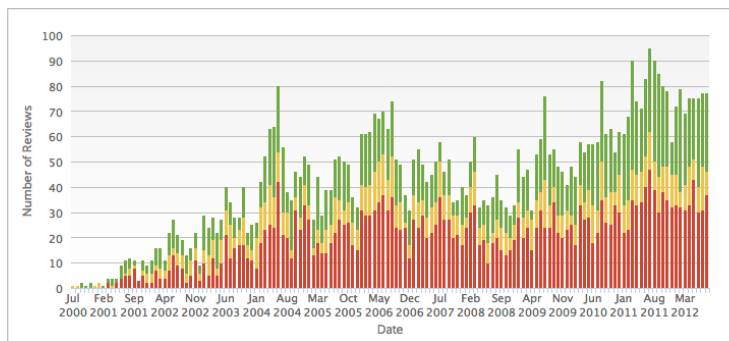
Reputation.com mines this rapidly growing source of consumer sentiment for actionable insights specific to our clients' businesses.



Comparative Case Study: Property Management Industry

We looked at over 8,000 online reviews posted nationwide for two Reputation.com for Enterprise clients in the residential property management industry, catering to renters at distinctively different price points.

An analysis of recurring terms within the reviews provided unique insights into the companies' tenants, their major concerns, and the impact of online reviews on each business.



Review sentiment snapshot taken from the Reputation.com for Enterprise dashboard.

Selected Analysis Insights

- Online reviews are becoming much more important across the board.
- Tenants of both companies complain about the same types of issues.
- The amenities that tenants value vary significantly between companies.
- Spaciousness and quality moldings are the top positive apartment features for tenants of the more expensive management company.
- Customer service is not a primary concern for the tenants of the less expensive company.
- Renters with the less expensive company identify much more strongly with the management company's brand than those with the more expensive company.
- Tenants of both companies are equally drawn to online reviews, but tenants with the lower cost company are more likely to write reviews.

For more information about these results or Reputation.com for Enterprise, call: 1-800-REPUTATION

STUDY OVERVIEW

Company Profiles

	<i>Apartment A (upper-mid)</i>	<i>Apartment B (lower-mid)</i>
Description of market	National: mainly large coastal cities	Southeast: mainly mid-sized regional cities
Average price for a 2-bedroom apartment	\$2,309.57/month	\$889.89/month
Average price compared to local rental market³	119%	108%
Extrapolated income quintile of renter⁴	Fourth Quintile	Second Quintile
Number of complexes managed	181	41
Number of reviews analyzed	6,142	2,184

Although the income quintiles above are only estimates and the proportion of income spent on housing varies between cities and individuals, we can assume that a 2.5x difference in average monthly cost means that the two companies target different demographics, which we will refer to as upper-mid and lower-mid.

Methodology

Using our Reputation.com for Enterprise platform, we crawled over 8,000 reviews and categorized them according to sentiment. We then utilized algorithms developed by our R&D team to find semantic, natural-language patterns in the text of the reviews.

From this data, we could determine which words were strongly associated with positive reviews and which words with negative reviews.

Applications

Reputation.com for Enterprise insights allow our clients to zero in on the issues—both good and bad—that matter most to their customers. These insights also suggest ways our clients can improve their operations while lowering costs.

The Reputation.com for Enterprise platform helps our clients to monitor their online reviews across the Internet, encourage their customers to post positive reviews, and track the impact of marketing campaigns or changes in business strategy on customer sentiment.



Online reviews are more findable than ever before, and more people are writing and reading them.⁵



Reputation.com for Enterprise features:

- Compile reviews from multiple sites
- Tools to analyze the data from these reviews
- Ability to request reviews from loyal customers
- Industry-specific reputation score
- Comparison to local competitors
- Semantic analysis of review text
- Automated reporting to management
- Automated alerting for negative reviews

FINDING 1: REVIEW GROWTH IS HIGHLY SIMILAR BETWEEN BOTH GROUPS

Summary

- Online reviews are more important than ever and the volume of reviews is growing.
- How much money a person spends on rent has no impact on whether or not they use online reviews.
- Renters in the lower-mid rental market are more likely to review their apartments than those in the upper-mid market.
- This trend holds true across the country, in both large coastal cities and mid-sized regional cities.

Details

Looking at the 10-year running average of monthly reviews for each company (July 2002 to July 2012), the trends are almost identical. Apartment A starts with an average volume about 3 times higher than

Apartment B and this remains roughly constant until July 2011, when review volume for Apartment B begins increasing more rapidly.

Regardless, **the popularity of writing online reviews is increasing at an equivalent rate for both companies**, despite the difference in target demographic. However, Apartment A has over 4 times as many rental properties as Apartment B, so the number of reviews per property is lower. No data was available on the number of rental units per property, but for the average number of reviews per tenant to be equivalent, Apartment B would need to have more than twice as many units per property. This seems improbable, which suggests that **lower-mid renters are more likely to write reviews than upper-mid renters**.

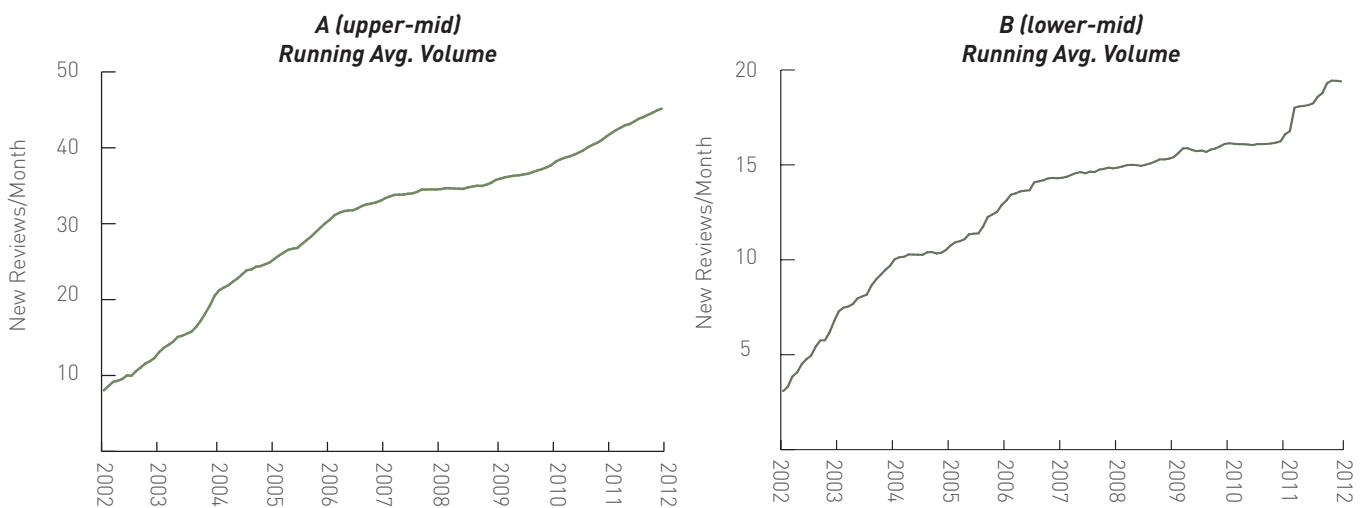


Figure 1. Growth in review volume for both companies over 10 years, from July 2002 to July 2012.

Best Practice

Consumers increasingly turn to online reviews, so review management needs to play a larger role in your overall business strategy.

FINDING 2: NEGATIVE TERMS ARE HIGHLY SIMILAR ACROSS GROUPS BUT POSITIVE TERMS ARE NOT

Summary

- The things that annoy tenants are the same, regardless of how much they spend on rent.
- The things that make tenants happy vary according to how much they spend on rent.

Details

More than 1 in 3 of the words associated with a negative review are identical between both management companies. However, only 1 in 10 words associated with a positive review are the same.

This suggests that the **factors that drive people to write bad reviews are much more universal** than the factors that lead them to write glowing reviews.

Negative	Positive
contract	apartment
damage	city
disaster	floor plan
dump	grocery store
excuse	maintenance staff
headache	park
lie	
mail	
mold	
paint	
cockroach	
rude	
smell	
tenant	
toilet	

Figure 2. Positive and negative words that appear in the lists of significant terms for both management companies.

Total commonality between words:

- 36.1% of negative words in common
- 10.8% of positive words in common

The same trend appears when grouping words by category (e.g. financial words, customer service words) and comparing both companies. **The negative words group neatly into the same categories, with no exceptions.** However, the positive words show more variety—they cannot be grouped entirely into parallel categories.

Negative Categories		Positive Categories	
Apt A (upper-mid)	Apt B (lower-mid)	Apt A (upper-mid)	Apt B (lower-mid)
Facilities	Facilities	Facilities	Facilities
Cust. service	Cust. service	Cust. service	Cust. service
Financial	Financial		Financial
Pests	Pests	What's nearby	What's nearby
Tenants	Tenants	Commuting	Commuting
		Specific cities	Specific cities
		Pros & Cons	Time & Date
			Apt. Names
			Technology

Figure 3. Meaningful terms for each property management company, grouped by category.

Best Practice

Monitor positive reviews regularly to determine which amenities lead to customer loyalty.

FINDING 3: TOP NEGATIVE WORDS VARY BY RENTAL DEMOGRAPHIC

Summary

- Improving customer service and transparency in financial procedures will have a big payoff for upper-mid renters, but not for lower-mid renters.
- Improving pest control and maintaining facilities will have a major impact for lower-mid renters, but not for upper-mid renters.

Therefore, when deciding where to focus resources, the rental demographic matters. For upper-mid renters, improvements to financial procedures and customer service will have a large impact, whereas investment in better pest control or new facilities will have less of an impact. The opposite holds true for lower-mid renters.

Details

We isolated the top 10 most positive and negative words for both management companies. These are the words that are most strongly associated with either good or bad reviews, meaning that they are used repeatedly in the same context. As such, these words tell us what the most important issues are for renters with each company.

Our data show that **financial issues and customer service are the most important problems facing upper-mid renters**, because words in those categories appear the most often in the top 10. **Pests and facilities are the most important problems facing lower-mid renters.**

Word Category	No. of items in the top 10 list of negative words	
	A (upper-mid)	B (lower-mid)
Financial	3	0
Pests	0	3
Cust. Service	3	1
Facilities	2	5
Tenants	2	1

Figure 4. Categorization of the top 10 most important negative terms for each property management company.

Best Practice

Look at the big picture across all your reviews to find out what matters most to your customers.

Best Practice

Systematically request reviews after making improvements on recurring issues, as tenants will be more likely to write something favorable.

FINDING 4: BRAND ASSOCIATION IS STRONGER IN THE LOWER-MID MARKET

Summary

- Satisfied tenants in different rental markets will mention different features when writing reviews.
- Lower-mid renters have a very strong connection to the management company's brand, but upper-mid renters do not.
- Upper-mid renters have a very strong connection to where the apartment complex is located, whereas lower-mid renters do not.

Details

Looking at the top 10 words that appear repeatedly in positive reviews for each company, an interesting difference emerges. **Upper-mid renters seem strongly fixated on what is in the neighborhood**—items like groceries, restaurants, and schools make up nearly half of the top 10 most positive words for Apartment A.

For lower-mid renters, however, none of the top 10 words reference the neighborhood. Instead, they reference the facilities provided and the specific names of the apartment complexes.

This suggests the **lower-mid renters associate more strongly with the brand name of the complex** (e.g. "The Pines") whereas upper-mid renters focus more on physical location (e.g. "SoHo" or "foodie neighborhood").

Category	No. of items in the top 10 list of positive words	
	A (upper-mid)	B (lower-mid)
Facilities	2	3
What's Nearby	4	0
Pros & Cons	2	0
Commuting	1	0
City Name	1	2
Cust. Service	0	1
Apt. Name	0	3

Figure 5. Categorization of the top 10 most important positive terms for each property management company.

As such, property management companies should tailor their advertising to the interests of their target demographics.

For the lower-mid market, advertise the connection between brand and the amenities that tenants appreciate: e.g. "The Pines offers in-suite laundry in every unit" or "The Pines guarantees same-day appointments for any routine maintenance."

For the upper-mid market, advertise neighborhood amenities: e.g. "Two blocks from the top-rated elementary school in the city" or "Walking distance to groceries and dozens of restaurants."



Best Practice

Generate reports on review sentiment to measure the impact of your marketing efforts.



FINDING 5: UNUSUAL WORDS REVEAL TENANT PRIORITIES

Summary

- Upper-mid renters are most concerned with the specifics of their units, the character of the neighborhood, and personal safety.
- Lower-mid renters are most concerned with common areas and the general atmosphere of the complex.
- Upper-mid renters are more likely to weigh the pros and cons of a rental arrangement.

Details

Many strongly negative or positive terms discovered by the algorithm are relatively intuitive. However, for each company we also discovered several unusual terms that are not immediately obvious.

The non-obvious words appearing in the top 20 lists (negative and positive) give us unique insights into issues that are important to tenants but that might fly under the radar otherwise.

Looking at negative words for Apartment A, security-related terms rank strongly. “Camera” (presumably “security camera”), “cop,” and “gates” may reflect that **Apartment A tenants do not feel safe in their neighborhoods**. In addition, “air conditioning,” “dust,” and “temperature” indicate that air quality is also an issue for Apartment A.

For Apartment B, security and air quality terms do not appear at all. **“Mail,” however, suggests systemic problems with postal delivery.**

Apt A (upper-mid)		Apt B (lower-mid)	
Negative	Positive	Negative	Positive
camera	spacious	mail	smile
cop	molding		atmosphere
air conditioning	elementary school		corners
gates	pricey		clubhouse
dust	grocery store		greenhouse
temperature	plane		
	drawback		
	breeze		

Figure 6. Unexpected terms that show up in the top 20 most important words for each company.

Positive terms such as “spacious,” “molding,” and “breeze” for Apartment A provide insights into which design features are most important to those tenants. **For Apartment B, contrastingly, unit design doesn’t seem to be a major concern**—the only design-related term is “corners,” a somewhat cryptic reference that may or may not refer to the actual suites. However, “atmosphere,” “clubhouse,” and “greenhouse” suggest that the ambiance of the common areas is an important issues for these tenants.

Interestingly, Apartment A’s reviews also generated two negative words with a strong positive correlation: “pricey” and “drawback.” This suggests that these tenants like to compare and contrast, providing lists of pros and cons in their reviews. A similar trend does not exist for Apartment B.



Best Practice

Mention unusual positive words when responding publicly to online reviews.

Notes/Sources

1. Reputation.com customer data across all industries.

2. Local Consumer Review Survey, <http://searchengineland.com/study-72-of-consumers-trust-online-reviews-as-much-as-personal-recommendations-114152>

3. Based on August 2012 data from Craigslist.

4. Assumes 35% of income spent on housing.

5. Cone, Inc., <http://www.coneinc.com/negative-reviews-online-reverse-purchase-decisions>