

A research article on Importance of Online Customer Reviews on Customer Purchase

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Keywords:

Online customer reviews (OCRs), electronic word of mouth, eWOM, Online product reviews.

Abstract

Online product reviews have grown into a valuable source of information influencing purchases with the rise of digital and social media. Customer reviews are a type of feedback for online stores and electronic commerce. Nowadays, consumers have constant access to online product reviews because to resources like smart phones, 24x7 internet access, and other resources to access websites. This product review has developed into a well-liked and successful marketing and sales tool that influences consumer product purchase behaviour. There are many platforms, such as online retailer websites, E-Commerce websites, brand websites, brand community blogs, and third-party reviews, where consumers can participate and engage in discussions about their purchase and consumption experience. Consumer opinions may influence the overall product sales and assist a customer in making a purchase. The goal of this study was to determine whether there is a link between consumer reviews and consumer buying habits. The purpose of this study is to clarify how various internet reviews affect consumers' purchasing decisions and intents. Online customer reviews (OCRs) are now a key resource for product details and have a significant impact on consumers' purchasing decisions. The decision-making process for consumer purchases has been significantly impacted as a result. OCRs' implications on customer behaviour have recently drawn a lot of scholarly interest. Therefore, it is necessary to review these impacts. The most recent research on the connections and linkages between OCRs and client buying is thus examined in this study.

Introduction

In the past, when people in the community wanted to purchase goods or services, they would visit several stores to do so. But technology enabled both the behaviour of online purchasing and the idea of customer reviews on websites became more widespread. In order to maintain the status of the company, online reviews became more crucial. Customers who have used or purchased a particular product from a gullible retailer provide online reviews. Online reviews have spawned a brand-new medium for marketing and communication that fills the void between informal recommendations and the kind of critical criticism that can transform a company. The value of online reviews is actually amazing because they increase purchases. Today's consumer can easily share his experience and opinion about a specific product or service with an infinite number of other consumers around the world through feedback and online reviews due to the internet, which has empowered him to transform himself from a passive to an active and informed consumer. From electronic word-of-mouth, potential customers of that specific product or service use these reviews or feedbacks. In actuality, there are online review communities where everyone may share and hear various viewpoints, and people can reconsider their opinions after hearing from others. The influence of online customer reviews on other consumers' purchasing decisions is growing. The purposes, functions, and characteristics of the many online platforms for product reviews, such as blogs, retail websites, social media, video platforms, and independent reviewing platforms, differ. Word-of-mouth (WOM) has become more widespread as a consequence of the development of the Internet, allowing people to more quickly access the ideas, assessments, and experiences of others. This phenomenon is sometimes referred to as electronic word-of-mouth communication (eWOM). As a result, there are more opportunities than ever for people to gather and share information about products. Instead of relying solely on face-to-face WOM, people are now able to share information via a variety of online channels, including blogs, discussion forums, chat rooms, news groups, and online reviews. Despite this,

there is now more information available than ever before that could affect and support consumer decision-making. OCRs are regarded as a crucial new component in the mix of marketing communications and have developed into a key source of feedback. In the meanwhile, businesses use them as a tool to comprehend how consumers feel about their goods and to help create effective distribution, production, and marketing strategies. Numerous studies have shown how important OCRs are in influencing customers' choices. These benefits mostly result from the customer-focused data that OCRs supply, which is an inferred assessment of and experience with products. OCRs have a noticeable effect on beauty sector sales. The volume of OCRs has an impact on movie box office receipts, according to Liu (2006). The quantity of reviews in the video game sector might likewise have an advantageous impact on sales.

Review of Literature

Online reviews are crucial in a consumer's decision-making process when making a purchase, according to previous studies. Although researchers have studied and analysed how good and negative reviews affect consumers' purchasing decisions

60% of consumers look at internet reviews at least once a week, according to a recent Podium survey, and 93% of respondents claim that online reviews influence their purchasing decisions. Consumer behaviour in B2B and B2C transactions demonstrates that 82% of people do examine reviews before making a purchase. Furthermore, according to the report, 68% of consumers are willing to pay up to 15% more for the same product or service if they are guaranteed a better experience, placing less value on other factors. According to the survey, buyers frequently read internet reviews, and these reviews have a big impact on their purchasing decisions.

Ma, Y. J., & Lee, H. H. (2012) discuss how online reviews affect consumers' purchase decisions and what motivates them to participate in online reviews. Their study suggests that online marketers should consider streamlining user evaluations and offering some guidance for composing them. Consumers should adhere to certain standards while writing reviews because these reviews have an impact on customers' purchase decisions. The homogeneity of evaluations can be improved because consumers rely on them to learn more about goods and services.

According to research by Prabha Kiran and Vasantha S. (2015), customers' perceptions of risk can be significantly reduced, which can motivate them to make purchases when they buy online. Buyers' comments and opinions help future customers make informed decisions about what to buy, but they also help businesses improve the quality of their goods and services.

Social media significantly affect customer behaviour through online reviews and advertisements, search results, user comments, and online marketing initiatives. According to study by Simona Vinerean, Iuliana Cetina, Luigi Dumitrescu, and Mihai Tichindelean from 2013, peer communication through social media, in particular, has a significant impact on how consumers make decisions.

Different factors have an impact on how consumers of different ages behave when making purchases. Bettina von Helversen, Katarzyna Abramczuk, Wiesaw Kope, and Radoslaw Nielek (2018) discussed how product features, average consumer ratings, and single, highly affective positive or negative consumer reviews affected hypothetical online shopping decisions of younger and older persons. They discovered that average consumer ratings have a significant impact on pupils, while older persons placed less value on consumer data like positive, affective reviews. This illustrates how customer behaviour varies by age.

Positive reviews, picture reviews, extra reviews, cumulative reviews, and description rating are among the elements of online reviews that are impacting consumer purchase behaviour, according to research by Zan Mo, Yan-Fei Li, and Peng Fan from 2015. The outcomes do not depend on the positive or negative ratings, logistical score, or service score. As a result, in order to give customers incentives, sellers can create favourable and thorough reviews during the sales process.

In their 2017 study, Fei L. Weisstein, Lei Song, Peter Andersen, and Ying Zhu examined the moderating impact of buying intentions when examining the effects of adverse reviews on customer pricing perception and subsequent purchase behaviour. The findings of their study indicate that more adverse evaluations with a purchase aim than without are to blame for the bigger negative effects on

consumers' purchasing decisions. This study adds to our understanding of unfavourable online reviews and consumer goals literature while also providing online retailers some useful takeaways.

How much do online reviews affect review attitudes and purchase intentions in regard to a restaurant visit? is a question that Nicky Somohardjo (2017) addressed. that buying intention and review attitude are influenced by internet reviews in part. Despite the numerous review criteria, a favourable valence is still the most important. The overall review attitude, in addition to valence, influences the ultimate purchasing intention. Consumers can be influenced by other people when they connect with them, including when they participate in online word-of-mouth interactions.

The following are questions that Floyd, K., Freling, R., Alhoqail, S., Cho, H. Y., and Freling (2014) have acknowledged and addressed: How does review valence affect retailer sales elasticity? How about review quantity? Which product categories and usage scenarios are more affected by online product reviews in terms of retailer sales elasticity? What categories of websites and online reviewers have the biggest effects on the elasticity of retailer sales?

Objective of research

This empirical study focuses on the relationship between online reviews and purchasing behavior.

To analyze whether the positive reviews are more important than the negative reviews for online customer purchase

To understand the role of negative customer reviews for the Rejection of products

To understand importance of positive reviews for the selection of product

To analyze whether the online reviews facilitate in making the online customer purchase or not

Hypothesis of research:

Hypothesis 1: Positive and negative reviews are important for customer online purchase

Hypothesis 2: Rejection of products is a major criteria from negative customer reviews.

Hypothesis 3: Selection of products is major criteria from positive customer reviews.

Hypothesis 4: Online customer purchase is dependent on online Customer review

Research Methodology:

This study intends to look into how OCRs affect consumer behavior and decision-making. A quantitative approach was used to accomplish this. Based on prior research, a survey and extensive questionnaire were conducted with the use of a Google form that was distributed to respondents from various backgrounds across the nation in order to gather 2374 responses.

After data collection, the next step involved structuring the data using an excel sheet so that it could be used for further statistical analysis. The IBM SPSS Software was used to examine the data. Powerful software like IBM SPSS is frequently used for statistical analysis methods. It is a very effective instrument that is frequently used for quantitative data analysis and model testing in market research. For the purposes of our study, analysis was carried out to compile data and reach a conclusion for the testing of hypotheses using the linear regression model, the chi square test, etc. In order to investigate and comprehend the data patterns, the researcher additionally used secondary data from previous studies and research articles. A population is a group of related things or occurrences that are important for a certain experiment or topic. A statistical population can be a collection of real things or a hypothetical, possibly limitless collection of objects derived from experience. In order to conduct this study, the researcher reached out to people throughout India, collecting responses from both urban and rural locations.

Hypothesis Testing

Hypothesis 1: Positive and negative reviews are important for customer online purchase

H0: Positive reviews are not important for customer online purchase

H1: Positive reviews are important for customer online purchase

Test used for analysis: Chi square test

Interpretation: researcher can say that Positive reviews are more important than negative reviews for customer online purchase

H0 (Null Hypothesis): Negative reviews are not important for customer online purchase

H1 (Alternate hypothesis): Negative reviews are important for customer online purchase

Test used for analysis: Chi square test

Crosstab

Count		Do you check Negative customer reviews before making an online purchase?			Total	
		Yes	No			
Do you buy product online?	Yes	2011	174	2185	85	
	No	69	120	189	89	
Total		2080	294	2374	74	

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	684.729 ^a	1	<.001		
Continuity Correction ^b	678.412	1	<.001		
Likelihood Ratio	410.346	1	<.001		
Fisher's Exact Test				<.001	<.001
Linear-by-Linear Association	684.441	1	<.001		
N of Valid Cases	2374				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 20.86.

b. Computed only for a 2x2 table

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	494.331 ^a	1	<.001		
Continuity Correction ^b	489.227	1	<.001		
Likelihood Ratio	315.787	1	<.001		
Fisher's Exact Test				<.001	<.001
Linear-by-Linear Association	494.123	1	<.001		
N of Valid Cases	2374				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 23.41.

b. Computed only for a 2x2 table

Crosstab

Count		Do you check Negative customer reviews before making an online purchase?		Total
		Yes	No	
Do you buy product online?	Yes	2011	174	2185
	No	69	120	189
Total		2080	294	2374

Interpretation: researcher can say that Negative reviews are more important for customer online purchase

So, researcher finally conclude that Positive and Negative reviews are important for online purchase.

Suggestions/Marketing Strategy: After the analysis of data, the findings are that the customers are giving preferences to both Positive and Negative reviews on online customer reviews to make their decision regarding the online purchase of a product. So, the company should be very attentive in managing the online reviews. The company can ask the customer to write more positive reviews on the website so that it can influence the customers for making action for online purchase on the other side the company should also look into the Negative reviews on its website so that they can understand the main root cause of the problems and taking the corrective action for making customer more satisfy.

Hypothesis 2: Rejection of products is a major criteria from negative customer reviews

H0: Rejection of products is not a major criteria from negative customer reviews

H1: Rejection of products is a major criteria from negative customer reviews

Test used is Chi square test.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	494.331 ^a	1	<.001		
Continuity Correction ^b	489.227	1	<.001		
Likelihood Ratio	315.787	1	<.001		
Fisher's Exact Test				<.001	<.001
Linear-by-Linear Association	494.123	1	<.001		
N of Valid Cases	2374				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 23.41.

b. Computed only for a 2x2 table

Interpretation: As Pvalue is less than 0.05, researcher accept H1. So, researcher accept the hypothesis, rejection of a product is a major criterion from negative customer reviews.

Suggestions/Marketing Strategy: As the customer are reviewing the negative reviews for rejecting product. So, the company should take steps for reducing the number of negative reviews. For example: The company should analyse all the negative reviews and try to conduct one to one interview with the customer to understand it is what which makes the customer unsatisfied. After understanding the main cause of the problems, the company should take corrective action to sort it out for example improving the quality of the products and services.

Hypothesis 3: Selection of products is major criteria from positive customer reviews.

H0: Selection of products is not a major criterion from positive customer reviews.

H1: Selection of products is major criteria from positive customer reviews. Test use is Chi square test.

Do you check positive customer reviews before making an online purchase? * Positive Customer reviews help me to select the product while buying online? Crosstabulation

Count		Positive Customer reviews help me to select the product while buying online?		Total
		Yes	No	
Do you check positive customer reviews before making an online purchase?	Yes	2018	94	2112
	No	105	157	262
Total		2123	251	2374

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	758.602 ^a	1	<.001		
Continuity Correction ^b	752.746	1	<.001		
Likelihood Ratio	480.761	1	<.001		
Fisher's Exact Test				<.001	<.001
Linear-by-Linear Association	758.283	1	<.001		
N of Valid Cases	2374				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 27.70.

b. Computed only for a 2x2 table

Interpretation: As Pvalue is less than 0.05, researcher accept H1. It means that selection of products is a major criteria from positive customer reviews.

Suggestions/Marketing Strategy: The Company should try to increase the number of positive reviews on its website which will facilitate the customer for making his decision for online purchase. The company can launch few online campaigns to keep engaging the customer for writing reviews on its website by providing some royalty benefits to the reviewee. Company should share customer's reviews on the social media which will influence other customer for writing the reviews. Researcher suggest that company should pay some incentives to the customer for writing few reviews. Company may send the personalize message to the regular or loyal customer for writing the reviews.

Hypothesis 4: Online customer purchase is dependent on online Customer review

H0: Online customer purchase is not dependent on online Customer review

H1: Online customer purchase is dependent on online Customer review

Dependent variable: Online customer purchase

Independent variable: Online customer reviews

Test: Linear Regression test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.586	.078		33.221	<.001
	How frequently you buy product online?	.406	.021	.364	19.022	<.001

a. Dependent Variable: How important are online product reviews for your buying decision?

$$Y = a + bx$$

$$Y = 2.596 + 0.406x$$

Interpretation: It means that there is a strong relation between these two variables. So, if we increase online customer reviews by 1 unit, online purchase will increase by 40.6%.

Marketing Strategy/Suggestions: Company can increase the number of online customer reviews just by asking the customer to write more reviews from where they are, company can also follow up the customer to write a review just after his purchase, they should run a contest where customer himself will come for writing the reviews, they can also reward the customer for writing more reviews on the websites and by writing the customer's name and picture on the homepage.

Table: Summary of hypothesis test results

Sr. No	Hypothesis	Result (Support/Not support)
1	H1: Positive and negative reviews are important for customer online purchase	Support
2	H2: Rejection of products is a major criterion from negative customer reviews.	Support
3	H3: Selection of products is major criteria from positive customer reviews.	Support
4	H4: Online customer purchase is dependent on online Customer review	Support

Conclusion

This study investigates how different OCR features affect consumer trust and buy intent. Through the development of a comprehensive framework, the effects of OCRs on purchase intention are understood. Additionally, it adds to the body of research by making the case that the conceptual framework for modelling the linkages between OCRs and marketing performance indicators needs to take into account more variables so that more relevant elements can be taken into account logically and rationally. Thus, it is anticipated that the scholarly and commercial communities will find value in this study's findings. By giving corporate communities a greater understanding of customers and how OCRs impact their decisions, it will benefit the business community. Additionally, it will give businesses a vital tool for observing client perceptions of risk and attitudes toward their products, which will help them to adopt the proper marketing tactics. These factors can boost customer trust in a company.

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