

A STUDY ON THE IMPACT OF ONLINE PRODUCT REVIEWS ON CONSUMERS' BUYING INTENTIONS

Dr. Yogesh Gurav, Assistant Professor
Bharati Vidyapeeth (Deemed to be University) Pune,
Institute of Management and Entrepreneurship Development, Erandwane Pune
yogesh.gurav@bharativedyapeeth.edu

Dr. Vinod Ingawale, Professor
Bharati Vidyapeeth (Deemed to be University) Pune,
Institute of Management and Entrepreneurship Development, Erandwane Pune
vinod.ingawale@bharativedyapeeth.edu

Mr. Aakash Yadav, Assistant Professor
Bharati Vidyapeeth (Deemed to be University) Pune,
Institute of Management and Entrepreneurship Development, Erandwane Pune
aakash.yadav@bharativedyapeeth.edu

ABSTRACT

In the contemporary market, the consumers exhibit rational buying behaviour towards their purchases as they have access to a huge library of online reviews. Off late, it has been observed that digital transformation has a major impact on the way the businesses are run. This has also resulted in the changes in consumers' buying behaviour as many of them have started buying the products online. However, the consumers face lot of difficulties in online purchases due to limited information about the products. This can be addressed through online customer reviews as it provides the precise information about the product's features, its utility and the resultant value for money. The online customer reviews about products/ services are treated as electronic word of mouth (e-WOM) which facilitates changes in consumers' attitude and in turn their future purchase decisions. The present study laments on the significance of online reviews, its impact on the consumers' buying intentions, types of reviews used by them for making an informed buying decision and their attitude towards writing such reviews. The findings of the study emphasizes on the importance, trustworthiness and the utility of online product reviews as the influencer on the consumers' buying decisions.

Keywords: Digital transformation, online product reviews, buying intentions, electronic word of mouth (e WOM), influencer

Introduction

In the recent past, there is paradigm shift in the ways the businesses are run. The reason for the same can be attributed to the digitization across all fields of doing business. In addition to this, the pace of internet penetration and the availability of smart phones has resulted in the changes of consumers' buying behaviour. The same is reflected in numbers of online buyers who are purchasing a range of products online. However, they are facing lot of difficulties in terms of inadequate information about the product, its trustworthiness etc. Customers are trying to overcome this issue by using online reviews that provides crisp and to the point information about the products, its features, its utility etc. Kaemingk (2020) found that 97 % of the consumers do an online research about the product to be purchased. Lackermair (2013) through a survey found that online product reviews and ratings are an important source of information for the customers in making the right purchase decisions. Chen and Xie (2008) found that such reviews facilitates informed buying decisions and influences their future purchases.

From the business point of view it can be addressed through providing an opportunity to the customers for sharing their experiences online through a product review or ratings. In the contemporary market, the e-retailer/online shopping store provides platform for writing product reviews and giving ratings for their shopping experiences. The term product review refers to a textual review given by the customer on products features, utility, pros and cons etc. On the other hand, a product ratings refer to customer's opinion on a given scale of measurement. The popular rating scales used by the online retailers are star ratings wherein more stars implies better ratings.

The online product reviews gives precise information about the product's features, its utility and the resultant value for money. This user generated information about the products and its performance is becoming an electronic word of mouth (e-WOM). Park Lee and Han (2007) found that the online product reviews are becoming more popular and important as an independent source of information required for making a prudent purchase decision.

Importance Of The Study

Online product reviews and its ratings are the tools used by the customers for making a prudent purchase decision. Such reviews facilitates the customers to share their feedback on the product's performance, give suggestions for improvements and at times give incredible marketing ideas. These tools are also used by the e-retailers / online retailers for building trust and reputation in the online market.

Subsequently, the online reviews has become an essential part of an online store's branding and marketing activities. Therefore, it is incumbent on the online retailers to study the impact of online product reviews on the consumers' buying intentions.

Review of Literature

Chakraborty, Paul (2022) have found that the governments all over the world are pushing for digitization across all the forms of doing businesses. This has changed the ways the businesses were run earlier. Magni et al. (2021) found that the digitization process has opened new avenues for scaling up their business and on the other hand it has posed some serious managerial challenges for the commercial organizations. The digital world has also brought changes in the consumers' attitude, their buying behaviour, shopping habits etc. Baima et al. (2022) found that many customers have started buying products online as it is convenient, flexible and cost saving for them.

Dimoka et al. (2012) observed that customers are facing difficulties in terms of inadequate information about the product, its trustworthiness etc. To overcome such difficulties the customers are using online product reviews and ratings, which in turn guides their future purchase behaviour.

Chen, Xie (2008) have found that such reviews and ratings helps the customers in their purchase decisions as it describe the user's experience and not the product's features. Kaemingk (2020) through a survey found that 97 % of the consumers do an online research before they purchase anything on the online stores.

Bickart, Schindler (2001) found that, the online product reviews are more influential than the information made available through a company website. Consumer reviews are more credible, offers greater relevance and evokes empathy.

Park, Lee and Han (2007) found that, online product reviews given by the customers act as a source of product information and helps in generating sales volume. The impact of such reviews and ratings depends on the contents and its preciseness. Due to an absence of a standard format for writing reviews it may vary in terms of contents and length. A high quality product review is logical, persuasive and supports its evaluation of the product with facts and figures.

The number of on-line product reviews given by the customers is used to show the product's acceptance and popularity in the market. On the other hand, the customers of high-involvement products seek more information which is logical, persuasive and is based on the facts and figures. The three major findings of the study are

- the quality of on-line product reviews has a positive effect on consumers' buying intentions
- buying intention tend to increase as the number of reviews goes up and
- low-involvement consumers are more interested in number of online product reviews

Christy, Cheung and Thandani (2012) found that customers tend to look for more cues present in the review itself as they are not acquainted with the communicators of electronic word of mouth (e-WoM). Holleschovsky, Constantinides, (2017) found that the credibility and its utility are the important features of online product reviews that customers rely more on it. Isabel, Efthymios, (2017) found four types of online review platforms namely, websites, independent reviewing platforms, video-sharing platforms and personal blogs.

Ismagilova, Iade, Rana and Dwivedi (2019) blended the findings from the past research studies on the characteristics of electronic word of mouth (e-WOM) communications and the credibility of its source by using meta-analysis. The credibility of the source is described in terms of expertise and trustworthiness.

Objectives of the Study

1. To study the impact of online product reviews on consumers' buying intentions.
2. To understand the types of reviews preferred by the consumers of high and low involvement products.
3. To study consumers' attitude towards writing reviews.

Scope of the Study

The present study focuses on consumers of high and low involvement products and their choices of online product reviews used for making a purchase decision. The said study will be conducted in Kothrud, a suburb of Pune City.

Research Hypothesis

H0- There is no impact of online product reviews on the consumers' buying intentions

Ha- There is an impact of online product reviews on the consumers' buying intentions

Research Methodology

- Universe or population: Consumers of high and low involvement products
- Sample size: 100
Out of 100 questionnaire circulated 13 were not received and 11 were partially filled in. Hence, the effective sample size considered for this study is 76.
- Sampling technique: Convenience sampling
- Sources of data: Primary and secondary
- Data Collection tools: Questionnaire
- Statistical tools: Multiple Response Analysis and Single Factor ANOVA (Analysis of variance) test was used for testing the hypothesis.

Data Analysis and Interpretations

1. Respondents were asked to tell the sources of information used by them before buying a product.

Which typical sources of information do you use before buying a product ?

76 responses

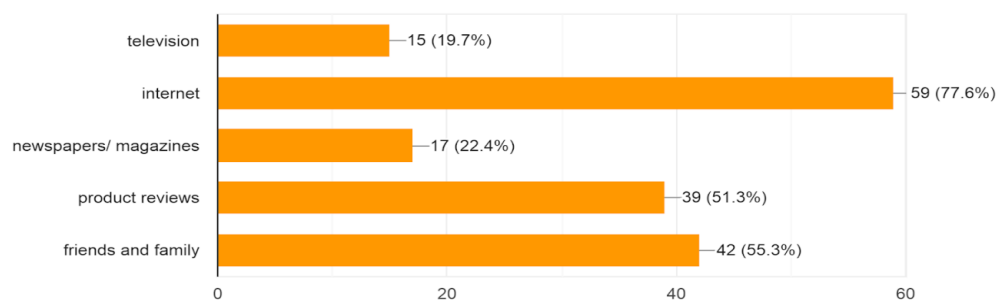


Chart 1. Sources of information used by consumers before buying a product

Interpretation: From the above bar chart it is evident that, internet is widely used as a source of information by the consumers while buying a product. It is followed by WOM, product reviews, newspaper and magazines and television.

2. Respondents were asked to tell whether they have used an online review before purchasing a product.

Have you ever checked online consumer reviews before purchasing a product ?

76 responses

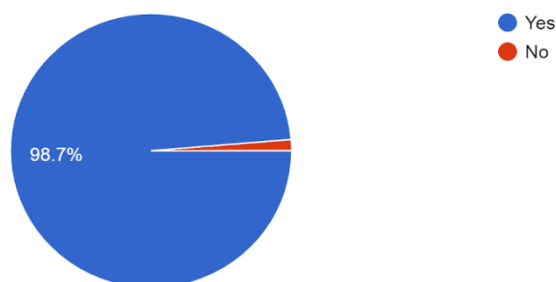


Chart 2. Use of online product reviews before purchasing a product

Interpretation: From the above pie chart it is evident that 98.7 % of the respondents have used online product reviews before purchasing a product.

3. Respondents were asked to tell about the timings when they read the online reviews.

When do you usually read reviews ?

76 responses

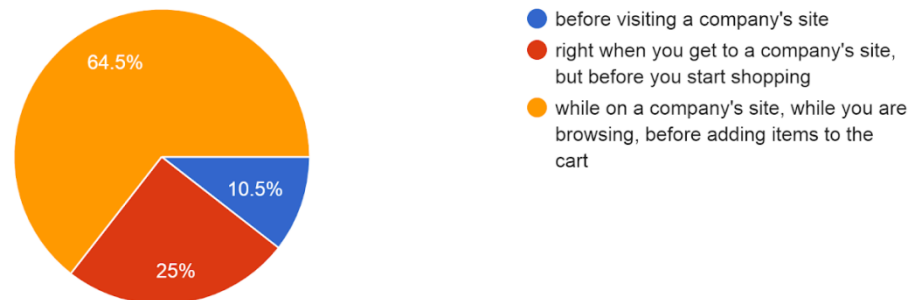


Chart 3. When do people read online reviews?

Interpretation: From the above chart it clear that 64.5 % of the respondents read the online reviews while browsing the company's website, before adding items to the cart. 25 % of the respondents read the reviews when they are landed on the company's website and 10.5 % of the respondents read online reviews before visiting a company's website.

4. Respondents were asked to tell about the types of review used as the basis of their buying decision.

What kind of online reviews do you use as a basis for your buying decision ?

76 responses

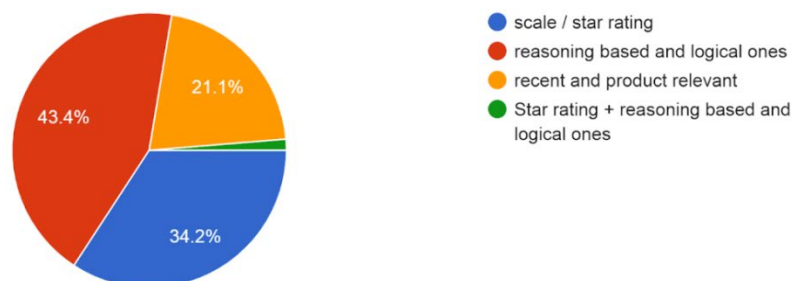


Chart 4. Types of reviews used as the basis for buying decision

Interpretation: From the above chart it is clear that 43.4 % of the respondents are using reviews based on reasoning and logic, 34.2 % are using scales or star ratings, 21.1 % are using recent reviews and 1.3 % of the respondents are using reasoning based star ratings.

5. Respondents were asked to tell whether they write a product review or not.

I write online reviews
76 responses

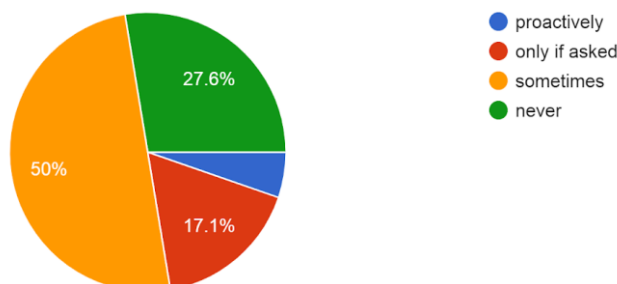


Chart 5. Attitude of consumer towards writing reviews

Interpretation: From the above chart it is evident that 50 % of the respondents writes reviews sometimes, 27.6 % of the respondents have never written a product review, 17.1 % have written reviews only when asked by the vendor and 5.3 % of the respondents pro-actively writes the reviews.

Testing of Hypotheses

H0- There is no impact of online product reviews on the consumers' buying intentions

Ha- There is an impact of online product reviews on the consumers' buying intentions

One way ANOVA test was applied for testing the hypothesis.

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	10.00658	1	10.00658	6.146614	0.014273	3.904202
Within Groups	244.1974	150	1.627982			
Total	254.2039	151				

Table 1- The result has been evaluated at a 5% level of significance (alpha= .05).

From the above test statistics, it is evident that there is a statistically significant difference between groups as determined by one-way ANOVA ($F(1,150) = 6.146614$, $P = 0.014273$). F value (6.146614) is also greater than F critical value (3.904202) as shown in the table 2.

That means online product reviews impacts the consumers' buying intentions.

Since the P value is less than 0.05 level of significance the null hypothesis is rejected.

Inference

The above test statistics indicates that the online product reviews do have its impact on the consumers' buying intentions

Findings

1. 98.7 % of the respondents have used online product reviews before purchasing a product
2. 77.6 % of the respondents have used internet is the most preferred source of product's / service's information.
3. 50 % of the respondents have written online product reviews sporadically, 27 % have never written the online reviews and 17.1 % have written it only when the vendor has asked for it.

Conclusion

Internet is one of the major source of collecting the information about a product or service for making an informed choice. Off late it is observed that, online product reviews are one of the important evaluation criteria used by the customers while buying product or availing a service. In the contemporary market there is a

paradigm shift in the ways people used to buy and sell the products. Nowadays people prefer to buy online rather than buying it from the offline stores as it provides the online product reviews about the products /services. This in turn, increase the confidence in the product and trustworthiness of the vendor.

Managerial Implications

Online product reviews is an important tool of marketing communication used by marketers for furthering their business interests. However, the study has revealed that Indian consumers are little hesitant in writing a product review. Considering this, the marketing managers should encourage the customers to write a product review. A proper sorting option and systematic representation of these reviews and ratings are necessary to enhance the marketing operations as well as to improve the product offered. Moreover, the concerned company should work on both positive and negative reviews and obtain better results.

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