

# Impact of Online Reviews on Consumer Purchasing Decisions



ISBN 978-1-943295-24-1

**R. Nandagopal**

**G. Manokaran**

**A. Jayakumar**

*Sree Saraswathi Thyagaraja College*

(director.nandagopal@gmail.com)

(manokarang@stc.ac.in)

(jayakumar.a@stc.ac.in)

*This research paper aims to investigate the influence of online reviews on consumer purchase decisions in the context of e-commerce platforms. With the rapid growth of e-commerce and the increasing popularity of online shopping, consumers heavily rely on the opinions and experiences of others shared through online reviews before making purchasing decisions. This study examines the factors that contribute to the impact of online reviews on consumer behaviour, including credibility, valence, volume, and reviewer characteristics. Through a comprehensive analysis of existing literature and empirical research, this article provides insights into the significance of online reviews and offers suggestions for businesses to effectively manage and leverage this influential tool to enhance customer satisfaction and increase sales. It provides valuable insights for businesses and marketers on the significance of online reviews and offers practical recommendations for leveraging this influential tool to enhance customer satisfaction, increase sales, and gain a competitive advantage in the e-commerce industry.*

**Keywords:** Online Reviews, E-Commerce Platforms, Online Shopping, Credibility, Customer Satisfaction, Competitive Advantage.

## 1. Introduction

E-commerce has grown substantially after the Covid19 period throughout the world and it has become important in the life of every consumer. In terms of online shopping consumer prefer to get information about the product through the online feedback rather than official product information provided by the sellers. In the digital era, e-commerce platforms have revolutionized the way consumers shop, offering convenience, a wide range of options, and the ability to make purchases from the comfort of their own homes. However, with the absence of physical touchpoints and direct interactions with sales persons to understand the services, consumers increasingly rely on online reviews to gather information, assess product quality, and make informed purchase decisions. Online reviews have emerged as a powerful tool that influences consumer behaviour in the e-commerce landscape. The rapid growth of e-commerce platforms has transformed the way consumers make purchase decisions, and online reviews have emerged as a key factor influencing consumer behaviour. In this research article, we investigate the impact of online reviews on consumer purchase decisions in the context of ecommerce platforms. Drawing on a comprehensive analysis of existing literature and empirical research, we explore the factors that contribute to the influence of online reviews, including credibility, valence, volume, and reviewer characteristics.

Online reviews serve as a vital source of information for consumers, empowering them to gather insights and assess the quality and value of products or services. Consumers perceive online reviews as credible and unbiased, relying on them to mitigate uncertainty and make more informed purchase decisions. Credibility is an energetic factor, as consumers place higher trust in reviews from verified buyers or reputable sources. The valence of reviews, whether positive or negative, significantly impacts consumer perceptions and preferences. Moreover, the more number of reviews plays a role, with consumers considering products with a higher number of reviews as more trustworthy and popular. Reviewer characteristics, such as expertise, demographics, and past purchasing history, also influence consumer behaviour and the weight placed on their opinions.

Understanding the impact of online reviews on consumer purchase decisions is essential for businesses operating in e-commerce platforms. By effectively managing and leveraging online reviews, businesses can enhance customer satisfaction, increase sales, and gain a competitive advantage. Strategies for businesses include actively encouraging and responding to reviews, ensuring transparency and authenticity, and utilizing positive reviews in marketing efforts. This article contributes to the existing literature by providing insights into the significance of online reviews in e-commerce platforms and their influence on consumer behaviour. The findings offer valuable guidance for businesses seeking to navigate the dynamic landscape of e-commerce and capitalize on the power of online reviews. By comprehending the factors that shape the impact of online reviews, businesses can develop effective strategies to optimize customer experiences and drive success in the ecommerce industry.

## 2. Background of the Study

In recent years, the e-commerce industry has experienced unprecedented growth, transforming the way consumers shop and businesses operate. With the proliferation of online shopping platforms, consumers are presented with an overwhelming

number of choices, making it increasingly challenging for them to evaluate the quality, reliability, and value of products or services. In this context, online reviews have emerged as a critical source of information and a powerful influencer of consumer purchase decisions. Online reviews are user-generated assessments and opinions of products or services posted on e-commerce platforms, review websites, or social media platforms. These reviews provide valuable insights into the first hand experiences, satisfaction levels, and perceived benefits or drawbacks associated with a particular product or service. Consumers turn to online reviews to gather information, seek validation, and make informed decisions based on the experiences of others.

One of the primary reasons online reviews have gained such significance in e-commerce is the increasing consumer reliance on social proof. Social proof is a psychological phenomenon where people look to others' behaviours and opinions to guide their own actions, particularly in situations where uncertainty exists. Online reviews act as a form of social proof, offering consumers reassurance and confidence in their purchase decisions. By reading about the experiences and opinions of fellow consumers, potential buyers can reduce uncertainty, mitigate risks, and make more confident choices. Consumers have the opportunity to physically examine products, interact with sales representatives, and seek recommendations from friends or family. In the absence of these direct touchpoints in e-commerce, online reviews serve as a substitute for personal recommendations, providing a sense of authenticity and reliability. Consumers perceive online reviews as unbiased and genuine, assuming that they are based on real experiences and reflect the opinions of their peers.

## 2.1 Literature Review

Several studies have reported on the influence of online reviews, in particular on purchasing decisions in recent times (Kang et al., 2020 and Wu et al., 2021). These studies have reported on various aspects of online reviews on consumers' behaviour, including consideration of textual factors (Ghose and Ipeiotiss, 2010), the effect of the level of detail in a product review, and the level of reviewer agreement with it on the credibility of a review, and consumers' purchase intentions for search and experience products (Jiménez and Mendoza, 2013). For example, by means of text mining, Ghose and Ipeiotiss (2010) concluded that the use of product reviews is influenced by textual features, such as subjectivity, informality, readability, and linguistic accuracy. Likewise, Boardman and McCormick (2021) found that consumer attention and behaviour differ across web pages throughout the shopping journey depending on its content, function, and consumer's goal. Furthermore, Guo et al. (2020) showed that pleasant online customer reviews lead to a higher purchase likelihood compared to unpleasant ones. They also found that perceived credibility and perceived diagnosticity have a significant influence on purchase decisions, but only in the context of unpleasant online customer reviews. These studies suggest that online product reviews will influence consumer behaviour but the overall effect will be influenced by many factors.

In addition, studies have considered broader online product information, comprising both online reviews and vendor supplied product information, and have reported on different attempts to understand the various ways in which OPI influences consumers. For example, Kang et al. (2020) showed that VSPI adoption affected online review adoption. Lately, Chen and Ku (2021) found a positive relationship between diversified online review websites as accelerators for online impulsive buying. Furthermore, some studies have reported on other aspects of online product reviews, including the impact of online reviews on product satisfaction (Changchit and Klaus, 2020), relative effects of review credibility, and review relevance on overall online product review impact (Mumuni et al., 2020), functions of reviewer's gender, reputation and emotion on the credibility of negative online product reviews (Craciun and Moore, 2019) and influence of vendor cues like the brand reputation on purchasing intention (Kaur et al., 2017). Recently, an investigation into the impact of online review variance of new products on consumer adoption intentions showed that product newness and review variance interact to impinge on consumers' adoption intentions (Wu et al., 2021). In particular, indulgent consumers tend to prefer incrementally new products with high variance reviews while restrained consumers are more likely to adopt new products with low variance.

## 2.2 Reasons for Online Consumer Reviews

They provide real-life insights into a product or service, offering a glimpse into what we can expect before making a commitment. Positive review reassure us that others have had a good experience, while negative review warn us of potential pitfalls. Customer reviews have become the modern-day word-of-mouth marketing powerhouse. The seller's statistics that highlight just how crucial online reviews have become in the consumer marketplace. The online reviews indicated that seventy eight per cent of customers were less likely to buy a product if it had negative reviews but at the same time eighty four per cent of people trust online reviews as much as personal recommendations and seventy five per cent of online shoppers looked for reviews marked as helpful by other customers.

## 2.3 Impact of Reviews on Consumer's Decision

Imagine one person is standing in front of two restaurants, trying to decide where to have dinner. One has glowing reviews praising its food and service, while the other has mixed opinions. Which one would be choose? For most of us, online reviews are like a compass guiding our choices. They provide real-life experiences and opinions from other consumers that we trust. The impact of online reviews had become a cornerstone of consumer-decision making due to the fact that reviews heavily influenced what products people decided to buy, positive review boosted sales, while negative ones deterred potential buyers, sheer volume of positive reviews influence undecided consumers and acted as a social proof, validating the quality and value of a product. We also found that some reviews were fake, either overly positive or negative and misled consumers and affected their purchasing decisions. The reviews shaped how consumers feel about a product before they buy it, encouraged

purchases, while negative ones deter them. The online reviews considered the characteristics of customers by valuing pricing, quality or user experience, affecting consumers purchase intention by way of rethinking their purchasing decisions. Finally it measure effectively consumer's reactions and purchasing behaviour.

#### **2.4 Impact of Online Product Review on Purchasing Decisions**

Online product reviews have become like trusted advice from customers. They help us decide whether a product is worth our money and if it will really meet our expectations. For the consumers' shopping habits online reviews play a significant role in shaping consumer's lifestyles to opt for a brand, positive reviews enhanced confidence in a product, leading to higher sales and negative online product reviews prevent potential buyers, impacting sales negatively. Furthermore, online shopping environment created rich shopping experience by providing detailed product information, helped the consumers to understand which products was better than just relying on product descriptions and offered a real-world insights into how products perform, which was crucial in the online shopping.

Online male purchasing practices differ often and focussed on technical details and functionality in reviews, spend less time reading reviews compared to female consumers and preferred reviews that discuss product performance and specifications. Moreover, Female consumer pay attention to reviews especially those that discuss usability and aesthetics, looked for detailed and comprehensive reviews before making a purchase and tend to value reviews that talk about customer service and post-purchase support.

Diversified online reviews provides broader online product information of Amazon, Yelp, etc. and hence, consumers benefit from exploring different sites to get a well-rounded view of the product. The reviews also provide detailed comments tend to attract more readers and users to reviews that share personal stories or unique insights and interesting comments can influence the purchase decision by making the product seem more relatable. The reviews significantly influence online consumer decision-making, explore consumer online behaviour to understand how reviews impact their choices and improve their marketing strategies. The effective screening systems ensure that reviews are genuine and trustworthy, filter out fake or misleading reviews, maintaining review integrity and boosts consumer confidence in the reviews they read. The negative online product reviews highlight potential issues with products, helping consumers make informed choices, valuable feedback for merchants to improve their products and sometimes some consumers appreciate negative reviews for their honesty.

#### **2.5 Power of Online Reviews**

Whether we are hunting for a new gadget, choosing a new restaurant, or booking a vacation, online reviews often guide us. These testimonials from fellow consumers provide insights and experiences that influence whether we click "Buy" or keep scrolling. Online reviews have become a trusted source of information that can make or break our consumers' purchase decisions. Let's explore how the impact of online reviews goes beyond just stars and comments it's about trust, credibility, and the real life stories of others that help us make informed decisions. Online reviews helped to build trust between shoppers and sellers. When people see positive reviews, they feel more confident about buying a product. Online shopping websites rely on reviews to show they are trustworthy. Reviews from real customers make new shoppers feel safe about their purchases. This trust is crucial for online consumer behaviour.

Reviews are like digital word of mouth. People love to share their experiences, whether good or bad. Online shoppers read these reviews to learn more about products and services. Positive reviews spread quickly, encouraging more people to buy. Negative reviews can also help businesses improve by addressing issues. Reviews play a big role in the decision-making process. When shoppers are unsure about a product, they turn to reviews for guidance. Good reviews can tip the scales towards making a purchase. This is especially true for online film reviews, where people rely on other's opinions before watching a movie. Online reviews create a feedback loop between customers and businesses. Shoppers leave reviews, businesses respond, and improvements are made. This loop helps businesses understand what their customers want and need.

Reviews can improve a website's search engine optimization (SEO). Shopping websites with lots of reviews tend to rank higher on search engines. This means more visibility and traffic for the website. Reviews contain keywords that search engines pick up, helping to attract more shoppers. Responding to reviews is a great way for businesses to engage with their customers and show that they care about customer feedback. Shoppers appreciate it when businesses respond to their reviews. This engagement helps build a loyal customer base. Positive review directly boost sales. When shoppers see that others are happy with a product, they are more likely to buy it. Online reviews can also lead to online impulsive buying, where shoppers make quick purchase decisions based on positive feedback. This makes reviews a powerful sales tool. Influencers often leave reviews that can sway their followers. Their opinions can have a big impact on online shopping decisions. Businesses sometimes use third-party software too ls to manage these influencer reviews. This can lead to a surge in sales.

### **3. Objectives of the Study**

- To examine the role of online reviews in influencing consumer purchase decisions within the context of e-commerce platforms.
- To identify the factors that contribute to the impact of online reviews on consumer behaviour.
- To provide insights into the implications of online reviews for businesses operating in e-commerce platforms.
- To contribute to the existing literature on consumer behaviour in the e-commerce context.

#### 4. Research Methodology

Data collection for studying the impact of online reviews on consumer purchase decisions typically involves gathering information from consumers who have made minimum of five purchases on e-commerce platforms and in the age group of twenty five to thirty five. Various data collection methods can be employed, such as online surveys, interviews, or observation of consumer behaviour on e-commerce platforms. Sample selection can be done using different sampling techniques such as random sampling, to ensure the representativeness of the sample. A larger sample size of 300 generally provides more robust and reliable results. Researchers considered stratifying the sample based on relevant demographic or Behavioral variables to ensure diversity and representativeness. The statistical analysis techniques employed in studying the impact of online reviews on consumer purchase decisions depend on the research questions, data collected, and research design. Some commonly used statistical analysis techniques include. Statistical techniques employed will depend on the research questions, data type, and analytical goals of the study. Researchers should select appropriate statistical techniques based on the nature of the data and the research objectives to draw meaningful conclusions from the analysis.

##### 4.1 Data Analysis and Interpretation

**Table 1** Role of Online Reviews in Influencing Consumer Purchase Decisions

Variables	Enhancement	Opinion		Calculated value	Degrees of freedom	Result
		High	Low			
Gather information	Significant	39	19	1.135	2	*S
Decision-making	Significant	54	27	3.067	2	*S
Purchase	Significant	41	20	0.487	2	*S
Moral contented	Slight	14	28	2.271	2	*S
Host a trial	Slight	7	12	6.135	2	*S
Respond to	Slight	13	26	0.975	2	*S

**Note:** Chi-Square Value = 14.07, Degrees of freedom = 2, Significant at 5% level, Critical value = 5.99.

There is adequate numerical indication to discard the null hypothesis and to consider that, there is an association among the improvements with response. Chi-Square test reveals that all the variables are significantly related to the Weighted Ranking technique has been used to interpret the factors determining the role of online reviews in influencing consumer purchase decisions.

The study found that several factors contribute to the impact of online reviews on consumer behaviour within e-commerce platforms. These factors include the gather information, decision-making, purchase, moral contented and the respond to commentaries of the reviews of the reviewers.

**Table 2** Impact Factors of Online Reviews on Consumer Behaviour

Criteria	Weight	Requirement Score				
		Good User Experience	Trust	Interacting	Social Engagement	Focus on Generating Cash
Value	20%	80	45	40	15	35
Risk	20%	60	85	30	20	75
Building trust	15%	55	80	50	15	25
Services offered	10%	30	60	55	65	30
Compliance	5%	35	50	60	50	50
Reputation	5%	80	70	50	85	80
Curiosity	15%	25	50	45	60	60
Transparency	10%	60	25	40	65	80
Weighted Scores	100%	54.8%	60%	43.3%	38%	52.3

The research indicates that the value, risk, building trust, services offered and curiosity of online reviews significantly influences their impact on consumer behaviour. Consumers tend to trust and be influenced by reviews that are perceived as more credible. Factors that contribute to the credibility of online reviews include the reviewer's expertise, reputation, and transparency regarding their identity or affiliation with the product or brand.

**Table 3** Implications of Online Reviews for Businesses Operating in E-Commerce Platforms

Problems	Yes		No		Total
	No. of Respondents	Percentage	No. of Respondents	Percentage	
Negative online reviews	27	27	73	73	100
Selective perception	34	34	66	66	100
Relevance of the review	56	56	44	44	100
Disturbance	29	29	71	71	100
Loss of privacy	38	38	62	62	100
Perceptive conflict	41	41	59	59	100

The variables affecting the performance of the customer towards implications of online reviews for businesses operating in e-commerce platforms has been interpreted using Likert's five-point scale technique. From Table 3, it is clear that the factors influencing the providers face difficulties owing to negative online reviews, disturbance and Selective perception. Admittance variables are largely associated with the implications of online reviews for businesses operators. Whether they are positive or negative, also plays a crucial role in influencing consumer behaviour. Positive reviews have been found to enhance product desirability, trust, and purchase intentions, while negative reviews can deter consumers from making a purchase or negatively impact brand perception. The emotional tone conveyed in online reviews has a significant impact on consumer decision-making.

**Table 4** *Contribute to the Existing Works on Characteristics of the Reviewers in E-Commerce Context*

Improvement	Credibility		Valence		Volume		Total
	High	Low	High	Low	High	Low	
Significant	39	19	54	27	41	20	200
Slight	14	28	7	12	13	26	100
Total	53	47	61	39	54	46	300

Online reviews have been observed to affect consumer behaviour. Higher volumes of reviews tend to create a perception of social proof and influence consumer attitudes and purchase decisions. Consumers often rely on the collective wisdom of the crowd when assessing the quality and reliability of a product or service, and a higher number of reviews can enhance trust and confidence. The characteristics of the reviewers themselves, such as their expertise, demographic profile, and perceived trustworthiness, can influence the impact of online reviews. Consumers tend to be more influenced by reviews from reviewers who are perceived as knowledgeable, experienced, or similar to themselves. Additionally, reviews from verified purchasers or reviewers with a history of providing helpful and accurate reviews are often given more weight by consumers. These research findings highlight the importance of considering factors such as credibility, valence, volume, and reviewer characteristics when studying the impact of online reviews on consumer behaviour in the context of e-commerce platforms.

## 5. Research Suggestions

This research could involve examining how often consumers access and read online reviews when considering a purchase within e-commerce platforms. It could also explore the extent to which consumers engage with different types of online reviews, such as text-based reviews, star ratings, or user-generated images. Understanding consumers' engagement patterns with online reviews can provide insights into the importance they assign to this information source. The relative impact of online reviews compared to other sources of information available to consumers within e-commerce platforms. It could involve studying how consumers weigh online reviews against factors like product descriptions, advertisements, brand reputation, or recommendations from friends and family. By understanding the comparative influence of online reviews, researchers can gain insights into the role they play in consumers' decision-making process.

The factors that moderate the extent to which consumers rely on online reviews within e-commerce platforms. Factors such as product type, consumer characteristics, and situational factors may influence the level of reliance on online reviews. Investigating these moderating factors can provide a deeper understanding of when and why consumers place more or less trust in online reviews as an information source. Understanding which aspects of online reviews have a stronger impact on consumer behaviour can help businesses and marketers in optimizing their review strategies and managing consumer perceptions. The relationship between online reviews and repeat purchases, brand loyalty, and overall satisfaction, researchers can assess the enduring influence of online reviews beyond initial purchase decisions. Comprehensive understanding of the extent to which consumers rely on online reviews within E-commerce platforms and their influence on consumer decision-making can be obtained.

## 6. Conclusion

Online reviews play a pivotal role in shaping consumer purchase decisions in e-commerce platforms. They act as a powerful source of social proof, providing consumers with the confidence and reassurance necessary to navigate the vast online marketplace. The transparency, credibility, and influence of online reviews make them a vital consideration for businesses seeking to succeed in the competitive e-commerce industry. It will provide valuable insights for businesses seeking to optimize their use of online reviews to enhance customer satisfaction, increase sales, and gain a competitive advantage in the dynamic e-commerce landscape. Reviews have a powerful influence on what customers choose to buy. They act like a trusted friend's advice, guiding us towards products or services that meet our expectations. Where opinions are just a click away, consumer reviews play a crucial role in shaping online consumer purchase intention. They give us insights into quality, reliability and customer satisfaction, helping us make informed choices that align with our needs and expectations. Online reviews play a pivotal role in shaping consumer purchase decisions in e-commerce platforms. They act as a powerful source of social proof, providing consumers with the confidence and reassurance necessary to navigate the vast online marketplace. The transparency, credibility, and influence of online reviews make them a vital consideration for businesses seeking to succeed in the competitive e-commerce industry. It will provide valuable insights for businesses seeking to optimize their use of online reviews to enhance customer satisfaction, increase sales, and gain a competitive advantage in the dynamic e-commerce landscape.

## 7. Review of Literature

1. Boardman, R., and McCormick, H. (2021). Attention and behaviour on fashion retail websites: an eye-tracking study. *Inf. Technol. People*. doi: 10.1108/ITP-08-2020-0580.
2. Changchit, C., and Klaus, T. (2020). Determinants and impact of online reviews on product satisfaction. *J. Internet Commer.* 19, 82–102.
3. Chen, C. D., and Ku, E. C. (2021). Diversified online review websites as accelerators for online impulsive buying: the moderating effect of price dispersion. *J. Internet Commer.* 20, 113–135.
4. Craciun, G., and Moore, K. (2019). Credibility of negative online product reviews: reviewer gender, reputation and emotion effects. *Comput. Hum. Behav.* 97, 104–115.
5. Ghose, A., and Ipeirotiss, P. G. (2010). Estimating the helpfulness and economic impact of product reviews: mining text and reviewer characteristics. *IEEE Trans. Knowl. Data Eng.* 23:188.
6. Guo, J., Wang, X., and Wu, Y. (2020). Positive emotion bias: role of emotional content from online customer reviews in purchase decisions. *J. Retail. Consum. Serv.* 52:101891.
7. Jiménez, F. R., and Mendoza, N. A. (2013). Too popular to ignore: the influence of online reviews on purchase intentions of search and experience products. *J. Interact. Mark.* 27, 226–235.
8. Kang, T. C., Hung, S. Y., and Huang, A. H. (2020). The adoption of online product information: cognitive and affective evaluations. *J. Internet Commer.* 19, 373–403.
9. Kaur, S., Lal, A. K., and Bedi, S. S. (2017). Do vendor cues influence purchase intention of online shoppers? An empirical study using SOR framework. *J. Internet Commer.* 16, 343–363.
10. Mumuni, A. G., O'Reilly, K., MacMillan, A., Cowley, S., and Kelley, B. (2020). Online product review impact: the relative effects of review credibility and review relevance. *J. Internet Commer.* 19, 153–191.
11. Wu, Y., Liu, T., Teng, L., Zhang, H., and Xie, C. (2021). The impact of online review variance of new products on consumer adoption intentions. *J. Bus. Res.* 136, 209–218.