

A Study on Consumer's Buying Behaviour Based on Parameters of Online Reviews – An Indian Perspective

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ABSTRACT: There are many platforms like online retailer's websites, E-Commerce websites, brand websites, brand community blogs, and third-party review, where consumers can participate and engage in discussions about their purchase and consumption experience, and so this product review has become a popular and effective marketing and sales tool that affect consumer product purchase behaviour. Consumer reviews may influence overall product sales and help a customer in purchasing decision. This research paper has been conducted with a perspective of finding the correlation between consumer reviews and consumer purchasing behaviour. This study aims to disentangle the effect of different online reviews on consumer's purchasing behaviour and intentions. The 21st century customer is passionate about gaining knowledge. The availability and affordability of internet has created an edge for people to connect to a social network and exchange information. It has encouraged different online activities for consumers such as blogging, chatting, gaming, and messaging. The virtual space has helped this range of people involve to share posts or online reviews more quickly. Hence it is today believed online social networks are good platform for consumers to gather information and advice. All that a consumer shares as an opinion value add to the company's reputation. Reputation is viewed as an asset. This value can be damaged when a consumer share negative reviews. It reduces the brand image of a company that promises to deliver high-quality products.

1. INTRODUCTION

In earlier times, when people used to purchase goods or services, they used to go to different shops to purchase and feedback of a particular product or service was given by simple word- of-mouth. But as with advancement of technology, the concept of online shopping was introduced and to which simultaneously the concept of online consumer reviews was also introduced. But with the time, online reviews became more important as to maintain the reputation of the business. They are given by the customers who have already used or bought a particular product by trusting the retailer. Online reviews have created a new form of merchandising and communication that helps in bridging the gap between simple word-of- mouth and a form of feedback that can move mountains for a business. The significance of online reviews is truly remarkable as it helps in increasing sales and creating brand awareness and it also helps the business to know their weaknesses and how to improve it.

Globalisation has provided strategy of homogenization of markets. This has led to standardization of offerings to various markets. The differences in national tastes or modes of entering countries to do business are also disappearing. Such standardisation in offerings has pushed consumer expectations to a higher level. Consumer feels that there should be no disparity in price or quality of the product or service offered by organizations. This background context has created an opportunity for consumers with a wide spectrum of Brands to choose. Like change is constant, buying a product or service for an unsatisfied need by a consumer is also constant. Persistently consumers want to ensure that their buying decisions are right based on value and quality. Hence the consumer behaviour is a set cumulative activity of how individuals or groups of customer select, purchase, use and dispose ideas, goods or services to satisfy their needs and wants. This actions of a consumer is influenced by the attribution theory. The actions of the consumer in the market place and the motives are driven and dominated by personal and environmental factors.

Internet has empowered today's consumer to transform himself from a passive to an active and informed consumer who can easily share his experience and opinion about a particular product or service with an infinite number of consumers around the globe through feedback and online reviews. These reviews or feedbacks are used by prospective buyers of that particular product or service via electronic Word-of-Mouth. In reality, online review community allows everyone to express and receive different opinions and individuals can re- examine their opinions after receiving reviews from others.

Online customer reviews play an increasingly important role in other customers' decision making process. The different online product review platforms like blogs, retailing websites, social media, video platform and independent reviewing platforms differ in their objectives, function and characteristics.

When it comes down to reviews, consumers give more importance to that because they want to hear about experience from people like them. This is the main reason that they can be business' best marketing tool. Online reviews can be just the thing that is needed to push a prospective customer from consideration to purchase, as they are an integral part of shopping experience.

For example, Facebook.com is one of the most popular social networking sites. Most of the Individuals account holders and

members of Facebook can build in extraordinary personal profiles about themselves and continuously share information with members in the group. Increased Social interaction among friends and public per se, has emerged and created new set of behaviours which influence consumer's daily purchase decisions. Few factors that can have an influence on online consumers are family members, friends, co-workers, and group or individual. Individual loves to compare their decisions with others and seek best benefit in the choice of a product or service.

The virtual space has helped these ranges of people involve to share posts or online reviews more quickly. Hence it is today believed online social networks are good platform for consumers to gather information and advices. All that a consumer share as an opinion is a value add to the company's reputation. Reputation is viewed as an asset. This value can be damaged when a consumer share negative reviews. It finishes the brand image of a company that promises to deliver high-quality products. Few researchers call these opinions share in online reviews as e-sentiment information. This e-sentiment information is an indicator of business outcomes such as:

- Increasing of sales volume
- Declining sales
 - Impact on market share
- Increasing product returns
- Increasing service cancellations
- Damaging the brand image and
- Decreasing value of products

However, there is a gap in the literature regarding perception of consumers on online reviews. The way the attributions are made by the consumer about online reviews can or need not affect their buying/purchasing decisions. The content of the review, a positive review or a negative review can be oversighted by a consumer whose perception about a review is obsolete. This study aims in closing such gaps.

2. OBJECTIVES

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

- To study how prospective customers form their opinions under the effects of both positive and negative reviews
- To understand the parameters on which consumers use online reviews to make decisions for buying a product or service.
- To suggest companies to concentrate on certain important variables in managing the online review process
- To study the impact of customers' online reviews on consumer's buying behaviour.
- To find the correlation between consumer reviews and consumer purchasing behaviour.

3. LITERATURE REVIEW

Most of the recent research studies identifies that consumer online review through various systems is widely used by consumers in facilitating their purchase decisions of product or services. The ecommerce has indeed created easier platform for exchange of product information by the companies to consumer and consumer's review to the organizations. These feedbacks nevertheless help company to bring in quality improvement and service modification. The online reviews on ecommerce impacts business by affecting or increasing profitability and purchase intentions. In the existing literature, there is not much of attention paid towards identifying the relationship between online reviews and the perception of consumers 'influenced by online review while deciding on pre-purchase and purchase. Liu (2006) in a research study collected online posts from the Yahoo Movie message board. The messages/reviews were coded. The valence of each post as positive, negative, or neutral was analysed. The findings reported impact of online buzz valence on dependent variable, i.e., weekly box office revenue. In comparison, more recent studies reported in a blog analyses that box office ticket sales of movies can be affected by the valence of online buzz information collected from Yahoo Movie and blog posts (Gopinath, Chintagunta, and Venkataraman, 2013). Chen, Stephen (2001) in the research work of assessing the impact of internet on brands claims that easy access to online customer reviews has led some audiences (consumers) to suggest that alternative assurances of product quality and performance. It includes findings such as brands will lose much of their importance in the interactive marketing environment. A research study by Bickart and Schindler (2001), proposes a new way of thinking to marketing strategies. The reasoning suggests that customers will detour marketer influenced signals like brands and instead rely directly on unfiltered e-word-of-mouth from other consumers. The information contained in such online reviews does not originate from the company, it is generally considered to be highly credible and influential. An Online customer reviews can be defined as peer-generated product evaluations posted on company or third party websites Mudambi & Schuff (2010). Mostly it is the retail websites that offer consumers the opportunity to post product reviews with content of information related to quality, price comparisons, service offerings etc. it also promotes cumulative ratings of the product. These form of numerical star ratings (usually ranging from 1 to 5 stars) and open-ended customer-authored comments about the product. Past studies have exhibited that online reviews play a vital role in the process of purchase decision for a consumer. Though the effects of positive and negative reviews to consumers' purchase decisions have been analysed and examined.

Image1: Motivation to leave a review

Source: Report- Online reviews impact purchasing decisions for over 93% of consumers, report suggests

At least weekly, 60% of consumers looking at online reviews, a recent survey by Podium suggest that 93% of consumers say online reviews do impact their purchasing decisions. The way consumer engage in B2B and B2C business exemplifies that 82% of consumers do read reviews before making a purchase decision. Further, the study suggests that two-thirds of consumers (68%) are willing to pay up to 15% more for the same product or service if they are assured they will have a better experience, giving less importance to other factors like price. The report suggests that customers engage with online reviews regularly and when it comes to making purchasing decisions, these reviews are very influential.

C.Surendhranatha Reddy and Dr.Guru Basava Aradhya.S (2017) talks about how the online reviews impact purchase decisions of consumers and what drives them to engage in online reviews. According to their study, the online marketers have to look into streamlining the reviews given by the consumers and provide some guidelines while writing the reviews. Certain standards need to be followed by the consumers while they write their reviews as the purchase decision of customers is affected by these reviews. As the customers depend on reviews for getting information about products and services, the uniformity of reviews can be improved. The perceived risk of consumers can be eased to great extent as studied by Prabha Kiran and Vasantha S. (2015) and it can instigate the consumers' purchase intentions while shopping online. Feedback and views which are given by the customers are not only useful in making a purchase decision for the future customer but also are used by businesses to improve the quality of their product and services.

Social media play an important role in influencing consumer behaviour through online reviews and ads, search experience, personal opinions, and online marketing activities. As Simona Vinerean, Iuliana Cetina, Luigi Dumitrescu and Mihai Tichindelean(2013) researched that in particular, a new form of consumer socialization i.e., peer communication through social media, has intense impacts on consumer decision making process as well as marketing strategies.

Consumers have become habitual to online shopping with the development of e-commerce websites. The purpose of the study of Ayda Darban and Wei Li (2012) is to examine the impact of online social networks on consumers' purchasing decision process. The main reasons that consumers are interested in supermarkets' online social networks is that they are able to interact with other consumers i.e., people like them and supermarkets. Consumers can be influenced during interaction with others which includes getting involved in online Word- Of-Mouth communications

The buying behaviour of consumers belonging to different age groups is influenced by different factors. Bettina von Helversen, Katarzyna Abramczuk, Wiesław Kopeć and Radosław Nielek (2018) talked about how average consumer ratings, product attributes, and single affect-rich positive or negative consumer reviews influenced hypothetical online purchasing decisions of younger and older adults. They found that average consumer ratings strongly influence students and the older adults gave little importance to consumer information like positive affect-rich reviews. Age difference in consumer behaviour is shown by this.

The results of Zan Mo, Yan-Fei Li and Peng Fan (2015) research shows that the factors of online reviews which are influencing consumer purchasing behaviour include positive reviews, picture reviews, additional reviews, cumulative reviews and description rating. The moderate or negative reviews, logistics rating and service rating are not important in the results. Therefore, the sellers can make positive reviews and high quality reviews in the sales process to take the incentives for consumers.

The study of Fei L. Weissstein, Lei Song, Peter Andersen and Ying Zhu (2017) examines effects of negative reviews on consumer price perception and subsequent purchase behaviour while taking in consideration the moderating effect of purchase goals. Results of their research show that stronger negative impacts on buying decision for consumers is due to the higher proportion of negative reviews with a purchase goal than those without. This research contributes to increasing knowledge about negative online reviews and consumer goal literature and offers practical implications for online retailers.

Nicky Somohardjo (2017) has answered the question: "To what extent are online reviews influential on review attitude and purchase intention in relation to a restaurant visit?" that the online reviews are partially influential on review attitude and purchase intention. Despite all several review elements most relevant is still a positive valence. In addition to valence the whole review attitude is also influential to the eventual purchase intention.

4. RESEARCH METHODOLOGY

The study is based majorly on the analysis of primary data which included people of different age groups. Questionnaire was developed to undertake study in sampled regions to collect relevant information for research. Detailed discussions were made with certain people with the help of questionnaire to understand their views & thinking. The questionnaire is processed and analyzed with the help of statistical tools like tables, averages, graphs etc. The questionnaire was mainly used to analyze viewpoint of people.

Data collection

Data is collected in two ways: Primary data and Secondary data. Primary data is collected with the help of a 5 point Likert scale questionnaire. Secondary data is collected through literature review; data which is collected by other researchers on this topic is shown. Questionnaire was circulated among 200 people of different age groups and valid filled questionnaire was got from 144 respondents out of which 06 respondents doesn't read online product reviews before purchasing any product so final responses considered for data analysis are 138.

Data analysis

Data analysis tool used for the analysis is SPSS. Through SPSS correlation between Purchase Behaviour and product review and between Purchase Behaviour and other factors like brand, promotion, need, availability and price is found.

Table1: Correlations between purchase behaviour and product review

		Purchase Behaviour	Product Review
Purchase Behaviour	Pearson Correlation	1	.566**
	Sig. (2-tailed)		.000
	N	134	134
Product Review	Pearson Correlation	.566**	1
	Sig. (2-tailed)	.000	
	N	134	134

** Correlation is significant at the 0.01 level (2-tailed).

According to the correlation analysis result, we can find that there is a moderate degree of positive correlation (.566) between Purchase Behaviour and product review given by the customers.

Table2: Correlations between purchase behaviour and other factors affecting purchase behaviour

		Purchase Behaviour	Other factors
Purchase Behaviour	Pearson Correlation	1	.493**
	Sig. (2-tailed)		.000
	N	134	134
Other factors	Pearson Correlation	.493**	1
	Sig. (2-tailed)	.000	
	N	134	134

** Correlation is significant at the 0.01 level (2-tailed).

According to the correlation analysis result, we can find that there is a low degree of positive correlation (.493) between Purchase Behaviour and other factors like brand, promotion, need, availability and price as per responses given by the customers.

5. DISCUSSION AND FINDINGS

How product reviews affect purchase behaviour?

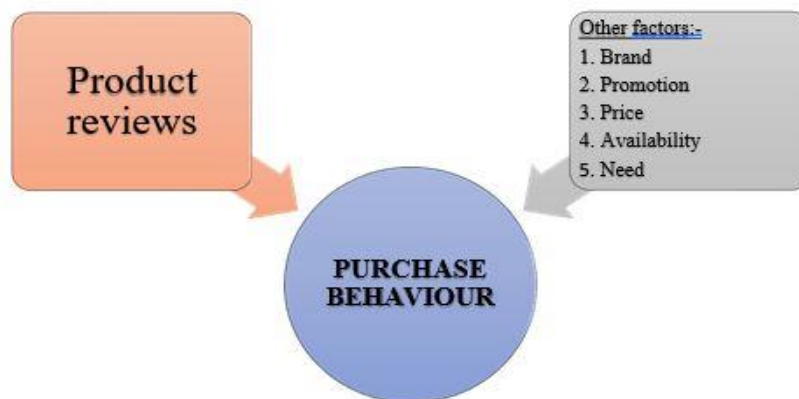
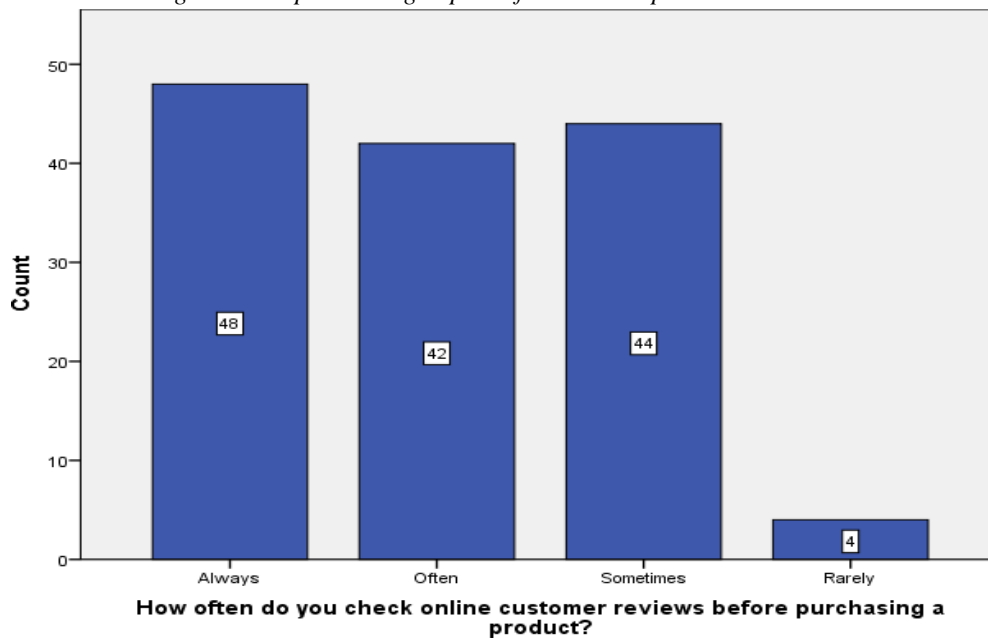


Figure1: Factors affecting purchase behaviour

There are many factors which affect the consumer’s purchase behaviour like online product reviews, brand, availability, price and need of product among which online product reviews plays the major role. It can be inferred from the data that people belonging between agegroup of 15-20 years [57.64%] are more into online shopping and referring online reviews before purchasing than people belonging to age group above 40 years [4.86%]. People lying between 15-20 years of age are teenagers who are more aware about the term online reviews that are they are more interested in reading the online reviews given by other online buyers as compared to that of people over 40 years. Undergraduate people are mostly grown up teenagers or at an initial stage of being an adult, they want to buy goods and services efficiently as some of them might be earning and to make their shopping worthy they read online reviews, so that they buy best. As per the data filled, more students are engaged in shopping as compared to people who are unemployed or are engaged in other occupation. Income of the family plays an important role in purchasing a product because some of the people are dependent on the income of their families for purchasing any product. After interpreting the data it is found that people having income of Rs. 4 lakhs to 7 lakhs are engaged more in reading online product reviews as compared to that of people having an income below 1 lakh. We all know that people living in urban areas are more aware of internet and the concept of online more than people of rural areas. So here also people living in urban areas [87.5%] are more into reading online reviews than rural people [12.5%]. Anyone would be more interested in reading the reviews as to make a rational choice or a decision before buying any product from that retailer or online website. Many customers choose quality over price. Some just don’t care about price, the value good experience more.

Impact of consumer reviews on customer

Figure2: Graph showing impact of reviews on potential customers



Consumers are regularly using reviews to alter their decisions. Customer reviews have a causal impact on consumer for choosing the product and they have an effect on consumer purchasing behaviour. Reviews appear to play an increasingly important role in our purchasing behaviour. They are an integral part of the shopping experience. It’s no secret the way consumers make decisions has dramatically changed from over the last decade. We stand in stores; use our smart phones to compare prices and product reviews. Reviews do have a measurable impact on both claimed and actual purchasing behaviour. Positive reviews contribute to uplift in sales while negative reviews put consumers off making a purchase. A higher ratio of good to bad reviews will drive sales and minimise the potentially harmful impact of negativity. People love reading someone else’s opinion and make the assessment of whether the purchase was successful for these buyers or not. Customers believe reviews as much as personal recommendations. Reviews provide a first stop for any potential customer to understand a product from a consumer point of view, delivering honest and impartial insight from peers. Business owners have to pay a great deal of attention to the feedback and read reviews to understand consumers’ needs.

6. CONCLUSION

This paper discusses the impact of online reviews on consumer buying behaviour. Through this research, we have found out that the purchase of a product by consumer has a very strong bond with the customer reviews and online word of mouth is a major role played by these reviews. Online reviews can be just the thing that is needed to push a prospective customer from consideration to purchase, as they are an integral part of shopping experience. It has also been seen that the consumer’s perceived risk can be reduced with the help of useful information provided about a particular product through reviews and will stimulate the customer’s purchase intention and behaviour. These reviews and feedback are not only useful for the future customer in making a purchase decision but also help the business to improve the quality of the product and services. There are many factors which affect the

consumer's purchase behaviour like online product reviews, brand, availability, price and need of product among which online product reviews plays the major role. The study is based majorly on the analysis of primary data which included people of different age groups. Questionnaire was developed to undertake study in sampled regions to collect relevant information for research.

Management responses to online reviews are becoming an increasingly important reputation management strategy. Most previous studies involving online word-of-mouth have found a positive relationship between and sales. However, the present study intended to understand the online generated reviews. On examining the research framework following are the implications that organizations must consider while managing the online reviews-

- Making detailed information about products available and easily accessible.
- Establishing brand communities and early adopter clubs. Members of these clubs can buy products with incentives before launch to spark the feedback process. This is because positive experiences or negative experiences shared in the portal have revealed relationship for decision to buy a product.
- To add further companies can use positive feedback as seeds and negative feedback to modify their products before launch.
- Online copies of terms and conditions can be made available in the company website or the retailers, as most of them had revealed that they search information in online reviews for the same.
- Demo videos for defending negative ratings can be a technique to manage reviews, hospitality industry uses it as virtual tour.
- As inquisitive learner's consumers read reviews. So, online reviews must be monitored to value add details to product. Companies most demonstrate their reactivity to receive feedback and reply for queries.
- A wrong buy is always avoided by a consumer. This evidence from the study indicates that any e-com/ m-com must be supported by a human interface such as customer service executives etc.

7. Future scope of study

The present study can be extended to understand the impact of reviews in creating stronger or weaker brands. Researchers can explore variables such as constructive feedback and repurchase as part of buying decisions based on online review management.

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