

Study of Impacts of Consumer Reviews and Star Rating on Buyer's Decision Process

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Abstract

Advancement of internet and the emergence of e-commerce in it has helped the customers become more active now. They can do a research on the product that they tend to buy, they compare it with other products and even have a look on the reviews and the ratings of the product and then they decide on which product they should go for. This study enables us to understand the impact of consumer review and star rating on the buying decision of the product. The survey has lead to a conclusion that 86% of the all the purchases has been done on the product with a rating of 4 stars and above. It is seen that people write more reviews on the product because the product is really good and not because of the star rating. These tools i.e consumer review and star rating are also valuable for the online retailers in order to build trust and reputation in online market.

KEYWORDS-Consumer review, Star Rating, Buying behavior, E-commerce

Introduction

With the emergence of E-commerce platform consumers can easily select a product and compare it with other products, at the same time it enables the consumer to review and see the product ratings . A product review is a textual review of a customer, who describes the characteristics (e.g. pros and cons) of a product. A product rating on the other hand represents the customer's opinion on a specified scale. A popular rating scheme in online shops is the star-rating, where more stars indicate better ratings. Product reviews and ratings are generated by the user (i.e. the customer of an online shop) and published on the website of the retailer. Product reviews and ratings are popular tools to support buying decisions of consumers. These tools are also valuable for online retailers, who use rating systems in order to build trust and reputation in

the online market. Many online shops offer quantitative ratings, textual reviews or a combination of both. This paper examines the acceptance and usage of ratings and reviews in the context of e-commerce transactions. The buying behavior of consumers are changing drastically, earlier consumers use to be passive buyers but now they have changed themselves to an active buyer and are well informed about the product. Internet enables customers to share their opinions, and experiences with goods and services with a multitude of other consumers. Online consumer reviews are used by prospective buyers of related products who are interested in obtaining more information from people who have purchased and used a product of interest. Word-of-mouth (WOM) is one of the most important information sources when a consumer is making a purchase decision as it is also a new trend of marketing. The advancement

of Internet has extended consumers' options for gathering product information by including other consumers' comments, posted on the Internet, and has provided consumers opportunities to offer their own consumption-related advice by engaging in electronic word-of-mouth (eWOM). eWOM can be defined as all informal communications directed at consumers through Internet-based technology related to the usage or characteristics of particular goods and services, or their sellers. The aim of this study is to assess the impact of, one type of electronic word-of-mouth (eWOM), the online consumer review, on purchasing decision of electronic products. This empirical study also focuses on the relationship between reviews and purchasing behavior.

Many companies have started using Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets. Companies use the Internet to convey, communicate and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers. Customers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities they will receive if they purchase the product from a particular store. Many experts are optimistic about the prospect of online business. This study has been done in order to improve our understanding of online consumer behavior, the parameters dependent on the buying behavior of the consumers and the impact of consumer reviews and product rating in the buying behavior of the consumers.

Review of literature

Georg Lackermair, Daniel Kailer and Kenan Kanmazin their research

paper "Importance of Online Product Reviews from a Consumer's Perspective" defines that Product reviews and ratings are popular tools to support buying decisions of consumers. Many online shops offer quantitative ratings, textual reviews or a combination of both. The survey shows that reviews and ratings by the consumers are an important source of information for consumers. However, qualitative feedback from the survey indicates that the perceived helpfulness of rating systems varies. Especially the comparison of user reviews is a very time consuming process for the customer, because of the unstructured nature of textual user reviews. The survey conducted in this article shows that product reviews are an important source of information for customers to support their buying decision. While product reviews can be very helpful for customers, the responses from the participants showed that current rating systems also have their weaknesses, especially when it comes to the task of comparing different product reviews with each other.

K. Vimaladevi and Dr. M. Dhanabhakaym in their research paper "A Study on the Effects of Online Consumer Reviews on Purchasing Decision" says that The study also contributes to the knowledge of marketers by providing insights into consumers' attitudes and behavior, which can potentially be used by marketers to better respond to, and target, these consumers in order to overcome barriers to consumer choice. The online market helps customers to write recommendations that influence potential consumers.

According to the participation level of the respondents in predetermined propositions was found to be quite high. This indicates that the participants agree to characteristics of

reviews are effective on purchasing decision. Specially, it's seen that consistency of other reviews posted on the website really affect on buyers' purchase decision. The factor of spelling or grammar mistakes in product review is assessed with the least effectiveness on purchasing decision. This study shows that participants agree to characteristics of reviews are effective on purchasing decision. Specifically, consistency and regency of reviews are more effective on purchasing decision. It can be said that consumers are more worried about whether the reviews are true or manipulated. Hence, it is clear that trust plays a role in online consumer behavior. Buyers don't consider demographic profiles (such as age, gender and residence) of reviewers as a significant factor in purchasing process. One more finding of this study is that there was a significant interaction effect between product price and reading reviews before purchasing. Most participants base a recommendation on price and convenience. This is especially true in the current economic climate, where shoppers are increasingly intent upon finding deals.

Feng Zhu &Xiaoquan (Michael) Zhang in his research paper "Impact of Online Consumer Reviews on Sales: The Moderating Role of Product and Consumer Characteristics With the proliferation of online review systems, many people believe that online consumer reviews are a good proxy for overall word of mouth (WOM) and can also influence consumers online reviews could be useful in reducing the risk of purchasing Such products.

A major reason consumers use online reviews is to obtain quality information to reduce risk. Our empirical results support the view that the impact of online consumer reviews on product

sales depends on product and consumer characteristics. Thus, firms' online marketing strategies need to adjust accordingly. This study also finds evidence to support the notion that online reviews are more influential when consumers have relatively greater Internet experience. The Community Research PO Box 9990 Leicester in the research paper name "Consumer attitudes to online feedback" said. It is clear from this research that for those who are using online consumer feedback, the existence of such sites constitutes a very positive addition to the range of consumer information available. Sites of this kind are in regular use and for many have become an habitual part of the decision-making process

In addition to this power shift consumers feel that the existence of online feedback and reviews is driving up the quality of products and the standard of customer service being offered to consumers.

Online feedback in the social care sector will clearly meet an unmet need. Strong concerns exist that the nature of the relationships between providers and consumers in social care settings are particularly sensitive. This may mean that it will be even more important that sites providing online feedback about social care services can effectively address the tensions between authentication, anonymity and delivering reviews in sufficient volume.

Ankur Kumar Rastogi (2010), in his research paper name "a study of Indian online Consumers & their Buying behavior" This research shows that online shopping is having very bright future in India. Perception towards online shopping is getting better in India. With the use of internet, consumers can shop anywhere, anything and anytime with easy and

safe payment options. Consumers can do comparison shopping between products, as well as, online stores.

Gediminas Adomavicius, Jesse Bockstedt, Shawn Curley, Jingjing Zhang in their research paper “Effects of Online Recommendations on Consumers’ Willingness to Pay” says that There are significant implications of the results presented. First, the results raise new issues on the design of recommender systems. If recommender systems can generate biases in consumer decision-making, consumers may need to become more cognizant of the potential decision making biases introduced through online recommendations. Just as savvy consumers understand the impacts of advertising, discounting, and pricing strategies, they may also need to consider the potential impact of recommendations on their purchasing decisions.

OBJECTIVES OF STUDY

1. To study the online buying behavior of consumer.
2. To study the impacts of consumer reviews and star rating on buyers buying process.
3. To study the importance of consumer reviews as per buyers and sellers point of view.

2) Income Group

Below 20000	20000-400000	40000-60000	60000 and Above
220	70	130	80

Discussion:In this survey respondent whose monthly income is below Rs. 20000 is more than the other income group.

RESEARCH METHODOLOGY

Primary Data:-

The survey has been conducted using questionnaire in which we created a questionnaire using Google docs and has sent to 500 customers through their mail id so that they can respond with the appropriate answers.

Secondary data:-

The research has been conducted with the help of secondary data as well which includes various sources such as research books, white papers from technical journals, magazines, weekly newspapers, official diaries and directories, newsletters, company brochures and manuals and research websites.

DATA ANALYSIS AND DISCUSSIONS

1) Age group:-

18-25	26-35	36-45	46 and Above
280	150	40	30

Discussion

From the above table we can see that the youngsters are more often using the star rating and customer review to buy their product. Out of 500 respondents only 30 of them less frequently observe the product reviews and ratings.

3) No of visitor visit to online portals:-

Visit to online portals	Not visit to online portals
480	20

Discussion: From the above table, we came to know that mostly everyone visited to online sites for checking prices, for check new offers etc.

4) Types of visitors:-

Regular	Twice in a week	Weekly	Fortnightly	As per need
100	20	40	0	340

Discussion: This table says people visits to online portals only whenever they need. Most of them are regular visitor.

5) Most visited Websites by users:-

tripadvisor	Yatra	Makemytrip	Flipkart	snapdeal	Carwale	cardekho
30	20	80	350	200	20	90

Discussion: From the above table, it know that many users is there of flipkart web portals as compared to other websites.

6) Respondents seen product reviews of products:-

Seen reviews	Not seen reviews
420	80

Discussion: While purchasing any product many people see the reviews and star rating for taking a correct decision.

7) Customers feels reviews and star rating influences the purchase decisions:-

Influence for purchase decision	Not influence for purchase decision
430	70

Discussion: From the above table, we came to know that product reviews more influence to buyers for purchase a product.

The main research question for the survey was the impact of product review and ratings on their buying decision for that we prepared questionnaire which consisted of

different questions the first question was to study the age group which were more dependent on the consumer review and rating. The second question included the income group to study if there is any relation between the income group and the buying behavior. The third question was framed in order to find out that out of 500 respondents how many of them use online web

portals for buying their goods. The fourth question was framed in order to see how frequently they use to visit the web portals and the sixth question was to study which was the mostly visited websites for purchasing goods and the last question dealt with the influence of customer ratings and star reviews.

Results

From the survey we found out that, consumers come to online web portal because it saves their time and cost, mostly visit Fipkart to buy their products and they come on a regular basis. If the consumers are satisfied with the product they do write review of the product, sometimes they write negative reviews as well.

Opinion of respondents about online buying behavior and customer reviews & star rating process.

- 1) Star ratings really helps the customer for making their decision
- 2) The purchasing decision ultimately needs to be taken after thorough review and wisdom.
- 3) I have given good rating for the one electronic item purchase from snapdeal after use only.
- 4) Product ratings may not matter consumers purchase a lot. According to me taste, preferences, likings and desire of the person to buy.
- 5) During purchasing of car i had shortlisted two cars swift Dzire and Honda amaze. I had dropped the idea of honda amaze due to reviews from users regarding engine noise, fluctuation in mileage etc.
- 6) The product review is one of good techniques which influence the behaviour of the buyer.
- 7) I don't believe on ratings and reviews as they are perception based.

and they start browsing the websites mostly when they want to buy something, once they know what they want they try to go through different brands of the product and they compare it. This comparison will include the product ratings, product reviews and the price. Reviews and ratings help the consumers by 86% to buy a product that is it directly influences the buying behavior of the consumers. In the Indian context we have found out that consumers

- 8) Generally, if you check good rating web sites . . There reviews about product and rating are nice n also helpful in making decision. .but if site is not good ranked then its difficult to buy product from that portal.
- 9) I believe consumer is more tempted on pricing, service & quality upon which he takes the decision on purchase as the consumer is frequently in the retail market and once he experiences the advantage of purchase online then the attitude towards the retail actually changes. As far as the product review and rating is concerned it hardly matters as the masses are more price, service & quality conscious rather than reviews and ratings.
- 10) When I was thinking of changing the phone.. I did lot of online research ... Read positive reviews of Motorola phones.. Which helped me to buy the Moto G.I bought it online and now I am satisfied with the services.

Advantages of Online Reviews and Star Ratings

Advertising: Online reviews and ratings enables free advertising because once the customer is satisfied with the product he writes positive reviews of the product which motivates or builds trust in other customers so for an online retailer he/she does not needs

to advertise about the product because the customers themselves advertise the product by giving the reviews and rating of the product.

Search Engine: If the product/business is been mentioned or discussed a lot many times in the internet then Google shows the widely used business in a particular field to appear first and the customers tend to look for the same.

Peer Recommendations: It is seen that customer tend to believe more in peer recommendations rather than advertisement. Customers tend to believe experience of other people other than advertisement.

Criticism and Suggestions: Some reviews can suggest improvement for the business and thus we can ask the customers which are the improvements that need to be made in order to create more and more positive reviews. One can take this as an opportunity to resolve customers problem or improve his business .

Relationship with Customers: Close relationship is maintained with the customers, by this we can get aware of what customers actually want from us. Sharing of both positive and negative information can be done.

Conclusion

From this conducted research shows that product reviews are an important source of information for customers to support their buying decision. While product reviews can be very helpful for customers, the responses from the participants showed that current rating systems also have their weaknesses, especially when it comes to the task of comparing different product reviews with each other. And product reviews gives information about use of product, quality, durability, prices etc.

Nowadays, because of technological up gradation, the use of online shopping has increased and purchasing online saves times, money and gets quality product anywhere in country. Almost everyone educated visits to online shopping site. But peoples not believe on online product reviews because they feel that it gives the wrong information about product as well as it's managed by manufactures for enhance their sales. It really influence to purchasing decisions, highest star rating says the outstanding quality product. The prices are always less than the retail market so people preferred to online shopping.

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