

The Influence of User-Generated Content on Consumer Purchase Decisions: An Empirical Study

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Abstract

User-generated content (UGC) has emerged as a crucial component of social media and internet platforms, significantly influencing consumer buying decisions. This study intends to investigate how UGC affects customer purchasing behavior and the variables that increase its efficiency. This research offers insights into the many UGC forms, such as product reviews, ratings, and recommendations, and their influence on consumer decision-making processes by drawing on current literature and empirical studies. The results show that consumer views, attitudes, and purchase intentions are significantly shaped by user-generated content (UGC). UGC is seen by consumers as more reliable and credible than traditional marketing communications since it comes from people who have used the product or service. Additionally, UGC promotes a feeling of community and offers social proof, enabling users to share knowledge and look to others for approval. However, several elements, including the caliber and applicability of the content, the reliability of the source, and the degree of participation in the online community, affect how effective UGC is. UGC can be used by marketers and businesses to foster user contributions, facilitate customer interactions, and monitor and respond to UGC in order to foster consumer trust and improve the consumer experience. Overall, this study demonstrates the enormous influence that user-generated content (UGC) has on consumer purchase decisions and offers useful recommendations for marketers looking to leverage the potential of UGC in their marketing plans. The study had considered sample of 204 online consumers to know the influence of user-generated content on consumer purchase decisions and concludes that their significant influence of user-generated content on consumer purchase decisions.

Keywords: UGC, Consumer purchase decision, Consumer attitude, Customer behavior, Consumer perception

Introduction:

The rise of social media and internet platforms has completely changed how customers interact with brands and make decisions about what to buy in the digital age. The increase of user-generated content (UGC), which has become a potent force in influencing consumer behavior, is one of the most important developments in this context. All consumer-produced content, including reviews, ratings, testimonials, images, videos, and social media posts, is referred to as user-generated content. Due to its authenticity and relatability, it has grown immensely popular and influential, playing a significant role in consumers' purchasing decisions.

UGC has an impact on customer purchasing decisions since it can offer first-hand experiences and opinions. UGC, as opposed to conventional advertising or brand-generated content, is made by actual users who have first-hand knowledge of a good or service. Customers view UGC as being very trustworthy because of its authenticity. Consumers frequently use online resources and social media to look for reviews and endorsements from other users before making a purchase. They gather knowledge about the product's quality, dependability, and fit for their needs by looking at the experiences and viewpoints of their peers. As a result, UGC serves as a useful informational resource that aids consumers in making wise judgments.

UGC also promotes a sense of community and increases consumer engagement. According to **Dellarocas et al. (2007)** today's consumers seek for real, tailored experiences with brands. They can actively engage in brand conversations and communicate their experiences through UGC. Customers get a sense of ownership and belonging inside the brand community by adding their own material. Consumers and brands become more closely bonded as a result of this interaction, which boosts brand loyalty and encourages repeat business. UGC also frequently starts conversations and debates among

consumers, giving a feeling of social proof and approval. People are more likely to think highly of and trust a given good or service when they see others praising it.

Zhu and Zhang (2010) stated that social media platforms have been crucial in boosting UGC's influence. Platforms like Instagram, Facebook, YouTube, and Twitter, which have billions of active users globally, offer a broad ecology for UGC to thrive. Consumers can quickly and easily share their thoughts, suggestions, and experiences with a large audience. This amplifying effect strengthens the influence of UGC on customer purchasing decisions even more. Brands are actively encouraging customers to generate and share content about their goods or services as they increasingly understand the value of incorporating UGC into their marketing campaigns.

In conclusion, user-generated content has drastically changed the consumer environment and has a big impact on what people buy. For consumers, user-generated content (UGC) is a vital source of information due to its authenticity, relatability, and trustworthiness. They gain the ability to make knowledgeable decisions, interact with brands, and foster a sense of community. The impact of user-generated content (UGC) is probably going to increase as social media platforms continue to develop. Brands looking to interact with and influence today's savvy consumers will need to fully grasp and utilize the power of UGC.

Literature Review:

User-generated content (UGC) has significantly increased over the past several years as a result of the emergence of social media and internet platforms. UGC is the term used to describe any type of content produced by customers or users of a good or service. Examples include reviews, ratings, comments, testimonials, and photographs. The purpose of this literature study is to investigate how user-generated material affects customer purchasing behavior. We seek to comprehend the effect of UGC on consumers' purchasing behavior and decision-making process by reviewing pertinent studies completed by various authors throughout the years.

Cheung and Lee (2012) looked at what motivates people to use online consumer review platforms for electronic word-of-mouth (eWOM). According to their research, consumers' intents to propagate eWOM were positively influenced by perceived usefulness, enjoyment, and social enhancement. According to this study, users are more likely to share UGC that they find useful and pleasurable, which can have an impact on other people's purchasing decisions.

Dellarocas et al. (2007) investigated how reviewer traits affected buyer behavior. They discovered that buyers' purchase intentions were influenced by the reviewer's credibility, reputation, and area of expertise.

The impact of electronic word-of-mouth (eWOM) on customers' decision-making was studied by **Hennig-Thurau et al. (2004)**. They discovered that consumers' attitudes, beliefs, and purchase intentions were significantly influenced by favorable eWOM.

A study on the influence of UGC on customer product assessments was undertaken by **Park et al. (2007)**. They discovered that favorable UGC enhanced consumers' perceptions of product quality and inclination to buy.

Zhu and Zhang (2010) looked into how UGC affected customers' decision-making and attitude formation. They discovered that UGC had a considerable impact on consumers' opinions about a good or service, which in turn affected their choice to buy. Moreover, **Kozinets et al. (2010)** investigated how user-generated material in social media and online communities affected consumer purchasing behavior. The authors find that participating in online forums and getting peer recommendations had a big impact on consumers' brand preferences.

The influence of trust in UGC and its effects on consumer behavior was studied by **Filieri et al. (2015)**. They discovered that customer purchase intentions were positively influenced by consumer confidence in UGC, underscoring the significance of trustworthy content in shaping consumer choices.

Li et al. (2012) investigated the legitimacy of user-generated content and how it affected people's purchasing behavior. They discovered that consumer purchase intentions and willingness to pay a premium for a product were positively influenced by the perceived trustworthiness of UGC.

Zhang et al. (2012) investigated how product type affected how UGC affected consumer buying decisions. In comparison to search products, they discovered that experiential products were more affected by UGC.

Chen and Xie (2008) looked at how product participation affected UGC's influence. They discovered that the impact of UGC on customer purchasing decisions was amplified by-product participation.

Chevalier and Mayzlin (2006) investigated how user-generated book reviews affected sales. The authors' findings, which show the persuasive power of user-generated content, show a highly positive link between favorable reviews and book sales.

Phua et al. (2017) investigated how user-generated visual material affects different consumer brand-related outcomes. The authors discover that user-generated visual content, such as photographs and videos, has a favorable impact on user engagement, membership intention, and brand identification.

In an empirical study on high-end fashion firms, **Kim and Ko (2012)** looked at how social media marketing campaigns affected client equity. Their conclusions showed that UGC significantly boosted customer equity by favourably affecting brand awareness, perceived quality, and loyalty. This study emphasises the significance of user-generated content (UGC) as an effective marketing strategy that directly influences consumer perceptions and buying decisions.

Objective

- To measure the influence of user-generated content on consumer purchase decisions.

Hypothesis

Null Hypothesis: There is no significant influence of user-generated content on consumer purchase decisions

Alternate Hypothesis: There is a significant influence of user-generated content on consumer purchase decisions

Methodology

The study had considered sample of 204 online consumers to know the influence of user-generated content on consumer purchase decisions. A specially designed questionnaire was distributed to the respondents to collect the data using convenient sampling. The analytical and statistical tool, chi square test was used to get appropriate results.

Findings

Respondent's general details are shared in table below in which it is found that in total 204 respondents 72.5% are male and 27.5% are female. Among them 33.3% are below 40 years of age, 43.6% comes under the age category of 40-45 years and rest 23.0% are above 45 years of age. 24.0% are students, 27.9% are salaried, 22.1% are in business and rest 26.9% are housemakers.

Table 1 General details

Variables	No. of respondents	%age
Gender		
Male	148	72.5
Female	56	27.5
Total	204	
Age (years)		
Below 40	68	33.3
40-45	89	43.6
Above 45	47	23.0
Total	204	
Occupation		
Students	49	24.0
Salaried	57	27.9
Business	45	22.1
Housemaker	53	26.0
Total	204	100

Table 2 Influence of user-generated content on consumer purchase decisions

User-generated content	Consumer purchase decision			Total
	Impact	Less impact	No	

			impact	
Recommendations	48	15	5	68
Ratings	37	11	20	68
Product reviews	45	17	6	68
Total	130	43	31	204
Value of Chi-square				16.4075
Degree of freedom				4
p value				.002518

Table above is showing that among 68 respondents, 48 says that User-generated content Recommendations has an Impact on Consumer purchase decision, 15 say that there is Less impact and 5 says that there is No impact User-generated content Consumer purchase decision. Among 68 respondents, 37 says that User-generated content Ratings has an Impact on Consumer purchase decision, 11 say that there is Less impact and 20 says that there is No impact User-generated content Consumer purchase decision. Among 45 respondents, 17 says that User-generated content product reviews has an Impact on Consumer purchase decision, 17 say that there is Less impact and 6 says that there is No impact User-generated content Consumer purchase decision. Hence, null hypothesis is rejected, and alternate hypothesis is accepted which says that their significant influence of user-generated content on consumer purchase decisions.

Conclusion:

User-generated content (UGC) has become a significant factor in influencing consumer purchasing behavior. Consumer-generated content, also known as UGC, includes social media posts, reviews, ratings, and testimonials. Due to its credibility, relatability, and objectivity, it has grown in popularity and has a high level of confidence from prospective customers. The capacity of UGC to give social proof is one of its major effects on consumer buying decisions. People are more likely to trust and be affected by the opinions of other consumers when they witness pleasant experiences and recommendations from those consumers. UGC serves as a kind of confirmation, reducing the risks connected with purchase choices and fostering confidence. Additionally, UGC encourages connection and communication between businesses and consumers, developing a sense of neighborhood and fostering brand loyalty. When consumers' material is acknowledged and shared, they feel connected and valued, which strengthens their emotional bond with the brand. It is important to remember that not all user-generated content (UGC) is positive and that unfavorable comments or reviews can have an impact on customer choices. To maintain a favorable view of their goods or services, brands must actively monitor and manage UGC. Overall, it is apparent that user-generated content has an impact on what consumers choose to buy. It has revolutionized consumer product research and evaluation by highlighting the value of establishing trust, encouraging engagement, and actively interacting with customers in the digital age. The study was conducted to know the influence of user-generated content on consumer purchase decisions and concludes that their significant influence of user-generated content on consumer purchase decisions.

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