

THE IMPACT OF ONLINE REVIEWS ON CONSUMER PURCHASING DECISIONS

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ABSTRACT

This study delves into the moderating and mediating effects of reviewer demographics and review type on the impact OCRs have on consumers' final verdicts when shopping online. Valence (ranging from positive to negative), volume (number of reviews), recency (how recently the review was posted), and depth of analysis (how lengthy the review was) are all variables used to characterize the online customer evaluations in this research. Next, let's talk about the mediator: the demographics (age, gender, income, and education) modify the relationship between the objectiveness and subjectivity of online reviews. It's worth noting that there isn't nearly enough information available to draw any firm conclusions on how much weight to give to online customer reviews (OCRs) in influencing consumer choices in Egypt. The link between online customer review dimensions and consumer choices was, however, tempered by factors such as age, gender, marital status, education level, occupation, and income.

KEYWORDS Online consumer reviews, Consumers purchasing decisions, brands, product quality

INTRODUCTION

When looking for a new product to buy, consumers often search online for reliable reviews. With more and more people using the internet for research, product evaluations posted on various websites have become invaluable. Twenty-four percent of Internet users, according to a recent poll by comScore (2007), an Internet marketing Research Company, look at online evaluations before paying for a service provided offline. As a result, many businesses are using reviews left by satisfied customers on their websites as a new kind of advertising. Businesses not only publish information about their goods and host promotional discussions on internet forums like USENET, but they also actively encourage their customers to do so. In fact, some businesses have been caught manipulating customers' online evaluations in an attempt to influence their purchasing choices.

According to Hill, globalization is "the process by which the world economy becomes more integrated and interdependent, bringing together previously separate and distinct national markets into one massive global marketplace." Economic Intelligence Unit reports that the worldwide recession that started in 2007 was triggered by currency fluctuations, inflation, and changes in consumer spending. In response to the changing economic climate, several firms have revised their advertising strategies. Davis claims that a firm's brand is one of its most valuable assets and that it must be nurtured and protected if it is to see sustained success, profitability goals, and sustainability, businesses in the contemporary day must learn to fully exploit this asset. Companies have to keep their lines of communication open and honest during these times of economic uncertainty in order to protect their good name and minimize losses.

LITERATURE REVIEW

Tao Chen et.al (2022) The purpose of this eye-tracking research was to examine how internet product reviews influence customers' final buying choices. The study's methodology included (i) conceptualizing the relationship between online product reviews and purchase intent, with gender and visual attention in comments serving as moderators; and (ii) ROI analysis of customers' focus during the buying decision and behavioral analysis is being empirically studied. Consumers, and especially female consumers, were shown to place more weight on negative reviews than positive ones. The study also discovered that consumers' likelihood to purchase is related to their visual browsing behavior. It was also shown that consumers cannot tell the difference between real and false reviews. This study makes a substantial contribution to the theory of online consumer behavior by elucidating the mechanism by which online reviews influence shopping behavior, illuminating for the first time the impact of gender on this effect, and providing an explanation for this phenomenon from the perspective of attentional bias. Women, in particular, seem to give greater weight to negative

comments than good ones, suggesting that gender plays a role in the varied affects of consumers' attention to negative and positive statements. Based on these results, professionals should prioritize negative feedback and work swiftly to address it by tailoring product/service information to individual consumers based on factors like gender.

El Shaddai SandhyPustap, et. al (2020) The purpose of this study is to examine how the variables of consumer trust and purchasing decisions at Jakmall.com are affected by the presence or absence of online consumer reviews and online consumer ratings. Quantitative methodologies, including both explanatory and survey approaches, are used in this study. Research samples of 150 people who are eligible study participants are drawn from the demographic of customers who have made purchases from the online retailer Jakmall.com. Purposive Sampling is used for the sampling process. This study's hypotheses were tested using LISREL 8.8, a structural equation modeling (SEM) testing tool. Jakmall.com shoppers are influenced positively and significantly by the Online Consumer Rating variable, whereas the Online Consumer Review variable influences shoppers positively but not significantly.

C.Surendhranatha Reddy et.al (2017) The evolution of internet marketing in India is fascinating to watch. Technology has given shoppers the ability to be more informed and deliberate in their online purchases, and this is having a profound effect on the makeup of the online market. Reviews and ratings left by customers are used by internet retailers as part of their marketing strategy to influence consumers' final purchases. Customers are consulting these evaluations and rankings before making purchases on the web. The purpose of this research is twofold: (1) to learn how customers' use of online reviews influences their purchasing choices, and (2) to learn what motivates consumers to write reviews in the first place. College students in Bangalore were surveyed using an exploratory research approach for the study.

Quan Xiao (2016) A bad internet review may have a far more significant impact on a consumer's choice to buy a product or service online than a positive one. However, the influence of negative internet reviews has received less study than good ones. This research model explores the impact of unfavorable internet reviews on consumers' purchasing intentions and draws on the dual-process theory to do it. To put the theoretical framework through its paces, we undertake an online poll among visitors to popular Chinese e-commerce sites including JD.com, Taobao.com, and Amazon.cn. The findings reveal that although heuristic/peripheral criteria like source legitimacy and number of bad reviews are examined by consumers, the quality of the negative review is the key factor impacting consumers' purchase intentions. It is also investigated whether or not a customer's degree of self-efficacy moderates the effect of a bad review on their propensity to make a buy. Finally, we reflect on the theoretical and practical significance of the results.

Prabha Kiran et.al (2015) Reviews written by actual customers have rapidly grown in prominence as a means of learning about a product's quality. The effect that customer reviews have on their decision to buy has been studied. Online reviews were determined to have a crucial role in consumers' pre-purchase decision-making via an assessment of the relevant literature. Reviews like this have been shown to be particularly useful in driving customers into the showrooms of prospective retailers. This research concludes that customer-generated online product and service evaluations are the most effective method of disseminating product and service-related information to the general public. As a matter of fact, businesses may use the information gleaned from evaluations to enhance the quality of their offerings.

THE MEDIATING EFFECT OF ONLINE REVIEW TYPE AND CONSUMER PURCHASING DECISION

Many research have concentrated on the review format in order to follow the aforementioned aspects. Each review's estimated rating may be broken down into two distinct categories. There are two basic kinds of evaluations: the subjective and the objective. The shopper's opinion and the customer's knowledge both go into the subjective assessment. These evaluations are linked to the qualitative scale. These judgments are based on a small sample of reviews and as such may be skewed or incorrect. Subjective information may include the shading, color, and shape, and it always includes emotional information. When a person is more confident or assured about something, they are more likely to rely on word of mouth, which might introduce an element of subjectivity. Objective analysis, in contrast to objective measurement and estimate, may be placed in the realm of hard facts.

Specifications, such dimensions and weight, may be used to make objective estimates. Facts are impartial and may be relied upon.

This online critique stands out because of how transparent it is and how well it explains its rationale. Customer testimonials posted online might supplement word-of-mouth research. More persuasive than overly enthusiastic and emotionally charged recommendations supported by no concrete evidence are those that are supported by increasing amounts of reasonable and targeted material. If there isn't enough context provided, people won't trust online reviews. This is because review writers tend to remain anonymous on the web. Therefore, if they provide sufficient evidence, their evaluation just could convince you. When the quantity and quality of internet reviews increases, so does their influence on consumers' decisions to make a purchase. Rather than relying on subjective and passionate internet evaluations, consumers are more likely to make a purchase after reading objective, clear, and compelling feedback. This kind of anticipated review mediates the connection between review attitude and desire to buy. It is considered that results are enhanced when evaluations are conducted in an unbiased manner.

It is hypothesized that the strength of the connection between OCRs and sales depends on another variable, and that this other variable is whether or not the review is objective or subjective. Researchers thus postulate the following:

ONLINE CUSTOMER REVIEWS (OCRS), CONSUMER PURCHASING DECISION AND DEMOGRAPHICS

According to studies conducted by Von et al. (2018), consumers place a great deal of trust in the opinions of other customers while making purchases online. As many studies have shown, customer reviews have a significant impact on sales and customer attitudes (e.g., as reported by ongoing meta-examinations, the most significant highlights influencing sales and customer attitudes are valence and volume of reviews) (Gopal, and Jindoliya, 2016). Sales and public opinion tend to rise in tandem with the number of favorable reviews posted online, while falling in response to bad ones. Their weight is contingent on how the review is written, how the reader interprets it, and where the review is found. According to research, the impact of good vs. negative ratings on consumer decisions varies. However, several studies have shown that the negative bias is limited to hedonic items with user reviews. Positive reviews are more common and of lower quality, hence Wu et al. (2011) suggested that consumers not place greater weight on negative reviews but instead regard them as more informative. The presentation of the facts and information is just as important as the validity of the review. There are often two sorts of reviews available to online shoppers: average ratings, which explain the product's perceived quality, and individual reviews, which reflect the experiences of a single buyer with a single product. The full weight of these findings is still being debated.

It was determined by the study's authors that average customer reviews significantly influenced the purchases made by young people. However, if a single, well-written review contradicts the average ratings for a product, the average ratings may lose their sway over the purchasing decision. Some research also suggests that single negative evaluations may carry greater weight than single positive ones because of the more grounded effect they apply. However, little research has been done on how persons over the age of 65 make purchasing choices and react to customer reviews and ratings while shopping online (Lima et al., 2016).

Online review platform categorization

Having established why customers read reviews, we can now examine the various review sites they frequent. In addition, the features of the platform's review design that may affect customers' decisions about products will be identified. Various types of online consumer opinion platforms have been identified in the literature. Due to the unique presentation of the evaluations they provide, these four sites are examined in further depth. There is a distinct difference between the reviews and common eWOM from clients. Either the platform is broken up into distinct review sections, or the review material is somehow prominently featured in headlines, catchphrases, or website titles that use the terms "review," "rating," or "test," among others. Since much eWOM on online forums and social media sites like Facebook and Instagram is generated as CGC, also including customer comments, but without a clear limit to non-review CGC, these channels are disregarded. No summary of collective opinion or directional headings to the review part can be found. And although you can read aggregated reviews of businesses on Facebook, you can't see reviews of individual items or services.

Even if the author does not consider this a comprehensive study, the CGC on various platforms may be classified as critical and very influential; however, this is not further explored in this research. Future studies should, however, dig more into the nature of these sites and their CGC.

Retail websites

According to Investopedia, "retail platforms" are the websites of retail establishments that prioritize the online selling of products and services. As a result, retail store marketers provide the bulk of the platform's content. Therefore, it is safe to say that it is owned by a private party. The primary goal of the site is, thus, to facilitate the exchange of money for the goods shown in the store. In addition to helping platforms improve customer happiness and service quality, evaluations are helpful to potential buyers since they can quickly and easily ascertain whether or not the product meets their needs. As the biggest online retailer in the United States and a frontrunner in many European nations, Amazon.com will serve as an example of a retail website used in the poll. Other e-commerce sites like booking.com (which specializes in the sale of hotels) and bestbuy.com (which sells goods) also have review sections. After purchasing an item from an online store, customers are given the option of leaving a review of their experience. At the same time, prospective buyers may take into account customer feedback while making decisions. Reviews on shopping sites may come in a variety of formats, including aggregated star ratings and detailed written remarks from actual customers. There is a rating system built into the product reviews that lets users indicate how useful each review was, and then displays the reviews with the highest ratings prominently. The user may choose to have the results sorted by most relevant first, by date, or by an aggregate rating. Incorporating features that display the most useful reviews on top of the chronological order, platforms may significantly impact users' purchasing choices (Chua & Banerjee, 2015; Lee J., 2013) by shaping what users read (first). It is possible to examine the reviewer's profile, which may include rating averages and total reviews written.

RESEARCH METHODOLOGY

Sampling Plan

The methodology of this study is quantitative. Additionally, the participants in this research include: -
 -Anyone between the ages of eighteen and sixty-five who makes educated purchase selections online.
 - All online shopping websites are all over Egypt.

Online consumers in Cairo make up the sample. Online shopping in Cairo made up the "non-probability convenience" sample used in the study. Since there is no predetermined structure for this group, the researchers provide a sample of 400 people who were interviewed with a 95% confidence coefficient and 5% error bounds.

DATA ANALYSIS

Correlation Analysis

The following table shows that the p-value for each dimension of review quality is less than 5%, indicating a positive significant link between purchase decision and review quality.

Table 1
Correlation Analysis

Correlations							
	purchasing decision	objective review	subjective review	Valence	Volume	Recentness	length
purchasing decision	1	.402**	.333**	.370**	.565**	.339**	.390**

Testing the Mediator and the Moderator Effect Using Regression Analysis

- H2: There is a strong correlation between the characteristics of OCRs and the influence they have on consumers' final buying decisions.

- H3: The dimensions of OCRs have a strong association with consumer spending, and this effect is mediated by demography.

This study will use a regression analysis with dummy variables and interaction terms to test the moderating effect of the aforementioned factors on consumer spending to investigate the aforementioned research hypotheses:

- With a p-value of less than 5%, we may say that consumers are more likely to make a good choice when a product is relatively new. hence, as recency increases, so does the likelihood of a purchase being made.

- The p-value for the correlation between value and purchasing choice is less than 5%, thus we can be 95% sure that it is positive. Thus, a more upbeat emotional state before making a purchase is associated with a more enthusiastic one.

CONCLUSION

The purpose of this research was to investigate whether and how demographic factors moderate the relationship between online customer reviews (OCRs) and consumers' decisions to make purchases based on those reviews. This study may help fill in the gaps in our knowledge of a crucial subject that has been understudied in the literature, in particular, empirical data concerning the implementation of the recommended conceptual framework in the Egypt environment.

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