

“A STUDY ON THE IMPACT OF ONLINE REVIEWS AND RATINGS IN CUSTOMERS PURCHASING BEHAVIOUR”

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ABSTRACT:

In the digital age, online customer reviews and ratings have become potent influencers of purchasing decisions, reshaping the consumer landscape. This study delves into the multifaceted impact of online reviews on consumer behaviour, trust, and purchasing choices. It also assesses their implications for businesses, examining sales, reputation management, and strategies for addressing customer feedback. This study explores the dynamics of consumer trust, social proof, and the provision of valuable information through online reviews. The data was collected from 120 respondents. A study of “A study on the impact of online reviews and ratings in customers purchasing behaviour” was conducted in the area of Thoothukudi district. The data for the study was collected through both Primary Data and Secondary Data. A sample of some respondents residing in various parts of Thoothukudi was selected on a random basis. The main objective of the study is to analyse how online reviews and ratings influence consumer decision-making and to provide awareness to customers about online reviews and ratings. The major findings of the study is, The majority (51.1 %) of the respondent always view customer reviews and check product ratings before making an online purchase and The majority 24.4 percentage of the respondent consider overall rating while purchasing a product. The major suggestion of the study is to encourage customers to leave honest and constructive reviews by providing clear guidelines and incentives for their feedback and regularly monitor online reviews and promptly respond to both positive and negative feedback. The conclusion of the study is “A study on the impact of online reviews and ratings in customers purchasing behaviour” is a force that demands continued attention, research, and adaptation.

KEY WORDS:

Online reviews, customer ratings, purchasing decisions, consumer behaviour, trustworthiness decision making process, customer feedback, Online review

platforms, Customer satisfaction and competitive advantage.

INTRODUCTION:

The growth of internet technology has made the marketers to focus on marketing products and services in more convenient and beneficial way to the consumers. Internet has made the online shopping experience of consumers better as they can easily buy products sitting at their home and products are delivered at their door steps. There is an availability of huge volume of information in internet which can help the consumers to make online purchase decisions.

The internet has completely changed how consumers make selections about what to buy in the current digital era. Online reviews and ratings have become important decision-making tools for customers in the current digital era. Online review websites, social media, and e-commerce platforms have given customers access to information and views on goods and services like never before. Because of this, there is now a lot of interest in and research being done on the influence of online consumer reviews and ratings on purchase decisions. Online reviews and ratings include brief profile information about consumer posting, community rated reputation of reviewers indicating the usefulness of previously posted reviews and other products purchased.

STATEMENT OF THE PROBLEM:

The influence of online customer evaluations and ratings on purchase decisions is a complex issue in today's digital economy. Online reviews include the personal information which can give rise to worries over data security and privacy. A critical issue is the trustworthiness of online reviews. Influence on consumer behaviour, fraud and manipulation, consumer motives, awareness to customers, customer satisfaction of online reviews are all included in the issues.

OBJECTIVES:

- ❖ To study the customer perception towards online reviews and ratings.
- ❖ To examine the trustworthiness in online reviews and ratings.

- ❖ To analyse how online reviews and ratings influence customer decision making.
- ❖ To provide various types of platform and reviews which influences the purchasing decision of customer.
- ❖ To study about the drawbacks or challenges faced by the businessman regarding the online reviews and ratings.
- ❖ To analyse customer satisfaction towards the online reviews and ratings.

RESEARCH METHODOLOGY:

Sampling design	Random sampling
Period of study	January – March 2024.
Data used	Primary and Secondary data
Test for analysis	1. Simple percentage analysis 2. Likert scale technique 3. Garrett ranking technique 4. Chi-square test

LIMITATIONS OF THE STUDY:

- ❖ Time is one of the major constraints, which limits the effectiveness of data collection.
- ❖ The sample size is restricted to 120. Due to time constraint, the most essential information has been taken for the study.
- ❖ Some of the respondents could not answer, hence we had to use the interview schedule method.
- ❖ Some information cannot be accessed due to its confidential nature.

RESULTS AND DISCUSSION:

“KNOWLEDGE OF ONLINE REVIEWS AND RATINGS”

KNOWLEDGE OF ONLINE REVIEWS	FREQUENCY	PERCENTAGE
Yes	91	76
No	29	24
Total	120	100

SOURCE: Primary data

The above table depicts that, out of 120 respondents selected for the study, majority 76% of the respondents have clear knowledge about online reviews and ratings and 24% of respondents does not have clear knowledge about online reviews and ratings.

“FREQUENCY OF READING CUSTOMER REVIEWS AND RATINGS”

FREQUENCY OF READING REVIEWS	FREQUENCY	PERCENTAGE
Always	13	11
Often	43	36
Occasionally	46	38
Rarely	13	11
Never	5	4
Total	120	100

SOURCE: Primary data

The above table depicts that, out of 120 respondents selected for the study, majority 38% of the respondents occasionally read customer reviews, 36% of the respondents often read customer reviews and ratings, 11% of the respondents always and rarely read customer reviews and ratings and 4% of respondents never read customer reviews and rating.

“REASON TO CONSULT CUSTOMER REVIEWS AND RATINGS”

PRIMARY REASON TO CONSULT CUSTOMER REVIEWS	FREQUENCY	PERCENTAGE
Assessing product quality	15	12
Evaluating product features	26	22
Comparing prices	37	31
Finding recommendations from others	26	22
Identifying potential drawbacks or limitations of the product	16	13
Total	120	100

SOURCE: Primary data

The above table depicts that, out of 120 respondents selected for the study, majority 31% of the respondents primary reason to consult customer reviews is comparing prices, 22% of the

Particulars	1	2	3	4	5	6
Detailed information of a product	10	12	69	10	5	14
customer service support	34	57	7	9	9	4
Product quality and its attributes	8	5	48	50	7	2

speed of delivery	2	12	6	41	57	2
Price benefit	15	6	2	1	38	58

respondents primary reason is findings and recommendation from others, 13% of the respondents primary reason is to identify potential drawbacks and limitations of the product and 12% of the respondents primary reason is assessing product quality.

SL.NO	$100 (R_{ij} - 0.5) / N_j$	Calculated value	Garret value
1	$100 (1 - 0.5) / 5$	10	75
2	$100 (2 - 0.5) / 5$	30	60
3	$100 (3 - 0.5) / 5$	50	50
4	$100 (4 - 0.5) / 5$	70	40
5	$100 (5 - 0.5) / 5$	90	25

Source: primary data

Particulars	Ranks given by respondents						Total	Score (%)	Rank
	1	2	3	4	5	6			
Detailed information of a product	770	756	3726	460	185	322	6219	52	III
customer service and support	2618	3591	378	414	333	92	7426	61	I
Product quality and its attributes	3773	315	594	2300	259	46	7287	60	II
speed of delivery	154	756	324	1886	2109	46	5275	44	IV
Price benefit	1155	126	108	46	1406	1334	4175	34	V

From the above table reveals that respondents have given top priority for customer service and support ranked as **I** with Garrett score 61% followed by product quality and its attributes ranked as **II** with score of 60%, detailed information of a product ranked as **III** with score of 52%, speed of delivery ranked as **IV** with score of 44% and price benefit was ranked as **V** with score of 34% are the type of content seen in online reviews.

“TRUSTWORTHINESS TOWARDS ONLINE REVIEWS AND RATING”

PARTICULARS	SA	A	N	D	S D	TOTAL	SCORE (%)	RANK
Online reviews to help me make informed purchasing decisions	115	108	72	18	6	319	16	IV
Online reviews generally reflect the actual quality of products or services	95	268	63	16	5	447	23	II
Reading detailed reviews gives confident in the information provided	90	88	213	12	3	406	20	III
A mix of positive and negative reviews is more helpful in forming an accurate opinion	270	100	57	9	46	482	24	I
Rating of a product is a significant factor in influencing trust in online reviews	105	96	66	14	46	327	17	V

NOTE: 5= strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly disagree

Source: primary data

From the above table reveals that level of satisfaction is more when a mix of a positive and negative reviews is more helpful in forming an accurate option that has been ranked **I** while the next rank is for online reviews generally reflect the actual quality of products of service that holds **II** rank, reading detailed reviews give confident in the information provided as rank **III**, online reviews to help me make informed purchasing decision has ranked **IV** and rating of a product is a significant factor in influencing trust in online reviews as **rank V** which is ranked as the least satisfied.

RELATIONSHIP BETWEEN AGE AND TYPES OF PRODUCTS SEEN IN ONLINE REVIEWS

OBSERVED FREQUENCIES (O)

Products AGE	Electronics	Clothing and Fashion	Home Appliances	Beauty and Person al Care	Books and Stationery	Groceries	TOTAL
15-20	5	14	2	3	1	1	26
21-30	5	24	9	5	2	3	48
31-40	7	5	9	12	1	3	37
above 40	0	1	3	5	0	0	9
TOTAL	17	44	23	25	4	7	120

SOURCE: Primary data

Product AGE	Electronics	Clothing and Fashion	Home Appliances	Beauty and Person al Care	Books and Stationer	Groceries	TOTAL
15-20	3.68	9.5	4.98	5.4	0.87	1.5	26
21-30	6.8	17.6	9.2	10	1.6	2.8	48
31-40	5.24	13.57	7	7.7	1.1	2.6	37
Above 40	1.49	3.3	1.72	1.88	0.3	0.52	9
TOTAL	17	44	23	25	4	7	120

O	E	(O-E)	(O-E) ²	(O-E) ² /E
5	3.68	1.32	1.74	0.47
5	6.8	-1.0	3.24	0.48
7	5.24	1.76	3.09	0.59
0	1.49	-1.49	2.22	1.49
14	9.5	4.5	20.25	2.13
24	17.6	6.4	40.96	2.32
5	13.57	-8.57	73.44	5.41
1	3.3	-2.3	5.29	1.60
2	4.98	-2.98	8.88	1.78
9	9.2	-0.2	0.04	0.004
9	7	2	4	0.57
3	1.72	1.28	1.64	0.95
3	4	-2.4	5.76	1.07
5	10	5	25	25
12	7.7	4.3	18.49	2.40
5	1.88	3.12	9.73	5.18

1	0.87	0.13	0.02	0.02
2	1.6	0.4	0.16	0.1
1	1.1	-0.1	0.01	0.009
0	0.3	-0.3	0.09	0.3
1	1.5	-0.5	0.25	0.17
3	2.8	0.2	0.04	0.01
3	2.16	0.84	0.71	0.33
0	0.52	-0.52	0.27	0.52
TOTAL				51.633

DEGRESS OF FREEDOM

$$= (r-1) (c-1)$$

$$= (4-1) (6-1)$$

$$= (3) (5)$$

$$= 15$$

NULL HYPOTHESIS (H₀)

There is no significant difference relationship between the age group and types of products seen in online reviews.

ALTERNATIVE HYPOTHESIS (H₁)

There is a significant relationship between the age group and types of products seen in online reviews.

The table value for 15 degree of freedom at 5% level of significance is 24.996. It is found that the calculated value i.e., 15 is less than the table value. Thus the result is independent. Hence it is concluded that there is no significant difference between the age group and types of products seen in online reviews. There is null hypothesis is accepted.

FINDINGS:

- ❖ Majority (55%) of the respondents selected for the study are students.
- ❖ It is inferred that majority (38%) of the respondents felt that online reviews and ratings are very important.
- ❖ Majority (31%) of the respondent's primary reason to consult customer reviews and ratings is to comparing prices.
- ❖ It is inferred that majority (39%) of the respondents view reviews and ratings

for clothing and fashion products.

- ❖ It is inferred that (76%) of respondents have clear knowledge about online reviews and ratings.
- ❖ It is inferred that majority (55%) of the respondents are influenced in reviews with detailed information.
- ❖ Majority (24%) of the respondents felt trustworthy in a mix of positive and negative reviews is more helpful in forming accurate opinion.
- ❖ Chi-square test indicates that there is no significant difference between the age group and types of products seen in online reviews.

SUGGESTION:

- ❖ Encourage customers to provide honest and constructive reviews by providing clear guidelines and incentives for their feedback.
- ❖ Encourage genuine reviews by fostering transparency in the review process. Clearly state your review policy, ensuring customers know how reviews are collected and moderated.
- ❖ Actively collect feedback from customers through various channels, including emails, surveys, and social media.
- ❖ Regularly monitor online reviews and promptly respond to both positive and negative feedback.
- ❖ Use anti-fraud measures to remove fake reviews and clearly communicate your review guidelines to customers.
- ❖ Offer incentives for customers to leave honest and detailed reviews. This could include discounts on future purchases, loyalty points, or entry into exclusive giveaways.

CONCLUSION:

Thus, I conclude that online customer reviews significantly influence over purchasing decisions. However, challenges such as fake reviews and data privacy concerns can be removed by prioritizing transparency, providing awareness to customers and businesses can foster trust, enhance customer experiences, and thrive in the dynamic landscape of online commerce. With continuous improvement, the online review ecosystem can evolve to better serve both businesses and consumers.

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