



# IMPACT OF ONLINE CUSTOMER REVIEWS ON PURCHASE DECISION – A STUDY WITH REFERENCE TO MAYILADUTHURAI

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## ABSTRACT

*Online customer reviews are one of the important advertisements advertised by those who bought the products from online shopping sites. An online shopping site creates submitting reviews for leaving their opinion about particular product after purchase procedure. These reviews are playing an important role as promotional instrument and it influences in purchase decision of viewers. This study is to analyze how online customer reviews affects the purchase decision of the viewers. Simple random sampling method is used for this study and 120 respondents are chosen for collecting data through well-structured questionnaire is distributed and tabulated. Hypotheses were framed for this study and tested with Chi – Square test. Finally finding based on hypotheses, suggestions and conclusion were given for improving the importance of online customer reviews.*

**Key words:** Online, reviews, affect, product, views.

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## 1. INTRODUCTION

Referring products to others is a one of the most famous and most trusted advertisement which is done by most satisfied customers of a particular product. If the product is good and satisfied, automatically the ultimate user turned into a product ambassador. Online customers reviews are also called as User Generated Reviews (UGR). The opinion of the product is playing a vital role for future purchase behaviour of a visitors. Most of the visitors are educated and they referring UGR for better understanding about the product. The UGR's are created an impact towards the purchase decision of a visitors neither positively nor negatively.

## Meaning

A customer review is an opinion of a product or service made by a customer who has purchased the product or service. Customer reviews are a form of customer feedback on electronic commerce and online shopping sites.

## Objective of the Study

- To know the socio-economic profile of the respondent
- To analyze the awareness level of the respondents about online review
- To identify the impact of online customer review on purchase decision

## Scope of the Study

This study is an attempt to study the impact of online customer reviews on purchasing behaviour towards online shoppers in Mayiladuthurai town. Even this study focusing the awareness level of the customer in case of referring online review before ordering the product in online shopping sites and how online reviews triggers the customer purchasing decision.

## Methodology

Both primary and secondary data were used for this study to gathered appropriate data from several available resources. Primary data were collected through well-structured questionnaire from who bought the products in online shopping websites in the study area. Secondary data were collected through the various websites, books and related journals.

## Sampling Design

Simple random sampling method is used for this study. This study covers Mayiladuthurai urban. 120 respondents were selected for this study.

## Statistical tools used for this Study

- Simple percentage
- Mean
- Standard deviation
- Chi – Square test

## Hypotheses

**H<sub>0</sub>** : There is no relationship between Age and influential level of online customer reviews

**H<sub>0</sub>**: There is no relationship between Educational Qualification and Reliability of reviews

## 2. REVIEW OF LITERATURES

**Elwalda, Abdulaziz & Lü, Kevin. (2016)<sup>1</sup>** Online customer reviews (OCRs) have grown in importance as a source of product information and a factor in customers' purchasing decisions. This has had a tremendous influence on consumer purchasing decisions. The impact of OCrs

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<sup>1</sup> Elwalda, Abdulaziz & Lü, Kevin. (2016). The Impact of Online Customer Reviews (OCRs) on Customers' Purchase Decision: An exploration of the main dimensions of OCrs. Journal of Customer Behaviour. 15. 123-152. 10.1362/147539216X14594362873695.

on consumer behaviour has recently attracted a lot of scholarly interest. As a result, there is a need for a review of these consequences. As a result, the current understandings of the links and relationships between OCRs and customers' purchase intent are examined in this research. It examines the OCRs' primary dimensions and how they influence customers' buying intent. It also examines the concerns of OCRs' credibility, roles, antecedents, usefulness, metrics, and outcomes. A case study has also been provided, in which OCRs are analysed to gain a better understanding of the relationship.

**Sun, M., Chen, J., Tian, Y., & Yan, Y. (2021)**<sup>2</sup> The researcher used a duopoly model to investigate how internet reviews influence the decisions of two competitive online retailers selling products of varying quality with various return policies. With and without online reviews, the researcher determines the competing sellers' optimal price and return policy options, and finds that online reviews have a higher impact on the high-quality seller than on the low-quality seller. In comparison to a no-refund policy, if the salvage value of the goods is poor, the seller has fewer opportunities to benefit from online evaluations when offering an MBG. When both sellers offer a no-refund policy, the influence of online reviews on price rivalry between them has a "symmetric effect area," where reviews may either weaken or intensify price competition between them, but always intensify it if they both offer an MBG. The study has discovered the circumstances in which online reviews are beneficial to one vendor or provide a prisoner's dilemma for both online sellers. The researcher also shows that if the net salvage value at both sellers is sufficiently high, MBGs at both sellers can assist reduce the prisoner's dilemma.

**Sethna, Beheruz & Hazari, Sunil & Bergeil, Blasé (2017)**<sup>3</sup> To analyse if there are any gender differences in the impact of user generated content (UGC) on purchasing behaviour, trust, and intention to buy. UGC refers to online comments and opinions that can impact the purchasing decisions of other users. A study of 232 undergraduates at an American university yielded quantitative data. Females are more influenced by UGCs in terms of purchase intentions and trust. In terms of UGC's influence for a gender-neutral product, tendency to read UGCs, frequency of purchase, and authoring evaluations, no gender disparities were discovered. Managers who are interested in how consumers use UGC will find useful information. It is critical to keep track of not just what is written, but also who is writing it. An improved grasp of the target population can only help a company's marketing efficiency. This study seeks to fill a gap in the literature by focusing on gender disparities in UGC.

**Agarwal, Mukesh. (2020)**<sup>4</sup> The goal of this study article is to examine the influence of social media user interactions such as those seen on Facebook, Twitter, blogs, and business websites. Visitors participate on social media and form opinions about the brand and company, which eventually impact their purchasing decisions. In the framework of their social media marketing strategy, the author also intends to show how leading firms value user created content. Organizations are now incorporating social media technologies such as Facebook, Instagram, and others into their consumer interaction efforts. This is done in order to raise brand awareness and promote word of mouth.

<sup>2</sup> Sun, M., Chen, J., Tian, Y., & Yan, Y. (2021). The impact of online reviews in the presence of customer returns. *International journal of production economics*, 232, 107929. <https://doi.org/10.1016/j.ijpe.2020.107929>

<sup>3</sup> Sethna, Beheruz & Hazari, Sunil & Bergeil, Blase. (2017). Influence of user generated content in online shopping: impact of gender on purchase behaviour, trust, and intention to purchase. *International Journal of Electronic Marketing and Retailing*. 8. 344-371. 10.1504/IJEMR.2017.10008550.

<sup>4</sup> Agarwal, Mukesh. (2020). "Importance of User Generated Content as a part of Social Media Marketing that drives Customer's Brand Awareness and Purchase Intentions". Research Gate 10.13140/RG.2.2.33503.61609.

### 3. RESULTS AND DISCUSSION

**Table 1**

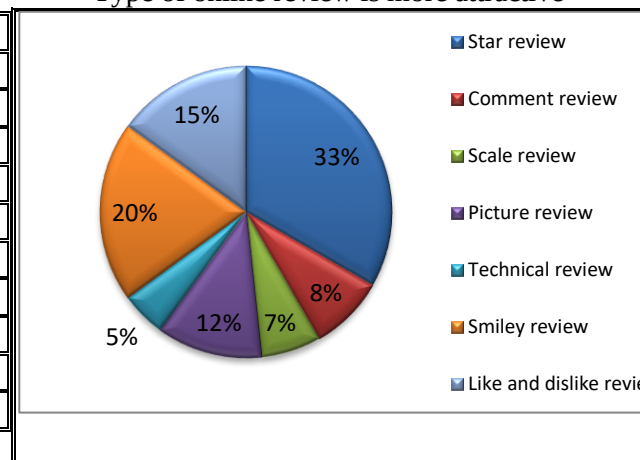
Type of online review is more attractive

| Particulars             | Count   | Percent (%)             |
|-------------------------|---------|-------------------------|
| Star review             | 40      | 33.3 (1 <sup>st</sup> ) |
| Comment review          | 10      | 8.3                     |
| Scale review            | 8       | 6.7                     |
| Picture review          | 14      | 11.7                    |
| Technical review        | 6       | 5.0                     |
| Smiley review           | 24      | 20.0(2 <sup>nd</sup> )  |
| Like and dislike review | 18      | 15.0(3 <sup>rd</sup> )  |
| Total                   | 120     | 100                     |
| Mean                    | 3.6667  |                         |
| Standard deviation      | 2.35266 |                         |

Source: Primary data

**Chart 1**

Type of online review is more attractive



From the data of table no.1, it is clearly explores that the majority (33.3%) of the respondents are like star review, 20% of the respondents are like smiley reviews, 15% of the respondents are wish to see like and dislike review, Picture review are 11.7%, Comment review are 8.3%, Scale reviews are 6.7% and only 5% of the respondents are like technical reviews.

Finally, the data concluded that Majority 33.3% of the respondents are like star reviews because of easy understanding, colorful presentation and impressive placing of stars. So it is more attractive when compare to other reviewing methods.

#### 3.1. Testing of Hypotheses

**H<sub>0</sub> 1:** There is no relationship between Age and influential of online customer reviews

**Table 2** Age vs. Influential level of online customer review on purchase decision

| Age          | Influential level of online customer review |    |     |    |    | Total |
|--------------|---------------------------------------------|----|-----|----|----|-------|
|              | NI                                          | SL | SWI | VI | EI |       |
| Below 25     | 1                                           | 2  | 4   | 10 | 16 | 33    |
| 25 to 35 Yrs | 2                                           | 4  | 8   | 15 | 28 | 57    |
| 36 to 45 Yrs | 0                                           | 0  | 0   | 5  | 19 | 24    |
| 46 to 55 Yrs | 0                                           | 0  | 0   | 0  | 3  | 3     |
| Above 55     | 0                                           | 0  | 0   | 0  | 3  | 3     |
| Total        | 3                                           | 6  | 12  | 30 | 69 | 120   |

Source: Primary data

| Calculated $X^2$ | Degree of Freedom | Table Value | Result   |
|------------------|-------------------|-------------|----------|
| 14.218           | 16                | 26.296      | Rejected |

The above table clearly exhibits the age- wise classification online customers and influential of online customer reviews on purchase decision of Products. As the calculated  $X^2$  value (14.218) is less than the table value (26.296) at 5% level of significant. So, the null hypothesis is rejected. Hence, it can be concluded that there is a relationship between the Age and influential level of online customer review on purchase decision.

**H<sub>0</sub> 2:** There is no relationship between Educational Qualification and Reliability of reviews

**Table 2** Educational Qualification vs. Reliability of reviews

| Edu. Qua.     | Reliability of reviews |    |    |    |    | Total |
|---------------|------------------------|----|----|----|----|-------|
|               | HR                     | R  | NI | MR | NR |       |
| Illiterate    | 12                     | 0  | 0  | 0  | 0  | 12    |
| Upto school   | 7                      | 7  | 2  | 5  | 0  | 21    |
| Graduate      | 19                     | 7  | 2  | 5  | 0  | 33    |
| Post Graduate | 27                     | 7  | 2  | 4  | 2  | 42    |
| Others        | 0                      | 6  | 2  | 3  | 1  | 12    |
| Total         | 65                     | 27 | 8  | 17 | 3  | 120   |

*Source: Primary data*

| Calculated $X^2$ | Degree of Freedom | Table Value | Result   |
|------------------|-------------------|-------------|----------|
| 34.170           | 16                | 26.296      | Accepted |

Educational status of the customers and reliability level of online Reviews by the online customers of Mayiladuthurai urban are shown in the above Table. As the calculated  $X^2$  value (34.170) is more than the table value (26.296) at 5% level of significant, so the null hypothesis is accepted. Hence, it can be concluded that there is no relationship between the educational qualification and Reliability of online customer review on purchase decision.

#### 4. FINDINGS

- Majority 62.5% of the respondents are female
- 47.5% of the respondents are comes under the age category of 26 to 35 years
- Moreover, among all respondents almost 80% are rural based customers, and the remaining 20% of respondents representing the urban areas.
- Out of the sample collected most of the respondents are married (75.5%)
- 35% of the respondents are finish their Post-Graduation and it is followed by under Graduated (27.5%)
- 35% of the respondents are students and it is followed by Professional (25%).
- 52.5% of the respondents' family monthly income is Below Rs. 10,000 and 32.5% of the respondents' family income is ranged from 10,001 to 30,000.
- 54.2% of the respondents are stated that highly reliable for reliability of online reviews and it is followed by Reliable (22.5%)
- 57.5% of the respondents are extremely influenced by the reviews and it is followed by much influenced that is 25%.
- 40% of the respondents are liked to be referring star reviews because of understandability, colorful and impressive presentation.
- It can be concluded that there is a relationship between the Age and influential level of online customer review on purchase decision.
- It can be concluded that there is no relationship between the educational qualification and Reliability of online customer review.

#### 5. SUGGESTIONS

- Some online shopping website's review submitting pattern are little irritating to the customers that's what they skip this procedure. So, websites must rebuild their review submitting structure into more interesting and impressive.

- Online reviews are playing important role in purchase decision. So, shopping websites are considering the reviews and take it as an opportunity to rectify their mistakes.
- Online shopping websites must classify the reviews based on customer comfortability.
- For encouraging the reviewer, online shopping websites gives an awards or points or each review.

## 6. CONCLUSION

Customers leaving their experience as a review it helps to those who wants to purchase the same product with an experience of experienced customers. Reviews make a product with more guaranteed, reliable and price worthy. Most positively reviewed products are having an opportunity to move quickly sold-out from the website. The reviews only have strength to make a product proud or disproof. This is the important secret by the business magnets' to ruling the business world.

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