

**Understanding the impact of online product reviews on consumer
purchase behavior**

A dissertation report submitted in the partial fulfillment of the requirements of the
degree of Master of Business Administration

Submitted by

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Registration No:

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Under the Guidance of

Dr Ramakrishna salagrama



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I confirm that this report titled "**Understanding the impact of online product reviews on consumer purchase behavior**" Represents my work undertaken as a part of my dissertation. I certify that this report represents my ideas in my own words and where others' ideas or words have been included, I have adequately cited and referenced the original sources. I also certify that I have adhered to all principles of academic honesty and integrity and have not misrepresented or fabricated or falsified any idea/data/fact/source in my submission. The work has not been submitted to any other Institute for any degree or diploma. I understand that any violation of the above will be cause for disciplinary action by the Institute and can also evoke penal action from the sources which have thus not been properly cited or from whom proper permission has not been taken when needed.

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A handwritten signature in black ink, appearing to read "Ajith", written over a horizontal line.

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This is to certify that **Mr. THOKALA AJITH** Regn. No. **2022MMBA07ASB165** has completed the dissertation titled **UNDERSTANDING THE IMPACT OF ONLINE PRODUCT REVIEWS ON CONSUMER PURCHASE BEHAVIOUR** under my guidance as part of the dissertation, serving as partial fulfilment of the requirements for the degree of Master of Business Administration.

A handwritten signature in black ink, appearing to read "Dr. R. Salagrama".

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Name of the Faculty Guide: Dr Ramakrishna Salagrama

Introduction



Online product reviews have a big impact on consumer behavior in the digital era. Social media and e-commerce have proliferated, and as a result, customers are depending more and more on user reviews to guide their purchases. The purpose of this study is to investigate how online product reviews affect customers' purchasing decisions, with an emphasis on comprehending the underlying mechanisms and variables that affect consumers' confidence in and dependence on these reviews.

One of the most important aspects of modern commerce is the impact of internet product reviews on consumer purchasing behavior. There are still gaps in the establishment of a standardized assessment scale for evaluating the influence and trustworthiness of online reviews, despite a great deal of research examining different aspects of this phenomena. This work attempts to close this gap by putting out a thorough measurement scale that has undergone stringent validation.

The study aims to develop a valid and trustworthy tool for assessing internet reviews by identifying crucial indicators and using focus groups, exploratory factor analysis, and confirmatory factor analysis. The suggested scale provides useful data for marketers looking to properly utilize internet reviews in addition to improving understanding of consumer behavior. This work contributes to academic discourse and managerial practices in the retailing area by outlining the study's methodology, empirical findings, and theoretical implications

UNDERSTANDING THE IMPACT OF ONLINE PRODUCT REVIEWS ON CONSUMER PURCHASE BEHAVIOUR

LITERATURE REVIEW AND PROPOSED METHODOLOGY

LITERATURE REVIEW:

According to the literature review, in-depth studies on the mechanisms by which internet reviews influence customer attitudes and actions have yielded important findings. Important elements that influence customer purchasing decisions include confirmation bias, social proof, and informational influence, according to academic research. Furthermore, moderating factors like product participation and cultural variations, in addition to the amount, quality, and reliability of online reviews, are important in influencing consumer behavior. Businesses hoping to successfully use online reviews to influence customer purchasing behavior and increase sales must comprehend these dynamics.



- **Cultural Differences:** In certain marketplaces, the interpretation and potency of online evaluations are influenced by cultural norms and values.

Third Moderating Elements:

- **Review Context:**

Reviews' ability to change customer behavior is influenced by the date and platform on which they are posted.

• **Customer Segmentation:**

Depending on their requirements and interests, various customer segments may react to online reviews in different ways. In light of the results, companies ought to concentrate on:

- Promoting and supervising internet reviews to keep a good online reputation.
- Improving persuasiveness by utilizing reviewer credibility and review attributes.

adjusting review tactics to suit various consumer demographics and cultural settings.

- Constantly observing and modifying review management techniques to conform to changing market conditions and customer preferences.

This paper offers a thorough analysis of how online product reviews affect consumers' purchasing decisions, providing useful information for companies navigating the internet market.

Gaps identified from the literature review:

1. Long-Term implications:

Although previous study has examined how internet reviews affect consumers' buying decisions in the short term, the long-term implications are not as well understood.

To further understand how online reviews affect customer loyalty, post-purchase happiness, and repeat purchase behavior over time, more research is required.

2. Cross-Cultural Comparisons:

There is a deficiency in cross-cultural comparisons, despite the fact that cultural variations are recognized as a moderating influence in the effectiveness of online evaluations. In order to gain a deeper understanding of how cultural norms and values influence customers' responses to online evaluations, future research should concentrate on performing comparison studies across various cultural contexts.

3. Experimental Designs:

Controlled experimental designs are lacking, despite the fact that observational research have shed important light on the mechanisms behind the influence of online reviews. To gain a greater understanding of the underlying mechanisms and to separate the causal impacts of particular review qualities on customer purchasing behavior, more trials are required.

4. Emerging Trends:

Because online commerce is constantly changing, it is unclear how new developments, including the popularity of influencer marketing and user-generated content, will affect the influence of online reviews. Subsequent studies ought to investigate the ways in which these dynamic patterns influence consumers' perceptions of and interactions with online reviews.

5. Segmentation Analysis:

Although the effectiveness of online evaluations has been found to be moderated by consumer segmentation, a thorough segmentation analysis is lacking. To effectively adapt methods, more study should focus on identifying specific customer segments and their distinct requirements, interests, and responses to online reviews.

RESEARCH OBJECTIVES IDENTIFIED:

1. Examine the Long-Term Impacts:

- Evaluate the long-term effects of online product reviews on customer behavior, such as satisfaction, loyalty, and recurring purchasing patterns.

2. Examine Differences Across Cultures:

- To learn how cultural variations affect the efficacy and interpretation of online reviews, do comparative research in a range of cultural situations.

3. Make Use of Experimental Designs:

- To gain a better understanding of the underlying mechanisms, design controlled studies to identify the causal impact of particular review qualities on consumer buying behavior.

4. Analyze New Trends:

Examine how consumer attitudes toward and interactions with online reviews are influenced by developing trends in online commerce, such as user-generated content and influencer marketing

5. Perform Analysis of Segmentation:

- To better tailor reviews strategically and improve customer satisfaction, identify particular consumer segments and their distinct requirements, preferences, and answers to online reviews. To examine the connection between customer purchasing behavior and internet product reviews.

To look into what influences customers' faith in and dependence on internet reviews. To investigate how consumer traits and product type moderate the influence of online reviews.

Methodology

Data collection:

Interview or poll a sample of online buyers to obtain information about their purchasing habits and sentiments toward internet product reviews. Additionally, gather information on product qualities and review characteristics (such as rating, quantity of reviews, and credibility of the reviewer).

Sampling Strategy:

To guarantee representation across various demographics (age, gender, income) and product categories (electronics, clothing, beauty items, etc.), use a stratified sampling technique.

Data Analysis:

Regression analysis and structural equation modeling are two statistical techniques that can be used to examine the moderating effects of different factors as well as the relationship between online reviews and purchasing behavior.

Anticipated Results:

- Insights into how customer purchasing behavior is affected by internet product reviews.
- Identifying the critical elements that affect consumers' faith in and dependence on internet reviews.
- Knowledge of how consumer traits and product type affect how influential online reviews are.

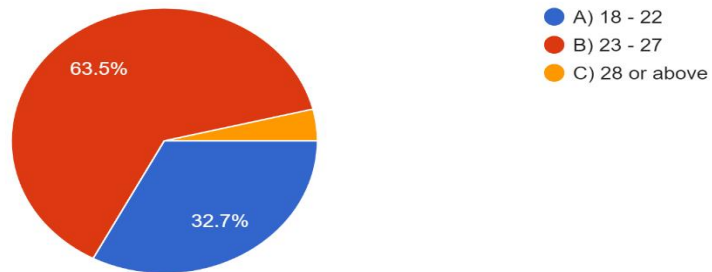
Implications:

- Consequences for businesses in terms of controlling their online reputation and utilizing favorable evaluations to increase revenue.
- Suggestions to improve the legitimacy and reliability of online reviews for e-commerce companies and review platforms.
- Assistance for customers in browsing product reviews on the internet and coming to well-informed purchasing selections

Analysis

1. What is your age group?

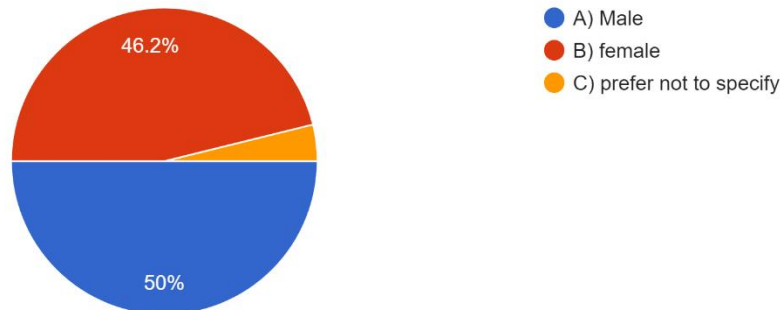
52 responses



According to the data, 32.1% of respondents are between the ages of 18 and 22, and 64.2% of respondents are between the ages of 23 and 27. 28 years of age or older make up the remaining respondents, or the remaining %.

2. What is your Gender?

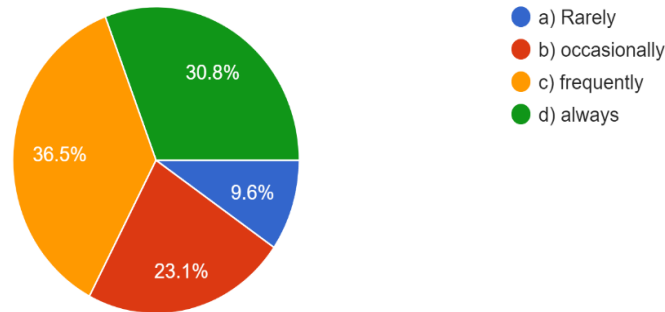
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38% female, 60% male, and 2% would rather not say. Men make up the majority of responders, followed by women.

3) How often do you read online product reviews before making a purchase?

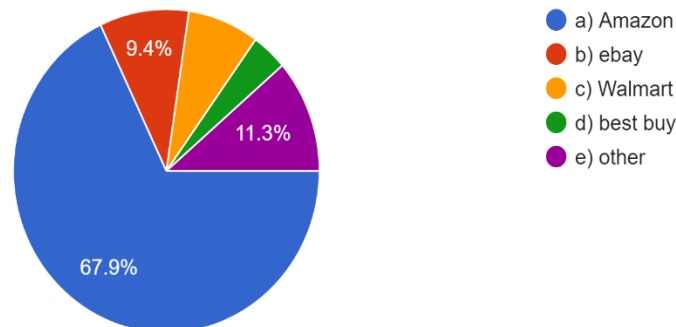
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9.4% of respondents said they didn't often read internet reviews, suggesting that they don't rely on them as much. A moderate utilization rate of reviews, as shown by 22.6% of users, is seen. 37.7% of people display a higher reliance by regularly consulting reviews. Lastly, 30.2% of respondents said they always read reviews, demonstrating a regular and strong reliance on them.

4) Which online platforms do you typically use to read product reviews?

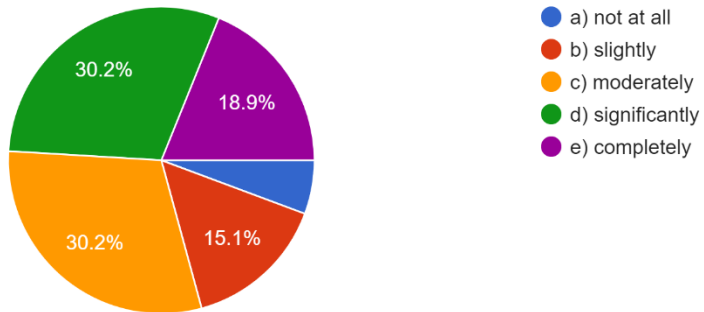
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Among the respondents, 67.9% claimed to use "other" platforms, 11.3% claimed to use Best Buy, 9.4% claimed to use Amazon, and none claimed to use Ebay or Walmart.

5) How much do online product reviews influence your purchasing decisions?

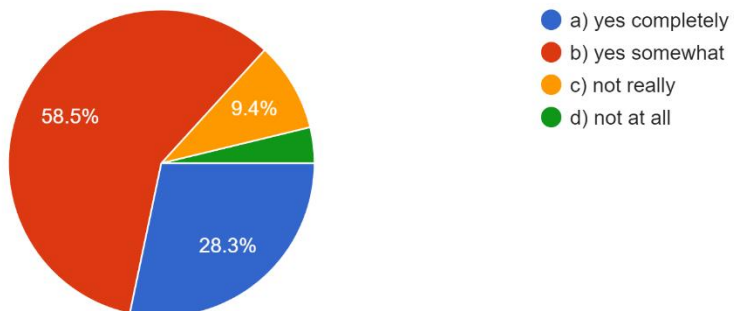
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Online product reviews, according to 60.2% of respondents, have a moderate impact on their purchasing decisions. 30.2% of respondents claimed that reviews had no or little influence on their choices. 18.9% of respondents claimed that internet reviews have a minor to major impact on their purchase decisions. 79.1% of respondents overall (60.2% + 18.9%) stated that internet reviews have an impact on their purchase decisions.

6) Do you trust online product reviews?

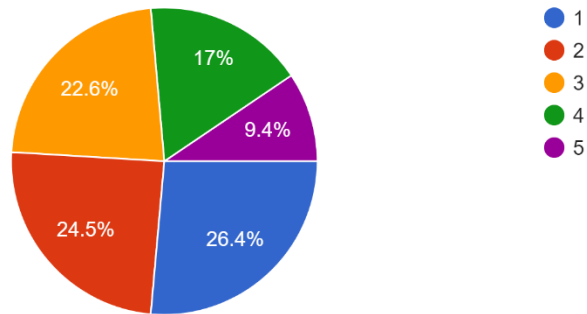
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58.5% stated they either totally or partly trust product reviews found online. According to 28.3%, they are not genuinely trusted. 9.4% stated they have zero faith in product reviews seen online. Nearly 60% of respondents appear to think that online reviews are generally reliable. It's crucial to remember that there were only 53 respondents to this short study, thus the findings could not be typical of the general public.

7) Trustworthiness of Online Reviews:How trustworthy do you find online product reviews overall? "Not at all trustworthy "

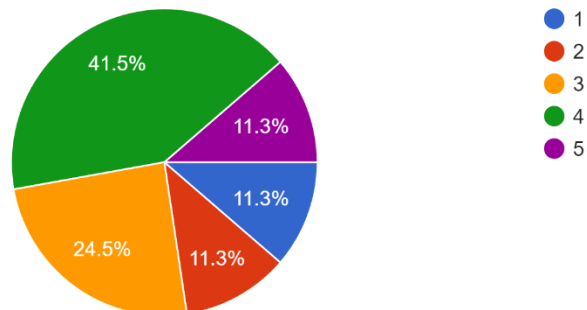
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Of the respondents, 24.5% indicated they think product reviews found online are totally reliable .According to 26.4%, they are reasonably trust worthy .Of these, 22.6% stated they are not very reliable. Of these, 17% claimed to be completely un trust worthy. According to the survey's overall findings, 50.9% of respondents (24.5% + 26.4%) believe that online product reviews are reliable, while 49.1% (22.6% + 17%) believe that they are neither extremely reliable nor reliable at all.

8) Trustworthiness of Online Reviews:How trustworthy do you find online product reviews overall? " completely trust worthy "

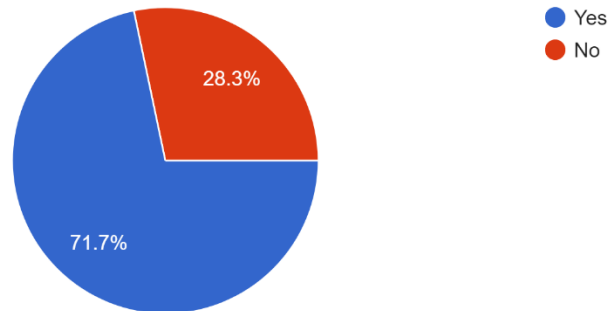
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Online reviews are deemed trustworthy (totally or partially) by 50.9% of respondents.49.1% of respondents claimed they don't think highly of them or at all. This implies that sentiments regarding the reliability of online reviews are mixed, with a minor skeptical bent.

9) Have you ever changed your mind about purchasing a product based on a negative online review?

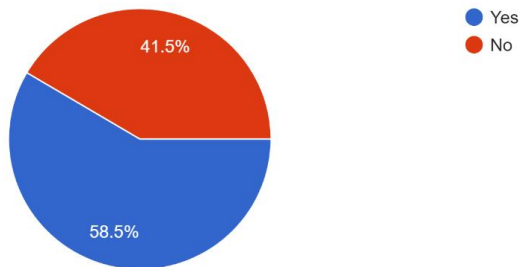
53 responses



In response, 71.7% responded "no." Yes was answered by 28.3%. This implies that a sizable percentage of consumers (almost 28%) may be persuaded to change their minds about making a purchase by unfavorable internet evaluations.

10) Have you ever written an online product review yourself?

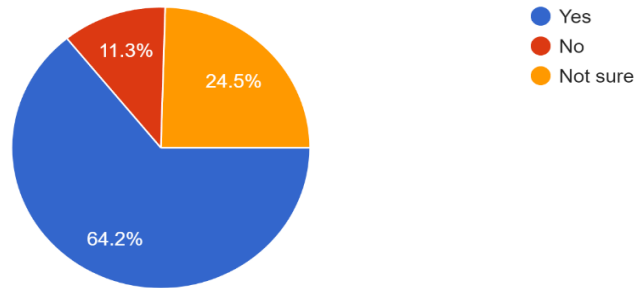
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Of those surveyed, 41.5% said "yes," while 58.5% said "no." This implies that fewer than half of the respondents (41.5%) have actually published their own online product reviews.

11) Do you believe that companies sometimes manipulate online product reviews to their advantage?

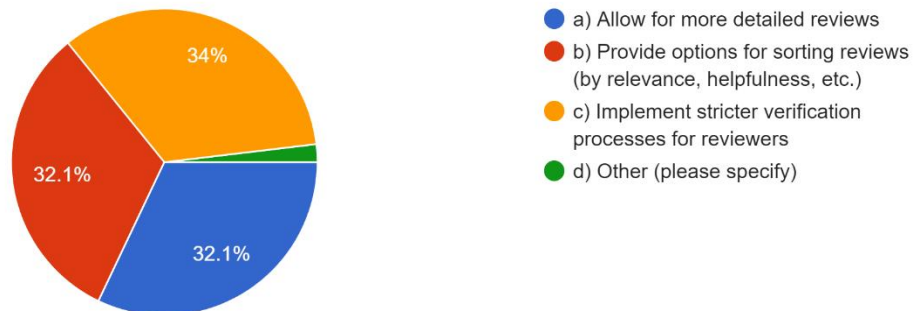
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Of those surveyed, 64.2% answered "yes," 24.5% replied "no," and 11.3% stated they were unsure. This indicates that a significant portion of respondents (more than 64%) think that businesses occasionally rig internet product reviews.

12) How do you think online product reviews could be improved to better assist consumers?

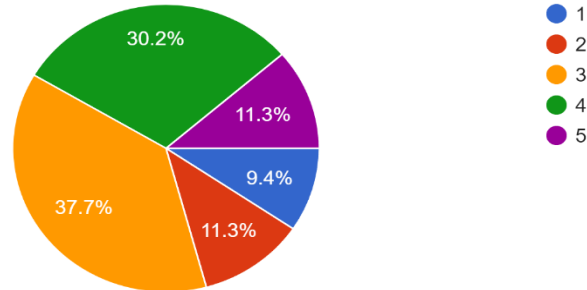
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34% of respondents said Allow for more detailed reviews.32.1% said Provide options for sorting reviews (by relevance, helpfulness, etc.).32.1% said Implement stricter verification processes for reviewers.1.9%

13) Overall Satisfaction with Online Product Reviews:How satisfied are you with the quality of online product reviews available? "Very satisfied"

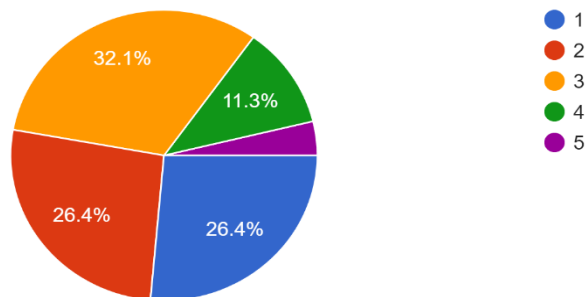
53 responses



30.2% of those surveyed expressed great satisfaction with the caliber of product evaluations seen online.37.7% expressed some level of satisfaction.11.3% indicated they have no opinion.11.3% expressed dissatisfaction.9.4% expressed complete dissatisfaction.In total, just 30.2% of respondents expressed high levels of satisfaction with the quality of online product reviews, whereas 59% (37.7% + 11.3% + 9.4%) expressed little or no satisfaction at all.

14) Overall Satisfaction with Online Product Reviews:How satisfied are you with the quality of online product reviews available? "Very dissatisfied"

53 responses



30.2% of those surveyed expressed great satisfaction with the caliber of product evaluations seen online.37.7% expressed some level of satisfaction.11.3% indicated they have no opinion.11.3% expressed dissatisfaction.9.4% expressed complete dissatisfaction.In total, just 30.2% of respondents expressed high levels of satisfaction with the quality of online product reviews, whereas 59% (37.7% + 11.3% + 9.4%) expressed little or no satisfaction at all.

Recommendations

Purchasing Establish Specific Research Objectives:

Clearly state the goals of the study, concentrating on the ways in which online product evaluations affect consumer trust, brand perception, and purchasing decisions. The design and analysis of the research will be guided by this clarity.

Think about

Examine the attributes:

Examine online reviews for a variety of features, such as volume, sentiment, authenticity, and source credibility. By examining these variables, one can get understanding of the ways in which various review formats influence consumer behavior.

Make Use of Mixed Methods Approach:

To obtain a thorough grasp of customer attitudes and behaviors about online product reviews, combine qualitative and quantitative research approaches, such as surveys, interviews, and content analysis.

Examine Moderating Factors:

Look into possible moderating factors, such as product type, brand reputation, reviewer expertise, and cultural differences, that may have an impact on the relationship between online reviews and customer buying behavior .

Evaluate Long-Term implications:

By performing longitudinal research or monitoring customer responses over time, you can investigate the long-term implications of online reviews on consumer behavior. This will make it easier to spot trends and patterns in the way reviews affect consumers' decisions to buy throughout their journey.

Emphasis on Credibility and Trust:

Pay close attention to how these factors influence how customers see online reviews. Examine the ways in which aspects such as review verification, reviewer experience, and platform reputation affect credibility and have an impact on buying choices.

Examine the social dynamics of online product reviews

Taking into account the impact of peer recommendations, influencer endorsements, and social proof on consumer behavior. Recognize how social networks and interactions increase the influence of reviews on decisions to buy.

Provide Useful Implications:

Convert research results into insights that organizations and marketers can put to use. Make suggestions about how businesses can use internet reviews to improve their product offers, marketing methods, and customer relationships.

Take Into Account Cross-Cultural Differences:

Be aware of the subtle cultural differences in how customers interpret and react to internet product reviews. Perform comparative analyses in various geographical or cultural situations to find differences in the effectiveness and usage of reviews.

Keep Up with Industry Trends:

Keep up with the latest advancements and trends in digital marketing tactics, consumer behavior, and online review platforms. Keep an eye out for shifts in consumer tastes and technology developments to ensure that research methodology and recommendations are updated appropriately.

Conclusion:

By shedding light on how online product reviews influence consumers' purchasing decisions, this research seeks to advance the corpus of knowledge already available on consumer behavior. Businesses may create more successful marketing tactics and improve the online shopping experience for customers by knowing the elements that affect consumers' trust in online reviews and how those aspects affect consumer behavior when making purchases.

In conclusion, understanding the impact of online product reviews on consumer purchase behavior is crucial for businesses aiming to thrive in the digital marketplace.

By delving into the factors that influence consumers' trust in online reviews and their subsequent purchasing decisions, this research contributes valuable insights to the field of consumer behavior. Armed with this knowledge, businesses can refine their marketing tactics, improve the online shopping experience, and ultimately enhance customer satisfaction and loyalty.

By recognizing the significance of review characteristics, source credibility, and social influence, businesses can tailor their strategies to effectively leverage the power of online reviews, driving success in today's competitive online landscape

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