



# HOW DOES CUSTOMER RATING AFFECT PRODUCT PURCHASE?

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## ABSTRACT

*A customer's buying behavior is largely governed by the needs, preferences and tastes of the consumers for whom the product/service is ultimately purchased. Traditionally, consumers' purchasing habits were solely relied on word of mouth. With the growth of the internet and technology, online consumer evaluations, product and service recommendations, and peer opinions play an increasingly important role in the customer's decision-making process. According to the literature, buyers seek online product reviews for four reasons: information seeking, risk reduction, quality seeking, and social belonging. Before purchasing a product, the buyer actively gathers and integrates information from a variety of sources, the most cost-effective and immediately accessible of which are online reviews. These reviews will have both positive and negative effect on the consumer's mindset. One bad review will drastically drop down the sales of the particular product as these opinions are considered as trustworthy and less risky than marketer information. This article will assist us in understanding how these ratings, reviews, and recommendations influence consumer product purchases and purchasing patterns.*

**KEYWORDS:** *Purchasing pattern, Word of Mouth, Online reviews, Ratings, Sales*

## 1. INTRODUCTION

Early on in conventional marketing, consumers relied on word of mouth to make any purchase decision. Word Of Mouth (WOM) is the information one learns via interactions with friends and family that involve them sharing their opinions and experiences on a company or a product. With the advent of technology, e-commerce platforms came into picture. The omnipresence of internet gave customers the privilege of purchasing from anywhere anytime. This purchase decision in an online setting, depends on electronic words of mouth i.e. online reviews or shop ratings. These eWOMs are the evaluated information learned from other consumers, not just friends and family about the different aspects of consumer products. With this information, consumers can infer the quality of goods relating to experience, to reduce personal time spent in decision making and the risk of purchase. In other words, rather than the actual experience, consumer purchases are primarily dependent on products presentation in cyberspace, such as photos, images, quality information, and video clips. Since information provided by other customers is often distinguished as more attention-grabbing and trustworthy than information provided by the firm/brand, online customer reviews are believed to have a significant influence on customers' purchase decisions and therefore sales. Customer reviews and ratings are also being used as a new marketing strategy. Nowadays firms not only regularly post their product information and sponsor promotional chats on online forums, but also proactively induce their consumers

to spread the buzz about their products online. Some firms even strategically maneuver online reviews in an effort to influence consumers' purchase decisions.

## 2. LITERATURE REVIEW

**Zan Mo, Yan-Fei Li, Peng Fan**

Consumers cannot get all of the information before buying. They always focus on getting a greater insight of the product which is largely contributed by reviews and in recent times with the advent of technology, online reviews plays a major role. From an economic point, goods are divided into search goods and experience goods. Search goods means the goods that consumers will be able to get accurate information before buying according to the information, such as mobile phones, cameras, printers and so on. Experience goods refers to the goods that consumer will not be able to get accurate information about the product before personal use. Cosmetics is one such example because the review varies for each person. Quantity of positive reviews plays a significant role in the consumer decision making, the quantity of moderate reviews have no impact, and the negative reviews have negative impact on consumers buying behaviour. Positive reviews, description rating, picture reviews, additional reviews, and cumulative reviews are all influential factors in consumer purchasing behaviour (Mo et al., 2015).



**Justin Beneke, Simona de Sousab, Marcelle Mbuyub and Bradley Wickhamb**

The effect of negative online customer reviews is more detrimental to the brand equity of a high involvement product than a low involvement product. The high quality reviews are more influential than low quality reviews with respect to brand equity, and the difference between the levels of eWOM source credibility has no significant effect on brand equity. Marketers tend to spend millions of rand on elaborately conceived advertisement campaigns when, in fact, the true persuasive force behind a consumer's behaviour is a simple, free of charge Word of Mouth (WOM) recommendation made by a trusted source. With the decline of trust in advertising, WOM has become a powerful source of communication used to form consumer perceptions and behavioural intentions communication; the emergence and spread of the Internet has introduced a less personal but more ubiquitous form of communication, namely, electronic word of mouth. It has become increasingly common for consumers to refer to online product reviews when gathering pre-purchase product information.

**Abdulaziz Elwalda, Kevin Lü**

The existence of reviews provides valuable signals to the customers, increasing their propensity to purchase. We also infer that users usually don't pay attention to the entire set of reviews, especially if there are a lot of them, but instead they focus on the first few available. High priced items have a higher value for reviews than lower priced items. User reviews are also being used to build trust between customers in decentralized marketplaces Reviews are no longer an option for online shoppers; they are an expectation. After price, reviews have the greatest influence on purchases. It seems that users gain confidence in their purchase when they see other users have bought a high-priced item with high regards to review. For low-priced items, the monetary risk is lower and perhaps that's why the value of reviews is lower (Elwalda & Lu, n.d.)

**3. FACTORS INFLUENCING PURCHASE BEHAVIOUR OF CONSUMERS**

**3.1 Electronic Word Of Mouth (eWOM)**

Electronic word-of-mouth is any recommendation for or criticism of a company or product made by a prospective, actual, or past consumer that is made available to numerous individuals and organisations over the internet.

Since it is unaffected by the impact of organisations, word-of-mouth communication is generally regarded to have a significant role in individual-level analyses in determining consumer attitudes and behavioural intentions. The informal, non-commercial sharing of information between two or more people is referred to as traditional WOM. Since WOM communication is seen as having greater perceived credibility and trustworthiness than communication from other sources, such as editorial recommendations or commercials, it is thought to have greater persuasive power (Bambauer-Sachse & Mangold, 2011).

The quantity and calibre of online customer evaluations have a significant impact on how consumers interpret information. Since it is acceptable to infer that the number of reviews is correlated to the number of consumers who have purchased and utilised the product, the quantity of online reviews (i.e., review quantity) may be used to indicate the popularity of the product. Park et al., 2007 defines online customer reviews are any statements, good or negative, made by prospective, present, or past customers on a website.

Literature reveals that favourable eWOM support the idea that positive online customer evaluations improve the perception of the evaluated product. However, some businesses even purposefully manipulate internet reviews in an effort to sway customers' purchasing decisions. Negative online customer reviews, on the other hand, are often regarded as being more beneficial to consumers because they highlight the discontent with certain aspects of frequently used products as well and have a greater influence on a person's evaluation of the product. (Beneke et al., 2016).

**3.2 Brand Equity**

Brand equity is the value that consumers associate with a brand.

Brand equity is the additional usefulness or value that a product receives as a result of the associated brand name. Although marketers have long been aware of the concept of employing a name or symbol to promote a product's qualities, brand equity has recently attracted new attention. Businesses can lower their marketing expenses and increase their capacity to sell their goods for premium prices by developing powerful brands. Consumers interpreted brand equity as the value that the brand name brought to the functional good or service. However, brand loyal customers tend to spend less time gathering information, which streamlines the decision-making process (Binangkitsari et al., n.d.).

While considering brand equity, we actually talk about (1) Loyalty based on brand's real or potential price premium (2) Loyalty based on customer's satisfaction (3) Perceived comparative quality (4) Perceived brand leadership (5) Perceived brand value (6) Brand personality (7) Consumers perception of organization (8) Perceived differentiation to competing brands (9) Brand awareness (10) Market share (C. S. Park & Srinivasan, 1994)

**3.3 Purchase Intention**

Purchase Intention is the willingness of an individual to buy a product.

Purchase intention is viewed as an effective way to envisage the actual purchase that will be done by customer. It is the prospective way of understanding a consumer's purchase pattern depending on their want, attitude, behavioral decision based on their perception on a product or brand. It is accepted that an individual's decision on purchasing a specific brand is one of the significant aspects of Brand Equity.

Purchase intentions helps in assessing the implementation of new distribution channels thus aiding the managers to determine if the product can undergo additional development



and also determine the geographic markets and consumer segments to target via the channels.

Online reviews provide suggestions on the individual's perspective of those who has purchased the products and has first-hand experience of using the product. Thus the knowledge obtained from these reviews will have a direct impact on the aspects of purchase intention which will in turn help customer's take informed purchase decisions.

### 3.4 Source Credibility

The degree to which the recipient of the message regards the source to possess the necessary expertise, experience, or knowledge and the belief that the source will provide accurate, unbiased information is called Source Credibility. This source credibility comprises of two aspects 1) Expertise and 2) Trustworthiness.

Attitudes and opinions form a major part of a human's belief system. To leverage on this belief system, the marketers rely on the communicators with high level of credibility.

Opinion leaders are chosen based on their knowledge and expertise in a particular product or service. They play a major role in influencing the purchase decision of the customers.

Many trustworthy figures are hesitant to endorse a product or a service due to the fear of adverse impacts on their reputation. Marketers strive to increase the perception of trustworthiness on their product to improve the brand image through advertisements and in turn influence the purchase decision of the customers.

### 3.5 Product Involvement

Product involvement has been widely used in marketing research as an explanatory variable in the decision-making process for choosing and purchasing products. Product involvement measures a person's perception of the relevance of a consumption object based on needs, values, and interests (Zaichkowsky, 1985).

Although the concept of involvement has produced significant results for retail marketing strategy, marketing and retailing researchers are continually exploring it. It has a significant role in exposing one's identity or sense of self.

Because it has been found to be an accurate and dependable indicator of clothing and other product participation, the Personal Involvement Inventory (PII) of Zaichkowsky (1985) is widely used to measure the idea of product involvement.

### 3.5 Review Quality

Reviews play a significant role in the purchasing process. When consumers compare goods or services, they frequently opt for the ones with more favorable internet ratings. Customers are less likely to purchase when there aren't enough evaluations since they feel more risky.

A good review provides enough specifics for readers to get a sense of what transpired. Describing the elements that made the experience good, bad, or indifferent shows the better quality of review. Sharing thoughts on the company's strengths and areas for development will give a clear view for both the consumer and company.

## 4. CONCLUSION

This paper talks about various factors that bring about both the positive and adverse effects of the online reviews on the consumer buying behaviour. The influential factors revolving around the consumer reviews revolve around the description of the product, picture reviews, video reviews of opinion leaders and brand ambassadors. Therefore, sellers can encourage customers to post positive reviews about their good and services, that will in turn boost their sales. This paper will aid the marketers to understand the importance of online reviews, and the customers to make a timely buying decision on the good and services.

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