

Impact of Online Rating & Reviews in Making Purchasing Decisions

Reshma Patnam¹

Abstract

Increasing pollution from industries, scarce availability of resources in the economy, high consumption of natural resources creating urge to concern about the environment. These issues are being reported in newspapers every day. The situation is so alarming that issues are being Re discussed by environmentalists and scientists about balancing ecological imbalances. Organizations are becoming aware about the seriousness of these issues and trying to integrate environmental management into their corporate agenda in order to achieve sustainable development and competitive advantage. This paper will discuss green human resource management as a tool to achieve sustainable development on the basis of existing literature available on green Human Resource Management. An Exploratory Research design is used for the study. Papers published on green human resource management from Research gate and Google Scholar have been reviewed to achieve the aim of this study. Findings of the Study revealed that Green Human Resource Management is an effective tool for achieving Sustainable development. It will make employees and society members aware of the utilization of natural resources efficiently and economically.

Keywords: Green Human Resource Management, Employees, Sustainability, Competitive advantage, Environmental management.

Author Affiliation: ¹Department of management, Jawaharlal Nehru Technological University, Anantapur.

Corresponding Author: Reshma Patnam. Department of management, Jawaharlal Nehru Technological University, Anantapur.

Email: reshmapatnam@gmail.com

How to cite this article: Reshma Patnam. Impact of Online Rating & Reviews in Making Purchasing Decisions, Journal of Management and Science, 11(4) 2021 8-12. Retrieved from

<https://jmseleyon.com/index.php/jms/article/view/498>

Received: 3 November 2021 **Revised:** 3 December 2021 **Accepted:** 5 December 2021

1. INTRODUCTION

Online Reviews & Ratings become a primary source of product information and include brief profile information about consumer posting, community rated reputation of reviewers indicating the usefulness of previously posted reviews and other products purchased. 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. Consumers also can refer the online reviews available in the websites to get information about characteristics, quality, performance and price of products.^[1]

2. Online reviews and ratings:

Online reviews include opinions, ratings, symbols, images, icons etc. that represent views of consumers are called avatars. Consumers take the help of experts or friends or peer to search for information about products and services online. Websites and online retailers ensure that there is a section for online reviews in their websites, which can help consumers to get information.^[2] Online marketers and advertisers are investing money in advertising in social media to enhance the trust among consumers about source of information in order to influence their online purchase decisions. Product reviews have become an important source for consumers to

make online purchase decisions as they can get information from reviews, ratings and opinions. This has resulted in a significant impact on consumer purchase decision making. The effects of OCRs on consumer behaviour have recently gained significant academic attention. Therefore, there is a need to provide a review on such effects. It explored the latest understandings in the links and relationships between online customer reviews & ratings and customers' purchase intention.^[3]

3. Consumer motives for reading online reviews:

Personal purchasing motives include the physical activity or the information seeking while social motives include communications. These motivations are not the same as for a consumer's simple information search in an online environment but differ due to the consumer's intention of purchasing products while searching for reviews. Consumers see online communities as helpful and at the same time they are empowering for the consumers. Literature indicates different motives for consumers to seek reviews whereby four categories can be identified in the following, namely Informational behavior, Risk reduction, Quality seeking and Social belonging. Firstly, online consumer reviews are increasingly being relied upon by consumers as a low cost means of making more informed purchasing decisions. Burtona and Khamash (2010) argue further that communications to achieve specific ends, such as information about products, can motivate consumers to search for opinions in the form of reviews. Hence, information search, which can be defined

© The Author(s). 2021 Open Access This article is distributed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits unrestricted use, distribution, and non-commercial reproduction in any medium, provided you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license, and indicate if changes were made. The Creative Commons Public Domain Dedication waiver (<http://creativecommons.org/publicdomain/zero/1.0/>) applies to the data made available in this article, unless otherwise stated.

as the phase of the decision-making process where in consumers actively collect and integrate information from numerous sources, can be identified as one of the motives.^[4]

1.To Save Time & Effort:

Henning-Thurau & Walsh (2003) claim that reduction of search time and purchasing effort are self-involvement motivations for information seeking behavior.^[5]

2. Part of Learning &Gaining knowledge:

Information seeking for reviews includes with product-involvement motivations like learning of how a product is to be consumed and which products are new in the market.^[7]

3.To Reduce the Risk:

consumers show a uncertainty about their purchasing decision and the consequences those decisions can bring along. Besides relying on brand image or own purchase experiences, customers can seek information from former consumers in order to reduce the risk of unaimed consequences of their actions. Consumers perceive the source of consumer opinion reviews as trustworthy and less risky than marketer information. The author of the review is seen as similar to oneself by the reader (Bickart & Schindler, 2001). Also, the process of seeking reviews can be used as a reassurance for the consumer that a right and risk-free choice was made. Especially when consumers plan to purchase high-priced products, the search for reviews is performed even more intensively in order to minimize uncertainty.^[8]

4.For Quality Concerns:

Zhu & Zhang (2010) claim that consumers are seeking to discover product quality and hence take consumer reviews into consideration for their purchasing decision. Consumer review platforms can serve to maximize rationally the ratio of the perceived products' benefits and quality to its costs.^[9]

5.Social belongingness:

Belonging to a virtual community and bonding with this community is of interest and importance to certain consumers. Within consumer review platforms, consumers can find this community and with the help of reviews can find users with similar interests and build communications with those. Personal blogs, for example, mostly focus on a specific product category and therefore attract users with similar product interests. Communication opportunities on online review platforms, like the possibility of contacting the author personally, commenting on reviews or following the blog is an example of bonding within a community. Social belonging hence attracts peer groups.^[10]

4.Online review platform categorization:

online reviewing platforms containing the reviews in a distinguished format are used by consumers are categorized into three types.^[11]

1.Retail Websites:

Retail platforms are websites of a retail store which focus on the sale of goods and services through the Internet (Investopedia). Hence, the main content on the platform comes from marketers of retail shops. Its ownership can therefore be classified as private. The main intention of the platform is therefore to sell the products offered in the retail shop. At

the same time, reviews support platforms by increasing customer satisfaction and quality of service, in a way that future consumers can inform themselves beforehand by scanning through the reviews to determine whether the product fits their expectation. Amazon.com is the largest Internet-based retailer in the United States and market leader in many European countries and hence will be taken as one of the example retail websites in the survey among others. Further retail platforms offering reviews are for example booking.com, specialized on the sale of accommodations or bestbuy.com selling electronics. Retail websites offer consumers the opportunity to post product reviews after their purchase. At the same time, future consumers are given the opportunity to orientate their purchases on post-consumer opinions. The content of reviews on retail websites can be in the form of aggregated, numerical star ratings and open-ended customer-authored comments about the product in the format of a written text. A product review function includes a scoring system which allows to vote on review helpfulness and places the most voted conspicuously. The consumer can choose between a sorting option of helpfulness or date and hence most recent contributions or the sorting by the summary of aggregated ratings. Often, platforms incorporate features that show the reviews voted as most helpful on top of the chronology, the platform can thereby influence the reader on what is read (first) and hence plays a significant role in influencing users' purchase decisions. A profile of the review author can be visible, showing statistics like number of reviews written or an average score given on reviews.^[12]

2.Independent Consumer Review Platforms:

Independent consumer review platforms display reviews on their website (Burtona &The platform is called independent since the websites is not connected to a retailer's store and hence does not offer products or services on the website. On that account, the intention of the website is solely the displaying of different products or services and its reviews to facilitate comparisons. The ownership can be seen as public due to its non-connection to stores. Epinion.com, yelp.com, ciao.co.uk or tripadvisor.com are examples of independent review platforms. People can write reviews about any kind of product or service which is offered on the platform. Like on retail websites, the content of reviews can be in the form of aggregated, numerical star ratings and open-ended customer-authored comments about the product in the format of a written text. Some platforms offer consumers an additional function to upload photos for supporting the consumer's review. Further, features like a helpfulness mechanism and other sorting options are offered on independent reviewing platforms. Mostly, the consumer who acts as the author of a review has a profile on the reviewing platform which shows characteristics like the number of reviews written, how long the author has been a member and sometimes some personal information like age, gender or even interests. Compared to the review author's profile on a retail website, the profile on independent platforms can be seen as of greater depth of information of the writer and may also entail personal information about the user.^[13]

3. Personal Blogs:

Blogging sites, especially those regularly writing about consumption experiences of products or services, have recently grown in popularity. Reviews by bloggers contain bloggers' experiences and product information; accordingly, ownership is classified as private. Bloggers often see themselves as experts of certain product categories and hence specialize on these in their reviewing blogs. The intention of private blogs is therefore to share purchasing experiences about certain product categories and give recommendations to others. Thus, consumers use this tool to inform themselves prior purchasing decisions. Due to its specialization on a product (category), blog entries are often found by consumers through search engines (Australian Competition & Consumer Commission, 2013). Since bloggers recommendation posts are seen as a useful marketing communication tool and a vital reference in consumer purchase decision making, many bloggers have become opinion leaders. The profile of the blogger is mostly very detailed and communication exchanges with the blogger are often possible. The review content is mostly displayed through open-ended customer-authored texts, supported by media like photos or videos. The content is mostly considerably more detailed than on retail or independent reviewing websites and includes more personal thoughts and self-disclosure. Though, per product, only one review of one author is displayed and hence the consumer only relies on a single opinion.^[14]

4. Video sharing platforms:

Video-sharing platforms enable the posting of videos which can include personal videos, product advertisements, political messages or others. But online video-sharing websites are also used by consumers to upload product reviews in the format of a video. The intention of the platform is hence to offer users a platform to freely upload and share any kind of video with private content according to their interests, the general terms and conditions of the website. Participation and interaction among members in the form of exchanging videos and text comments is encouraged. Moreover, companies incorporate video-sharing platforms into the fabric of everyday business operations by using video-sharing platforms to share product experiences instantly and also by encouraging their customers to do so. YouTube is the world's most successful video-sharing platform. Blythe & Cairns (2009) analyzed product reviews on YouTube with the iPhone as an example product. They found that the main motivation for searching the iPhone on YouTube is to inform oneself about whether to buy the phone or not. Most frequent videos about the iPhone all consist of product reviews. Those videos about a product contain professional mass media reviews taped by news shows or featured experts, the majority of reviews were recorded by users though. The review content is shown in the form of a video, accompanied by a heading in the form of a written text, mainly stating that the video content is a review about a certain product. Moreover, a short-written text underneath the video, composed by the author, describes the review, though not the content or author's opinion about the product. Video reviews on video-sharing platforms can be found through entering search terms on the platform, chronology can thereby be chosen by most popular/ most discussed/ most relevant, top rated or date of upload. Most popular, discussed and relevant sorting options

are based on the number of views and user comments underneath the video. Top rated chronology options show the top-rated videos first – the rating hereby has nothing to do with the rating of the product in the video but is more likely comparable with the most helpful function – hence people can rate how much they liked the video. Next to the chosen video, other videos with a similar content are displayed. Low ranked videos are mostly hard to find while most viewed and commented videos are easier to find and hence watched more often. A profile of the video review's author is visible and shows links to other videos posted by the user, statistical information like number of subscribers and, if wanted by the user, a personal description.^[15]

Online forums or social media sites such as Facebook or Instagram are not taken into further consideration as eWOM on these platforms is created in the form of CGC, also entailing consumer opinions, though without a clear boundary to non-review CGC. No overview of aggregated opinions can be found nor sections or headings leading to the review section. Moreover, on Facebook, only companies, no specific products or services, can be reviewed in an aggregated and over-seable way.^[16]

5. Review of Literature:

Smita Dayal (2016), suggests that, firms apply social media in the areas of social marketing, social customer relationship management and new business models. Social media is a fundamental change in the way firms operate and interact with prospects, customers, employees and other stakeholders. Consumer purchase behavior can be influenced by online reviews, where various factors like positive reviews, description rating, picture reviews, additional reviews and cumulative reviews have more and positive impact on consumer behaviour.^[17]

The perceived risk of consumers can be reduced to great extent as studied by Prabha Kiran and Vasantha S. (2015) and it can instigate the purchase intentions of consumers while they shop online. Social media play a significant role in influencing consumer behaviour through online ads, personal opinions, search experience, online reviews and online marketing activities.^[18]

Consumer decision making to purchase products based on online reviews will be influenced by online product reviews and online product ratings as they both differ in concept. Vimaladevi and Dhanabhakaym (2012) examined that there were significant effects of online reviews on buyers' purchase frequency and buyers' purchase decision. Consumers depend, to some extent, on social networks as they can interact with other consumers and retailers. Consumers also involved in online word of mouth communications to help other consumers.

Online product reviews and ratings are having influence on consumer purchase decision as they form the basis for influencing psychological and social characteristics of consumers. Consistency of website reviews, characteristics of reviews, usefulness of reviews and reliability of site has positive influence on consumer purchase decision as found in the study made by Ali and Murat (2011).

Feng and Xiaoquan (2010) found online reviews served as great source of information while searching for product information online and online reviews are more influential

where consumers have greater internet experience. Expert online reviews did not change consumer attitudes towards but they had a moderate role in product considerations and positive reviews had a positive impact on consumer behavior.

The impact of online reviews will vary from product to product and consumers utilize the reviews to assure themselves that products shipped will be same as reviewed. Consumers do look for critics of experts online while they purchase products. Loyalty to the website is important as they depend on reliability of the information.

online consumer reviews on products or services significantly influence consumers' attitude or behavior toward a purchasing decision. The reputation of a product, brand or company which can be seen as a summary of companies past customer experiences, customer perceptions and business actions, is reflected on or shaped by reviews and forms usually a strong basis for purchasing decisions.

6. Research Methodology:

Objectives:

- To know the impact of online reviews on purchasing behavior of customers online.
- To know importance of consistency, usability characteristics of online reviews in making purchasing decisions.

7. Data collection:

The study is purely Descriptive in nature. Secondary data from various articles published in books, journals, magazines, research papers, newspapers and reports are incorporated for making the paper.

8. Findings:

Organisations apply in social media to market their products and services online as they can influence the purchase decision of customers. Online reviews on a website certainly are the biggest sources of information for customers who buy products from the same website. Though consumer reviews on a website influence the purchase decision of customers, the impact may not be much on actual decision to buy the products. The factors like consistency of website, popularity of website and internationality of website are having considerable impact on purchase decision of consumers. Whereas the factors like negative reviews, consistency of reviews and positive reviews are not having much impact on consumer decision making. The positive or negative reviews, expert reviews, reviews with avatars and emotional reviews did not change the attitude of the consumers while they purchase the products online. The spelling or grammar mistakes, simple recommendations and pictures shown in the reviews are completely ignored by the customers.

Conclusion:

The online marketers have to look into streamlining the reviews given by the consumers and give some guidelines while writing the reviews. Certain standards need to be followed by the consumers while they write their reviews as these reviews have some impact on the purchase decision of customers. The consistency of reviews can be improved as the customers depend on reviews for getting information about products and services. There is a scope for further research on online reviews

as the environment is dynamic and technology is enabling customers to buy their products and services conveniently from anywhere and at any time. Researchers can look into understanding the dynamics of online reviews and online reviews as the biggest source of information for customers.

Acknowledgement

Nil

Funding

No funding was received to carry out this study.

References:

1. C. Surendranatha Reddy, Guruva Basava Aradya, Impact of online consumer reviews on purchasing decision in Bangalore, IJAPRR, ISSN 2350-1294, (2017).
2. Abdulaziz elwald, Kevin Lu, Impact of online customer reviews on customer purchase decisions, (2016).
3. Nina Isabel Holleschovsky, Efthymios Constantinides, Impact of online product reviews on purchasing decisions, (2016).
4. Lisa Hankin University of California, Berkeley, The Effects of User Reviews on Online Purchasing Behavior across Multiple Product Categories, (2007).
5. Zan Mo, Yan Fei Li, Feng Fan, Effect of online reviews on consumer purchase behavior, Journal of Service Science and Management, 8 (2015) 419-424.
6. Smita Dayal, An analysis of social media influence on online behaviour of Indian customers. XVII International Seminar Proceedings, (2016) 887-906.
7. Prabha Kiran, S. Vasantha, Review article- Exploring the impact of online reviews on purchase intentions of customer, (2015).
8. American International Journal of Research in Humanities, Arts and Social Sciences, 15 (2000) 211-214.
9. Ali Yayli, Murat Bayram, eWOM: The effects of online consumer reviews on purchasing decision of electronic goods, (2011).
10. Prabha Kiran, S. Vasantha, Review article- Exploring the impact of online reviews on purchase intentions of customer, (2015).
11. American International Journal of Research in Humanities, Arts and Social Sciences, 15 (2000) 211-214.
12. Z. Zhang, X. Li, Y. Chen, Deciphering word-of-mouth in social media: Text-based metrics of consumer reviews, (2012).
13. S. Swathy Y. Benazir, A study on the challenges faced by the entrepreneurs, international journal of marketing research reviews, volume 2(4) (2014).
14. M. Dilip kumar, Problems of Entrepreneurs in India, Retrieved 3 December 2010, (2006).
15. Eng Yi Fong, Mohd Khata Bin Jabor, Abdul Halim Zulkifli, Mohamad Riduan Hashim, challenges faced by new entrepreneurs and suggestions how to overcome them, advances in social science and humanities research, 470 (2019).
16. Jaime De Pablo Valenciano, Juan Uribe-Toril and Jose Luis Ruiz-Real, Entrepreneurship and Education in the 21st Century: Analysis and Trends in Research, journal of allied business academics, 22(4) (2019).
17. R.S. Kanchana, J.V. Divya, A. Ansalna Beegom, Challenges

faced by new entrepreneurs, international journal of current research and academic review, ISSN: 2347-3215, 1(3) (2013) 71-78.

18. Osman Erogl, Murat Piçak, Entrepreneurship, National Culture and Turkey, international journal of business and social science, 2(16) (2011) 146-151.