

IMPACT OF ONLINE CONSUMER REVIEW ON E-COMMERCE

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Abstract: This study investigates the significant role of online consumer reviews in shaping purchase intentions within the dynamic e-commerce landscape. Drawing on primary data collected through a structured survey of 100 Indian e-commerce users, the research examines various dimensions of review influence, including valence (positive/negative), quantity, type (written/star rating), and source (verified buyer). The findings reveal a high degree of reliance on reviews, with a significant majority of respondents agreeing that positive reviews enhance and negative reviews discourage purchase. Key insights include the strong correlation between the number of reviews and consumer trust, and the perceived superior trustworthiness of verified buyer reviews. The study concludes that online reviews act as a powerful form of electronic word-of-mouth (eWOM), serving as a critical heuristic for consumers navigating product uncertainty and complexity. These insights offer actionable implications for e-commerce platforms and retailers seeking to optimize their review management and marketing strategies.

Keywords: Online Reviews, Consumer Purchase Intention, E-commerce, Electronic Word-of-Mouth (eWOM), Consumer Trust, Verified Buyer.

JEL Classification: M31 (Marketing), L81(Retail and Wholesale Trade), D83 (Search, Learning, Information and Knowledge).

Introduction:

The advent of e-commerce has fundamentally reshaped global retail, offering consumers unprecedented convenience and variety (as confirmed by 51.7% and 20.7% of respondents in the current study, respectively, citing these as their main reasons for shopping). However, the online environment, by its very nature, introduces a barrier: the inability to physically inspect product before purchase. This inherent information asymmetry and perceived risk are mitigated by a critical informational resource: online consumer reviews.

Online reviews often referred to as Electronic Word-of-mouth, have emerged as a dominant influence in the consumer decision making process. They provide prospective buyers with experiential information from past customers, effectively substituting for personal recommendations in a digital space. The sheer volume and accessibility of these reviews mean they can dramatically sway consumer perception, influencing product and brand selection. This research aims to systematically investigate the depth and breadth of the impact of online reviews on consumer purchase intentions within the Indian e-commerce context. Specifically, it seeks to understand which characteristics of a review such as its polarity, quantity, or source—are most

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salient to the modern digital consumer. The findings will contribute to the understanding of eWOM dynamics and provide strategic guidance for e-commerce stakeholders.

Review of literature: The theoretical underpinning of review impact lies primarily in the Elaboration Likelihood Model (ELM) and the concept of trust in e-commerce are generally motivated to reduce the uncertainty associated with online purchase (Jarvenpaa et al., 1999). Reviews are a form of eWOM, defined as “any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the Internet” (Hennig-Thurau et al., 2004). This form of communication is highly influential because it is perceived as more credible and independent than seller-generated commercial information (Cheung & Thadani, 2012). The proliferation of reviews directly contributes to the development of consumer trust—a necessary precursor for purchase in a digital environment (Ba & Pavlou, 2002). This sentiment is strongly supported by the current study’s finding that 55.2% of respondents strongly agree and 24.1% agree that the number of reviews affect trust.

A significant body of research focuses on the valence (positivity or negativity) of reviews. Positive reviews function as a strong affirmation of product quality and reliability, significantly increasing the likelihood of purchase (Park & Lee, 2008). Conversely, negative reviews act as a deterrent, substantially increasing the perceived risk and discouraging purchase (Sen & Lerman, 2007). The effect of negative reviews is often observed to be disproportionately greater than the effect of positive reviews, a phenomenon aligned with negativity bias (Fiske, 1980). Our primary data aligns with this: a commanding 48.3% strongly agree and 27.6% agree that positive reviews increase purchase, while an even larger group (62.1% agree and 20.7% strongly agree) confirms that negative reviews discourage purchase. Beyond valence, specific review characteristics determine their diagnostic value. Review quantity, or the volume of reviews, serves as a powerful indicator of product popularity and reliability, acting as a peripheral cue in the ELM (Chen & Xie, 2008). High review quantity can compensate for a slight dip in average rating, suggesting the product has been tested by a large community. Furthermore, the richness of the review content, particularly detailed written reviews, is often considered more informative than mere star ratings (Moe & Trusov, 2011). Our survey confirms this, as 34.5% strongly agree and 27.6% agree that they rely on detailed reviews. The source of the review is equally critical to its credibility. Reviews identified as coming from “verified buyers” are typically afforded higher trust, as the platform guarantees a genuine transaction (Wiesel, 2020). This finding is overwhelmingly supported by the primary data, where 58.6% agree and 31% strongly agree that verified buyers’ reviews are most trustworthy. Finally, reviews have been shown to influence not just immediate product selection but also broader brand preferences (Lee et al., 2008), a notion also supported by our data (48.3 per cent agree and 27.6 per cent strongly agree).

Research Objectives: The study aims to achieve the following objectives:

1. To examine the influence of review valence (positive and negative) on consumer purchase intention.

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2. To examine the role of review quantity in building consumer trust in e-commerce.
3. To assess the perceived trustworthiness of reviews based on source (verified buyer) and type (detailed written reviews vs. ratings).
4. To analyze the degree to which online reviews influence broader brand preference among e-commerce consumers.

Research Methodology : The present study was conducted on a sample of 100 respondents to understand consumer perceptions and behaviors toward online reviews and e-commerce shopping. Data were collected using a convenience sampling method, allowing easy access to respondents based on their availability and willingness to participate. A structured questionnaire served as the main survey instrument, which included both demographic questions and statements related to consumer perceptions and behaviors toward online reviews. These statements were measured on a five-point Likert scale, ranging from Strongly Disagree (1) to Strongly Agree (5). The demographic profile of respondents revealed that (72.4 per cent) were female and 27.6 per cent were male. Regarding shopping frequency, (41.4 per cent) of respondents shopped rarely, 24.1 per cent shopped 1–2 times per month, 20.7 per cent shopped 3–5 times per month, and 13.8 per cent made purchases more than five times a month. The most commonly used e-commerce platforms were Flipkart (34.5 per cent), Amazon (27 per cent), Myntra (24.1 per cent), Meesho (10.3 per cent), and others such as AliExpress (3.5 per cent). The main reasons identified for online shopping included convenience (51.7 per cent), variety (20.7 per cent), reviews and ratings (20.7 per cent), and discounts (6.9 per cent). The data analysis was conducted using descriptive statistical techniques, focusing on the frequency distribution of responses to interpret consumer perceptions of online reviews. The results were presented in terms of the percentage of respondents selecting each category on the Likert scale, thereby providing a clear understanding of consumer attitudes and preferences.

Data Analysis & Interpretation

The data analysis utilizes descriptive statistics, focusing on the frequency distribution of responses on the Likert scale to interpret the consumer's perception of online reviews. The analysis is presented in terms of the percentage of respondents who selected each category (Strongly Disagree, Disagree, Neutral, Agree, Strongly Agree).

1. Impact of Review Valence on Purchase Intention

Statement	Strongly Disagree (in %)	Disagree (in %)	Neutral (in %)	Agree (in %)	Strongly Agree (in %)
Positive reviews increase purchase	0	3.4	20.7	27.6	48.3
Negative reviews	0	6.9	10.3	62.1	20.7

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discourage purchase					
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Calculated by researcher

The interpretation strongly supports the hypothesis that review valence is a critical determinant of purchase intention. A combined 75.9 per cent of respondents agree/ strongly agree that positive reviews increase purchase. This indicates that positive eWOM serves as a strong signal of product quality and reduces perceived risk. Furthermore, a substantial 82.8 per cent of respondents agree/ strongly agree that negative reviews discourage purchase. This effect appears slightly more pronounced than positive effect, aligning with the negativity bias observed in literature, suggesting consumers are highly risk-averse.

2. Review Characteristics and Trustworthiness

Statement	Strongly Disagree (in %)	Disagree (in %)	Neutral (in %)	Agree (in %)	Strongly Agree (in %)
Number of reviews affects trust.	0	6.9	13.8	24.1	55.2
Verified buyers reviews are most trustworthy.	0	0	10.3	58.7	31
I rely on detailed reviews	3.4	6.9	34.5	27.6	27.6

Calculated by researcher

The finding that 79.3% of respondents agree/strongly agree that the number of reviews affects trust highlights its role as a peripheral cue. A high volume of reviews provides a heuristic shortcut for assessing popularity and product reliability. Regarding source credibility, an overwhelming 89.6% agree/strongly agree that verified buyers' reviews are most trustworthy. This is a powerful mandate for platforms to prioritize and clearly distinguish authenticated eWOM. While 55.2% agree/strongly agree they rely on detailed reviews, a relatively high 34.5% remained neutral, suggesting that while detailed content is valued, it may not be universally essential for all purchase decisions.

3. Influence on Decision Making Behaviour

Statement	Strongly Disagree (in %)	Disagree (in %)	Neutral (in %)	Agree (in %)	Strongly Agree (in %)

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Online reviews influence brand preferences.	0	0	24.1	48.3	27.6
How trustworthy are online reviews overall.	0	0	27.6	41.4	27.6
I share my own reviews after purchase.	17.2	13.8	37.9	13.8	17.2

Calculated by researcher

A combined 75.9 per cent agree that online reviews influence brand preferences, indicating that eWOM as a long-term impact, strategic impact beyond a single transactional decision. Overall, 69 per cent of respondents consider online reviews to be agree/ strongly agree trustworthy, though 27.6 per cent remained neutral, suggesting a degree of healthy skepticism, potentially influenced by concerns about fake reviews. Finally, in terms of contributing to eWOM, only 31 per cent agree/ strongly agree to share their own reviews after purchase, while 37.9 per cent are neutral, and 31.0% disagree/strongly disagree. This suggests a significant gap between consumption and generation of eWOM, highlighting the need for platforms to incentivize review submission.

Findings

The findings from the survey clearly indicate that online reviews have a significant impact on consumer purchase intentions. Strong Valence Effect suggests that both positive and negative reviews influence consumer decisions, with the discouraging impact of negative reviews slightly outweighing the encouraging effect of positive ones. Trust Heuristic highlights that the quantity of reviews serves as an important trust indicator, implying that a higher number of reviews enhances product popularity and consumer confidence. Source Credibility is paramount, as verified buyer reviews are considered the most trustworthy, reinforcing the importance of transaction-based authentication in digital environments. Review Influence extends beyond a single product, shaping broader brand preferences and perceptions. Lastly, the eWOM Generation Gap reveals a noticeable imbalance between the high reliance of consumers on reading reviews and their relatively low inclination to write new ones. Overall, online reviews play a crucial role in shaping consumer behavior, brand image, and purchase decisions.

Future Scope

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Future research should focus on several key areas to build upon these findings. Employing advanced Natural Language Processing (NLP) techniques for Sentiment Analysis can help conduct large-scale studies of actual review texts across different e-commerce categories to quantify the linguistic features that drive purchase intention. Researchers should also investigate moderating factors such as product type (e.g., hedonic vs. utilitarian), level of consumer involvement (high vs. low), and demographics (e.g., age, income) to understand their influence on the relationship between review characteristics and purchase intention. Additionally, cross-cultural comparisons can be conducted by replicating the study in different cultural or geographic contexts to determine the generalizability of these e-WOM (electronic word-of-mouth) dynamics, particularly considering the strong brand-loyalty and price-sensitivity nuances of the Indian market. Finally, future studies should focus on developing and testing more precise metrics for review quality beyond mere length, such as helpfulness votes and linguistic clarity, to better understand their diagnostic value.

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