Importance of online reviews in e-shopping.

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Abstract

Companies for their survival in the digital era have to build their presence both online and offline. Customers are exposed to different digital platform which is full of all kind of information. This era has given more power to customers to rule the market. Now customers are playing key role in product formulation. It is era where customers are dominating the market and have upper hand to change or reformulate the product. Customers reviews have changed the whole game of market. They give more importance to reviews before making purchase. Reviews easily changes potential customers mindset regarding product. Companies should take review as constructive feedback to formulate their whole marketing strategies. They get more precise information about what customer want. It is era where product is formulated with the help of customers requirements.

Introduction

In this digital era companies are moving from traditional modes to modern means. This is the challenging phase for all the companies to reformulate marketing strategies. This online marketing era has shifted brick and mortar to click and mortar. Customers are now more knowledgeable about product as compare to previous era. They are exposed to different digital platform which provide information about products, its utility, harmless and harmful ingredients. They purchase products on the basis of their knowledge, fooling them is difficult. Government has also played crucial role in educating customers about their rights and framed many rules and regulations for companies in favor of customers. Due to government strict and mandatory regulations all the companies have to mention the complete ingredients list on their packaging. Customers are well aware of products ingredients, what is good and not good for them. Companies are also becoming transparent to serve their customers efficiently and effectively.

In this article we would like to find out factors which affects the consumer online buying behavior. The government regulations and companies' offerings have increased the demand of online product and service tremendously. Companies need to create their online presence in such a way that it should attract maximum traffic at their websites. In cosmetic industry transparency is very important as customers want to know what they are putting on themselves. Similarly in other sectors customers should be well aware of complete ingredients.

The future is online as whole family system scenario is changing. Families are becoming nuclear day by day. More members are earing in a family, have lack of time in shopping. It is great opportunity for online companies to exploit this and provide desired products and services. Online companies must listen to their customers solve their problems as early as they can to generate loyalty among their customers. The major problem in online shopping is intangibility, this problem can be solved only by providing quality products to customers. Now a days customers are different they are more knowledgeable, they do not compromise with the quality and cheating them will be problematic for marketers. If they got cheated once they will stop shopping from particular websites and in this competitive era marketer cannot afford to lose single customer. Single customer can use digital platform to defame and their message can reach larger audience.

Women are playing different roles in family. They play key role in decision as they have independent purchasing power. During purchase of cosmetic products women take independent decision. Women are more well-informed and tech savvy. They are highly interested in purchasing value addition products. They purchase products online when they do not find products near them and also to avoid traffic. Online marketers appeal women customers by giving huge discounts, providing large varieties at one platform, saving time from long traffic hours. Women customers are helping online marketer to flourish. There are many factors which create impact on online buying behavior, in this article online reviews and its importance on customers shopping is studied. In this article methodology used for understanding importance of online reviews is literature review.

Literature Review

"The impact of online reviews in the presence of customers returns" by Miao Sun, Jing Chen, Ye tian, yufei yan, in this article authors have mentioned about impact of online reviews during online shopping. Absence of tangibility in online shopping create hesitation in purchasing products online. Customers cannot touch and feel the products so they rely heavily on the products online review. The feedback is available online are considered more honest and reliable. Feedback plays very important role in online shopping. In this article authors have done a duopoly study on online reviews. They have compared two competing online sellers who sells distinguish products with different online return policies. They have said that online reviews play greater role in high quality seller as compare to low quality sellers. Final value of product is low than online reviews does not play any role in shopping. Online reviews importance decreases when product comes with non-refundable policies. The impact of online reviews either intensify or weaken the competition based on price. Sellers's opportunities increases when it provides return / replacement of products.

 Vinita Khatri and A.C. Shukla in their research paper "Analysis of consumer purchasing behavior concerning return policies offered by e-tailers. A case study in India" have found different factors affects online shopping. To understand online consumer purchasing behavior following factors like return policies, problems faced in return, difficulties faced in return activities, online purchase frequency, post purchase dissonance and antecedent return must be analyzed. They have selected these factors on the basis of higher product return rates. Growth of e-commerce in India very high. During pandemic people have started purchasing more and more products online especially

electronics and pharmacy. People were not interested in going out due to COVID- 19 that's why e-commerce websites are flourishing like anything. They have suggested that return policies play equally important role as compare to other online parameters like price, quality and product delivery. E-commerce websites with improper return policies have recorded low sales as compare to other with excellent return policies. They found in their study customers who find return policies easier and flexible purchase more frequently than the others those who faced problem in returning products. They have suggested that marketers should adopt some security measures and reaching before dispatch to decrease the return rate.

"Dynamic effects of online product reviews on purchase decisions." by Jia Chen, Gang KOU, Yi Peng have described online products reviews create major impact on potential buyers. In their article they have mentioned RAS model to analyze online reviews in purchasing decision. They have proposed model which was used to find the effects of online reviews on consumers with different membership levels. Summary of paper finding are impact of online reviews differ from individual membership level. Individuals with lower membership levels gets easily convinced by reviews they hardly make any stable opinions, irrespective the number of online reviews, due to that they are unable to make purchase decisions easily and quickly. Studies also found that low involvement consumers do not give much importance to the online reviews while taking purchase decision, in fact they do not read reviews elaborately. They generally take decision on products popularity. Online product reviews encourage people at medium membership levels, they reach stable stage after going through online reviews and make stable decisions. Stable decision or opinion about product make help them to quick and easy decisions. Impact of online reviews do not play much important role in purchase decision for consumers at higher membership level. Prior study shows that high involvement consumers first several reviews to form their purchasing decisions and do not use any new reviews for purchasing decisions. Their studies have three managerial implications of e-commerce websites. Membership level classification of individuals have different responsiveness towards reviews and product information. They have explained this through an example that consumer with high expertise are likely to adopt new product very easily. They are early adopters, so marketers should formulate new marketing strategies to target this specific segments of customers. Online reviews encourage customers with low membership level but they are unable to develop any stable opinions of products. Medium membership levels individuals form extreme opinion about the product. Business should mix positive and negative reviews and render latest positive reviews on high priority. This will help consumers form positive opinions about products and enable them to take quick purchase decisions. Third point of their study is about the rate of positive review and negative reviews about products can become profitable. Medium level consumers, highly positive to negative ratio help them to form positive opinions. Ratio of positive to negative review highlights and provide complete views of products in the introduction stage. High membership level consumers generally make purchase decisions based on initial products opinions.

Georgios Askalidis and Edward C. Malthouse in their article "The value of online customer reviews." authors have mentioned that customer reviews play major role in online shopping. They

found in their study that product conversion rates change with the number of reviews. They also mentioned that high priced products have high value for reviews as compare to lower priced products. Higher reviews of high-priced products have higher conversion rate. Existence of reviews on the websites increases the potential of converting potential customers to purchase products. They also said that users do not go through all the reviews, they generally pay attention to first few reviews. After price its reviews which play important impact on purchase. Online reviews help in building customers' trust. No reviews generally convert to no or low sales. When product is sold online initially no reviews are available, slowly with time and quality product and service, retailers get reviews which not only increase sales but also trust among customers. Authors have done research on mainly three product categories they are electronics, apparel and home living with high- and low-priced products. They also concluded that lower price products have higher conversion rate and lower prices means lower monetary risk. They have also explained about the quality of products and its conversion rate. Products with average review below 3.5 categorized as low-quality products. They found that products with high quality consistently have higher conversion ratio as compare to products with low quality. They also suggested that marketers should put efforts to achieve 4.5 average rating based on 5 reviews or 4-star rating on 50 reviews.

Conclusion

Customers reviews play very important role in online shopping. Higher the number of reviews higher the conversion rate. More reviews in numbers build trust among customers. High priced products require more reviews especially positive for conversion as compare to low priced products. Products with no reviews are generally not liked by customers or in other words have very less conversion rate. Online products reviews help potential customers in making purchase decision. Customers rely on reviews as they believe it is truth provided by existing users. Marketers should take reviews positively to build strategies for their products. Online reviews help marketers get direct and honest feedback about their product which will help marketer to improvise their products. This will help modify product as per customer requirement and get more market share. Customers feel more connected to companies which listen to them.

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