



Role of Online Reviews in Building Customer's Trust and its Impact on Online Purchase Behavior

KEYWORDS

Online-reviews, Trust, Purchase-Intension, Purchase-experience

Prabha Kiran

BE, MBA , Research Scholar, School of Management Studies, Vels University, Pallavaram, Chennai

Dr S Vasantha

Professor, School of Management Studies, Vels University, Pllavaram, Chennai

ABSTRACT

Internet has revolutionized the way we shop today. The internet has completely changed the way consumers and retailers communicate these days. In order to understand the consumer behavior in a more relevant way in today's changing dynamics of online shopping we put forward a framework derived from Perceived Behavioral Theory. This proposed framework studies the impact online reviews have on factors responsible for development of customer's purchase intentions. The framework is derived after studying various available literature regarding online shopping and the factors responsible for developing trust in online shopping.

The purpose of these papers is to study the role of online reviews in building customer's trust and its impact on the online purchase behavior by developing a framework which is based on Perceived behavior theory model

Introduction

Advancement in information technology has taken a giant leap forward and has made shopping a very easy yet complicated task. Easy for the consumers and difficult and complicated for the retailers as they need to study in detail the consumer buying behavior which is so dynamic and constantly changing. The customer can make a survey, select, compare various products before making a decision (Al Kailani & Kumar, 2011).

Online shopping is fast becoming increasingly popular since the late 1990s as the number of customers is increasing day by day. The number of consumers purchasing diversified products on the internet (Zhou et al., 2007) has also multiplied, 85% of worldwide online purchasing population has used the internet to buy products online (The Nielsen Company, 2008).

Due to this changing trend, e-retailers now should consider ways to attract and retain the online purchasers in this intense competitive world. Customizing products for shoppers will be a smart move to gain more fruitful and potential customers (Wind & Rangaswamy, 2001). Providing reviews is definitely one of the best methods to customize and personalize online relationship (The e-tailing Group, 2003). The comScore study (2007), points out that the customer is ready to pay more for a more rated service.

Talking about the online sources and methods of reviews, there are conventional and traditional sources and as discussed by (West et al., 1999) personalized reviews as recommender systems.

Though this conventional and traditional recommender system has no connection with personalization, it definitely affects consumer's decision significantly'. There is a persuasive impact of the quality and quantity of the reviews given online by the customer (Park et al., 2007). Hence it is very clear that quality and quantity of reviews matter in the online competitive world. It is also found that online customer reviews and ratings are an important aspect in the consumer selection process.

Objectives:

- To understand the impact of online reviews on customer's trust for online purchase.
- To study the impact of online reviews on purchase experience leading to purchase intension.
- To develop a research framework for understanding the impact of online reviews on customers buying behavior.

Research Frame Work

The Perceived Behavioral Control model reflects the customer's belief with respect to be able to access the resources and opportunities that are required to develop a behavior (Springer, Heidelberg, 1985). Many empirical studies have been done which depicts that there is strong relationship between purchase intention and perceived behavioral control (I. Ajzen, 1991). The measurement is done by virtue of the perception of resources, awareness and conducting the behavior (I. Ajzen, 1991). (E.P. Becerra, and P.K. Korgaonkar, 2011) develops the trust factor as an assessment of a bond one shares while doing a particular transaction in a particular environment. (R.C. Mayer et al., 1995) states that three major factors decide the influence of one's belief on another they are ability, benevolence, integrity. Trust is a very important factor in online environment as its too complex and diverse (D. Gefen, 2003). (M. Fishbein et. Al., 1975) studies intention as subjective probability for establishing the propensity of probability of doing a particular action. Intention can be defines as the measure of an individual's particular behavior. The response to an object is surfaced in the purchasing intention. It is also the interest shown by the customer in going for repeat buying (Boston: Houghton Mifflin Company, 2004). Studies have done in the past to evaluate the impact of perceived behavioral control and purchasing intension (C. Chan, and A. Chan, 2011). The proposed addition in the model is impact of online reviews. Off late the dynamics have changed and online reviews are becoming one of the strong reasons for the customers in developing trust in a particular brand. Some years back price was more dominating factor in the online purchases. It is even still one of the important reasons but online reviews are fast taking a leap over price (Lin Chen, July 2011).

Literature Review

Online Reviews and Purchase Experience leading to purchase intentions

Another study of purchasing experience leading to purchasing intention states that perceived behavior control and trust are the mediating factors in the online shopping. A theory of planned behavior control is developed by the author using these factors (Gusti Ayu Ketut Giantari, 2013). Online reviews too impact the purchasing experience by allowing customer to have better information and ease of shopping as the required details are provided in the reviews. Customer feels more informed and is able to express himself more confidently.

Li, Kuo and Rusell (2006) have suggested from their study that frequent online shoppers value convenience over experience in comparison to those who don't buy online give experience more value than convenience.

Relationship between Online Reviews and Trust

Trust has been regarded as the most important factor for a customer to do online shopping (Keen et al., 2000). Trust is nothing but one's perception about other person's attributes and is defined as his will full wish to become vulnerable (Rousseau et al., 1998; Zand, 1972). Trust makes people take risks by having a feeling of security and they are able to take risky decisions even in the uncertain situations (Holmes, 1991; Luhmann, 1979). Hence in terms of online shopping trust is nothing but consumers perception of the interaction with the online website, (Luhmann, 1979; Mayer et al., 1995). Here the interaction is happening via online reviews. Many studies have been done for determining the role of trust in consumers making online purchasing as the mode of shopping (Friedman et al., 2000; Gefen, 2000; Jarvenpaa and Tractinsky, 1999; Keen, 1997; Ratnasingham, 1998; Stewart, 1999).

Consumer's trust is very important while doing online transactions for development of online shopping industry. He proposes the newer factors that are responsible for building a customer's trust. Factors like vendor reputation, consumer security and privacy issues directly impact customers online behavior. (Ramnath K. Chellappa, 2002).

This research model formulates the impact of online reviews as an important measure for gathering resources and being as one of the very important factor along with the purchase experience which can drive the customer's trust and perceived behavior control.

Online reviews and Perceived behavior control

Studies conducted by Mauldin and Arunachalam (2002), points out that comfort factor, intention to buy and design of website play a major role in influencing the perceived behavior and purchase intention. This further gets enhanced if the online reviews are positive in nature.

They have further emphasized that comfort with the Internet, general intent to buy online, and website design played significant role in influencing purchase intention.

The first hypothesis describes the influence of online reviews on the purchasing experience, second hypothesis states the impact of positive reviews on purchasing intentions of the customer via online mode, the third hypothesis describes the perceived behavioral control in mediating the effect of online reviews on customer's purchasing intentions and the last hypothesis proposes the role of trust as a mediating factor between the relationship of on-

line reviews and purchase intentions of the customer in the online environment.



Source: Author's Model

Online Reviews as a Trust Building Model for Purchase Intention Implications

This paper tries to put forward another aspect in Perceived Behavior Theory that is the aspect of online reviews and its impact on trust and purchase intentions. Due to advancements in technology more and more people are turning towards online shopping and reading reviews. People feel more comfortable in searching on the website and reading reviews given by the expert in order to gather initial information about the product. As online reviews have become a must in any website it has a major impact on consumers buying behavior.

The retailers get to interact with the consumers and get their insights on the product. This two way communication has resulted in a long term relationship between the customer and the retailer.

Customer Implications

Customer online buying behavior is well understood in framework. The impact of online reviews on the customer's purchase intentions are directly affected by the type of online review, number of online reviews and by whom the review has been given. Developing an initial trust is very important so that customer can go on to do the purchase online.

This framework helps in integrating trust and online reviews, perceived behavior control and online reviews, purchase experience and online reviews and purchase intention and online reviews together for a better understanding of consumer buying behavior.

Managerial Implication

Through this paper and framework we clearly conclude that e-retailers have to be careful on what is posted on their website. They must pay attention to the customer's reviews and also make sure that correct information about the product is properly displayed. Any negative review must be immediately looked into and responded only then customer will be able to develop his trust and quantify his purchase intentions. E-retailers must pay attention to build a brand image and the reviews of customers and ratings given by them definitely help them gain more potential purchasers visit the website and make purchases.

Conclusion

Online reviews have gathered the much needed momentum in the past and directly impact the consumer buying behavior. Online reviews have a very strong impact on the customer's trust going for the online purchase. Online re-

views also have a major impact on purchase experiences as it gives customer the much needed confidence and equips him with the relevant information regarding the product. This confidence is then converted into the purchase intentions. Online reviews also help in developing a perception about a product which makes the customer more in control with his buying behavior. (Chen & Wu 2004) states that customer reviews and ratings are very important and raise the probability of online purchase intentions. Also the number of online reviews for a particular product positively impacts the purchase behavior (Park et al., 2007; Chen & Wu, 2004). They confirm in their study that more reviews for a products implies that the product is more preferred one.

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