

# "When reading is believing": Investigating the influence of online reviews on consumer decision making

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## Introduction

Online reviews have become a vital advertising strategy and marketing tool since more than 90% consumers read reviews before a purchase and generate more than \$450 million in advertising revenue [1, 2, 3].



In my PhD research, I investigate the influence of online reviews on a customer's decision to purchase and read reviews.

**RQ1:** How do online reviews influence consumer's purchase decision?

**RQ2:** How do product and browsing characteristics influence the effect of online reviews on purchase decision?

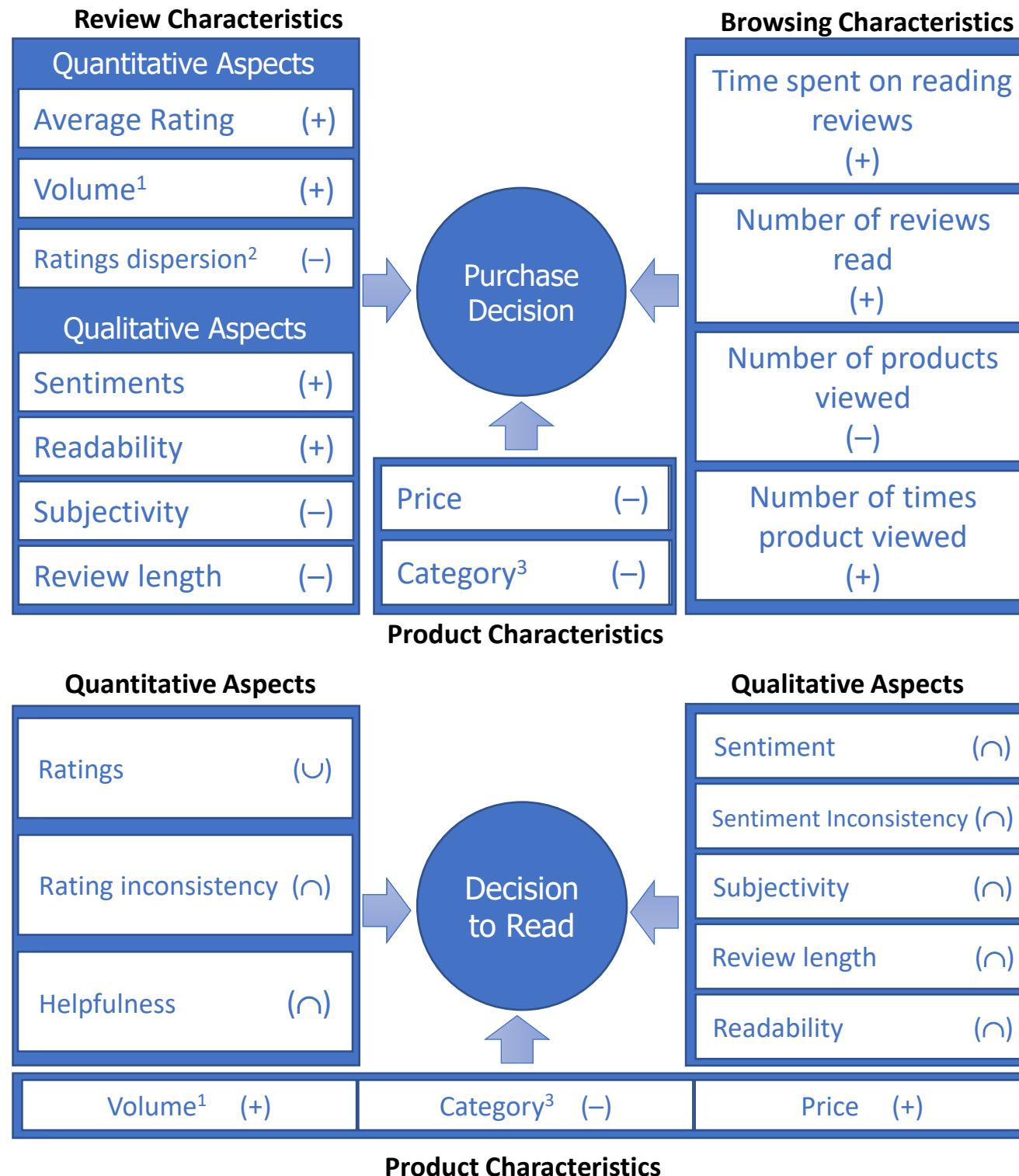
**RQ3:** How do review characteristics influence consumer's decision to read more reviews?

## Methods

This empirical research examines the two consumer decision making processes across two product categories (Technology and Home & Garden) using two statistical models namely,

- Hierarchical logistic regression for modelling purchase decision (answers RQ1 and RQ2)
- Zero-inflated Poisson model for modelling decision to read more reviews (answers RQ3)

## Results



1 Volume → Number of reviews available  
 2 Ratings dispersion → Standard deviation of ratings  
 3 Categories → {"Technology" (Coded 1), "Home & Garden" (Coded 0)}

(+/-) shows nature of the relationship  
 (∪) represents U-shaped relationship  
 (∩) represents inverted U-shaped relationship

## Discussion

- Purchasers are more direct, i.e., view fewer products but more number of times before making a purchase. They are also likely to read more reviews and thus spend more time reading them.
- Positive reviews are likely to increase the purchase likelihood as they confirm consumer's expectations and notions. More specifically positive reviews that are objective, comprehensible and not too long are more influential.
- Consumers are more likely to read more reviews when exposed to reviews that were predominantly positive as it made them sceptical of the review authenticity.
- Consumers were also likely to read more reviews when exposed to reviews where the valence in sentiments and ratings was not consistent between reviews and across reviews.
- Consumers in general are likely to read reviews if available and be influenced by them, especially for experience products as compared to search products.
- Marketers will benefit by featuring reviews of both valence rather than just positive ones and focus their recommendation marketing efforts on consumers that have viewed the product at least once.

## References

- [1] Bernritter, Stefan F., Peeter W. J. Verlegh, and Edith G. Smit (2016), "Why Nonprofits Are Easier to Endorse on Social Media: The Roles of Warmth and Brand Symbolism," *Journal of Interactive Marketing*, 33 (C), 27-42.
- [2] Collinger, Tom Malthouse, Edward, Ewa Maslowska, Rebecca Kim Wang, Su Jung, and Yorgos Askalidis (2017), "How Online Reviews Influence Sales," Spiegel Research Center.
- [3] Daugherty, Terry, Matthew S. Eastin, and Laura Bright (2008), "Exploring Consumer Motivations for Creating User-Generated Content," *Journal of Interactive Advertising*, 8 (2), 16-25.