The Impact of Reviews on Consumer Purchase Decision in Educational Institutes of Lahore, Pakistan

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ARTICLEDETAILS	ABSTRACTS
History *Received : August* *Revised Format : September* *Accepted : October* *Keywords :* consumer, purchase decision, consumer reviews	The research is on "Impact of reviews on consumer purchase decision". The purpose of research was to study the impact of reviews on consumer purchase decision. The primary data was gathered by floating questionnaires. SPSS software was applied to analyze data for frequencies regression parameters. The findings suggested that user's reviews have significant impact on consumers purchase decision. Consistent positive reviews from a trustworthy source have a positive impact on the purchase decision of the consumers. Consumers having a prior experience related to a product also lead to a significant positive relationship with the purchase decision. It is a quantitative research. Which is a systematic investigation by gathering quantifiable data and performing statistical techniques. Primary data was collected through questionnaires. Primary research was conducted in order to collect the data. Data type is also primary because research is instrument based. The sample size for my research is 300 responses. The main aim of this test was to find the relationship of purchase decisions with prior product expertise, informational influence, perceived review consistency, perceived review quality and value expression influence. Prior product expertise, informational influence and perceived review consistency had a significant impact on purchase decision. However perceived review quality and value expression influence had insignificant impact on purchase decision. Prior product expertise have a positive impact on purchase decision.

INTRODUCTION

Knowledge 1.1 Overview

Online consumer reviews are valuable for customers as majority of the customers read reviews online before they visit a company (Saleh, 2020). Merchants around the world and various websites allow consumers to give online reviews through a variety of ways, including star ratings, text, photos, and videos (Xu, Chen & Santhanam, 2021). Why are consumers still dependent on reviews made by users to make buying decisions? Burnkrant and Cousineau (1975) explained that "when a person is put in a product evaluation situation in which he or she is unable to properly assess the product characteristics from direct observation and touch, the reactions of others will be seen as proof of the ' real ' nature of the product."Online reviews made by the users have been stated both practically (Bright Local,

2016) and intellectually (Hennig-Thurau et al., 2003) as having tremendous influence on customer purchase decisions. Customers usually read positive and negative reviews both for product evaluation (You et al., 2021). Online user feedback also have a major effect on customer decision quality, which are mostly associated to sales and marketing tactics of companies (Chevalier and Mayzlin, 2006).

The mechanism by which customers are affected by online reviews is not well known, despite a significant amount of research effort. Reviewers who give feedback form a popular and important reference community for the online shoppers. Increasingly, customers connect and use these posts to decide which goods to purchase, which hotels to choose from, where to eat and even which place to visit for a holiday (King et al., 2014). Research shows that these online feedbacks affect the shaping of consumer attitudes and purchasing decisions (Luca, 2011; Spark sand Browning, 2020; 2011; Vermaetal, 2012; Xiang and Gretzel, 2020; Zhang et al., 2020).

Background

A number of studies have shown that the salient restaurant attributes the perception of customers and the productivity of employees are important precursors for achieving high customer satisfaction, which in turn will result in high sales volume and restaurant operating profitability (Gupta et al., 2007; Yim et al., 2014). Because of the unpredictable meal duration and the fixed price structure in the restaurant industry, the application of revenue management to the industry is a challenge, but the implementation of revenue management strategies, such as demand forecasting, has recently emerged in the restaurant business as an important competitive strategy to boost revenue. Revenue enhancement also depends on many other factors, and an important topic to explore is to identify the determinants of financial performance at the restaurant. However, since collecting data on performance metrics of determinants and restaurants is a challenging task, there is very limited literature on this issue. Therefore, this study incorporates traditionally salient attribute, emerging social media reviews (e.g., number of online reviews).

Global prospective

The World Wide Web has moved from a business-to-consumer advertising to a peer-to- peer information sharing system in recent years (Kozinets, 1999). Third-party opinion sites like TravBuddy.com, Travellerspoint, WAYN, and TripAdvisor.com have gathered a wealth of information about travel. For example, TripAdvisor.com currently covers 450,000 hotels, more than 560,000 restaurants and 90,000 worldwide attractions (Tripadvisor.com, 2020).

By allowing users to interact and provide reviews on restaurants, hotels or local tourist attractions, these travel advice websites have established themselves as important venues. Before making the purchase decision consumers around the world nowadays go through the reviews made by the users to reach purchase decision.

Pakistani perspective

People in Pakistan usually take advice from people who they are close to and they trust when deciding which product to buy, which usually include their close friends and family. But from some year's people in Pakistan have changed their mindset and have started to consider the opinions of others also.

Research question

What is the impact of reviews on consumer purchase decision?

Significance of Study

This study will be significant because not much work has been done on the impact of reviews on the purchase decision of consumers. Also, it will help the sellers of goods and services, knowing how each and every review related to their goods and services is important in gaining future customers. They would also get to know that how a single negative review related to their business can have overall negative affect on their profitability.

LITERATURE REVIEW

Value expression influence

Value-expression influence happens by the recognition process when a person takes a behavior, since that person wants to be associated with another person or a party. Individual attempts to be like that other person, say what other people say, and do what others do. In addition, a person tries to anchor his or her own conduct with a reference group to associate as a group member. Bock et al (2020) states that people believe and try to act the same way as to people they want to associate with. When consumers read reviews they want to know how others like the product and they make their own preferences using others opinion about the products. People reading online reviews does not know the person making the review but it still influence their purchase decision (Guadagno and Cialdini, 2005). If the reader wants to be associated with that group then they will buy the same product.

Informational influence

Informational influence occurs through internalization process. This happens when the person themselves accept to be influences because that behavior will earn them reward. The person takes that influence because they think that it is natural to maximize their own benefit. It defines the degree to which individuals are influenced by critics to develop their awareness of a product to make a buying decision (Duan et al., 2021). Information that people gain from the reviews impact their purchase decision.

Perceived review quality

Quality of the reviews are said to be important in making the purchase decision. Individuals use high quality information because it needs very less clarification. When individuals get high

 quality review they are understand and are able to evaluate the product correctly (Zimmer et al., 2007). It decreases the persons search cost and the person is more confident in its purchase decision (Chen et al., 2004). When consumer understand the product clearly they are able to match the product with their need correctly (Chen and Xie, 2008). Bickart and Schinder (2001) stated that reviews that are thought to be relevant, credible and useful are preferred by the individuals. Quality reviews are given more weight in making the final purchase decision (Feldman et al., 1988). When reading online reviews reviewers are not known by the consumers but consumers observe behavior, opinion and decisions made by the reviewers by reading their reviews. Reviewers giving high quality reviews are considered more credible. Consumers are more persuaded when they receive information from a trustworthy source (Wilson and Sherrell, 1993).

Perceived review consistency

It is that how similar are the reviews of people in term of their opinion regarding the product (Moscovici, 1988). Mannes (2009) stated that people believe something that is said

by a group of people rather than one person. Large group of people giving the same opinion is considered accurate rather than the opinion of small group of individuals (Chen et al., 2004). When people read user reviews for a product, they read a group of reviews. So consumer makes decision about a product by reading a group of reviews, not based on a single review. When a group of reviewers have similar opinion about a product, consumer will consider that review as correct (Mannes, 2020). According to Barker and Petty (1994) when majority of people have the same opinion about a product it is considered to be as the correct opinion, as people are influenced by what majority says. It is also easier for consumer to make the decision when majority of the people have the same opinion about a product as it is difficult to make the final decision when people have conflicting opinions.

Prior product expertise

Prior product expertise is how much the consumer is knowledgeable and familiar with the product (Xiao and Benbasat, 2007). According to Olshavsky (1985) consumers use two types of strategies own-based and other-based when making the purchase decisions. Own-based is when consumers search about the product themselves and in other based parts or all the decision making process is subcontracted by consumer (Xiao and Benbasat, 2020). Expert consumers use own- based strategy as they are able to process the information and novice consumers adopt other-based strategy (King and Balasubramaniang, 1994). Different consumers have different capabilities to process information. Chen and Xie (2020) stated that information created by the sellers about a product is more useful for the expert consumers and the information created by the users is more helpful for the novice consumers. When consumers have prior expertise with the product, they mostly use their own knowledge and little help from others when making the purchase decision. When consumers have low prior product expertise they rely mostly on others opinions.

METHODOLOGY

Research type

It is a quantitative research. Which is a systematic investigation by gathering quantifiable data and performing statistical techniques. Primary data was collected through questionnaires.

Data type and research period

Primary research was conducted in order to collect the data. Data type is also primary because research is instrument based. Questionnaires were floated online for collecting first hand data from people. Printed questionnaire was also floated to collect the data from the targeted population. Research period is from October 2021 to May 2022. Time series analysis was done.

Population and planned sample

Data is collected from the population which belonged to SEC A and SEC B, of age from 18 to 60 above. Target population consisted of students of universities and schools such as LSE, LUMS and IBA and schools like Beacon house, LGS and Roots. The sample size for my research is 300 responses.

Table 1: Instrument Description

Variable	Creators	Year	No. Of Items

Prior product expertise	Pereira	2000	5
Informational influence	Mannes	2009	4
Perceived Review consistency	Mannes	2009	3
Perceived Review quality	Zhov	2011	6
Value expression influence	Gvodagnon	2005	5

Research hypothesis

H1: Prior product expertise positively effects consumer purchase decision
H2: Informational influence effects consumer purchase decision
H3: Review consistency improves consumer purchase decision
H4: Source of review impacts consumer purchase decision
H5: Value expression has a direct impact on consumer purchase decision

Techniques

Structural equation modelling was done which is a technique to analyze the structural relations. Confirmatory factor analysis was also done which tests whether the measures of construct are consistent with the researcher's understanding. Path Analysis was also conducted. Regression and cronback alpha was done, it is used to check the internal consistency that how closely the items as a group are related to each other.
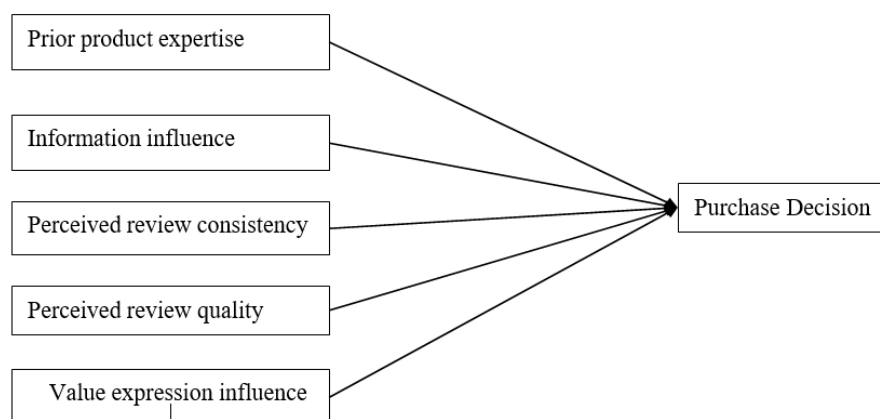
Data Analysis

SPSS and Amos were used. Regression analysis and Cronback was done on SPSS and confirmatory analysis and path analysis was performed on Amos.

Data Interpretation

After gathering the primary data through questionnaires and analyzing it in SPSS and Amos for CFA and regression Analysis, it is interpreted both qualitatively and quantitatively by showing the results through different tables and regression results shows the hidden meanings with in the data and it is used to establish the relationships.

Theoretical framework

RESULTS AND ANALYSIS

For Data Analysis the software's SPSS and AMOS were used to interpret and analyze the collected data. Both software's contributed significantly towards data analysis, as SPSS was used to calculate that Cronbach's alpha while AMOS Graphics helped in developing a structural equation modelling as well as path analysis. Both the software's established covariance's among the variables while subsequently, estimating the reliability and validity of the model. The measurement model is being evaluated through CFA (confirmatory analysis); (i) individual reliability of the items (i.e., factor loadings) (ii) AVE (iii) internal consistency and (iv) discriminant validity among other constructs.

Demographics

Data was collected from 250 people. Among 250 respondents, 71.6% of them were females while 28.4% were males. Majority of the respondents (84%) were age between 18-30 years. About one third of the respondents (32.8 %) were studying in some college and about 30 % had education till high school or equivalent. The results are given in table 1.

Reliability Analysis

Cronbach Alpha test was used to check the reliability of the instrument. Cronbach Alpha was developed by Lee Cronbach to measure the internal consistency of the instrument. The acceptable level of Cronbach alpha is greater than 0.7 (Nunnally1978). The overall Cronbach Alpha was 0.830. The individual score lies between 0.716 for prior product experience and perceived review consistency to 0.930 for purchase decision. The results are exhibited in table 2.

Measurement Model

Factor loadings

Factor loading is the correlation coefficient for the variable and factor. Factor loading shows the variance explained by the variable on that particular factor. Factor loading score benchmark is that it should be greater than 0.5. Each item is considered a satisfactory item when item loadings are greater than 0.70 (Hair et al. 2020). Factor loading score lies between 0.7 for informational influence and value expression influence and 0.95 for prior product experience and perceived review quality. Due to the benchmark 4 items were deleted. 2 items from prior product experience scoring 0.344 and 0.155. 2 from prior review quality scoring 0.303 and 0.354.

Average Variance Extracted (AVE) or Convergent Validity

The average variance extracted, which represents the items' total variation of a latent construct. Ave should be higher than 0.5 but 0.4 is also acceptable as it is said that if Ave is less than 0.5 but the composite reliability is above 0.6 so it its convergent validity is acceptable Fornell and Larckell,(1981). Ave scores lies between 0.329 for informational influence to 0.441 for value expression influence

Construct Reliability

Construct reliability is a measure of internal consistency in scale items, much like Cronbach's alpha (Nitmeyer, 2003). Composite reliability is above 0.6 so it its convergent validity is acceptable Fornell and Larckell, (1981). Construct reliability scores lies between 0.6 for prior product experience and perceived review consistency to 0.796 for value expression influence.

Structural Equation Model (Path Analysis

R square measures the portion of variation in the dependent variable that can be attributed to the independent variable. R square of 0.784 shows a strong linear relationship. Adjusted R square shows the amount of significance independent variable showed in dependent variable. P- value shows the significance so the p-value of 0.001 shows that results are highly significant.

Regression Equation for model

The regression equation is:

- Purchase decision = -1.878+ 0.343 prior product experience+1.036 informational influence-0.219 perceived review consistency+0.193 perceived review quality+0.044 value expression influence

- 1 unit increase in the prior product experience will increase the purchase decision by 0.343 units keeping all other constant.

- 1 unit increase in the informational influence will increase the purchase decision by 1.036 units keeping all else constant.

- 1 unit increase in the perceived review consistency will decrease the purchase decision by 0.219 units keeping all else constant.

- 1 unit increase in the perceived review quality will increase the purchase decision by 0.193 units keeping all else constant.

- 1 unit increase in the value expression influence will increase the purchase decision by 0.044 units keeping all else constant.

Hypotheses Testing

In order to statistically test the proposed hypothesis of the research, multiple regression was run to investigate the relationship of purchase decision, prior product expertise, informational influence, perceived review consistency, perceived review quality and value expression influence. The hypothesis, t-statistics value and the coefficients of the variables are being shown in table 4.7c

H1- Prior product expertise has a positively significant impact on purchase decisionAs p value is 0.000 which is less than 0.05 H1 is accepted

H2- Informational influence has positively significant relationship with purchase decisionAs p value is 0.000 which is less than 0.05 H2 is accepted

H3- Perceived review consistency significantly and positively influences purchase decisionAs p value is 0.000 which is less than 0.05 H3 is accepted

H4- Perceived review quality has a significantly positive influence on purchase decision As p value is 0.006 which is greater than 0.05 H4 is accepted

H5- Value expression influence has a significantly positive relationship with purchase decision As p value is 0.576 which is greater than 0.05 H5 is rejected

CONCLUSION

The main aim of this test was to find the relationship of purchase decisions with prior product expertise, informational influence, perceived review consistency, perceived review quality and value expression influence. Prior product expertise, informational influence and perceived review consistency had a significant impact on purchase decision. However perceived review quality and value expression influence had insignificant impact on purchase

decision. Prior product expertise have a positive impact on purchase decision. So H1 is accepted. It means that if consumers already have knowledge about a product then it will positively impact their purchase decision. It means that it does not depend on the amount or complete or incomplete information provided to the consumers, if consumers have a prior experience with the product then it is easy for the consumers to make the purchase decision. (Kexin Zhao, Antonis C. Stylianou, Yiming Zherg, 2020)

Informational influence is when consumers are influenced by reviewers. This happens when consumers are getting information from the reviewers. It is because they get more and better knowledge about a product, which leads the consumers to make better purchase decision. Informational influence have a positive impact on the purchase decision. So H2 is accepted. It is supported by Kumar and Benbast 2006 which states that if reviewers persuade the consumers by providing information they can increase or can affect the consumers purchase decision.

Perceived review consistency had a positive impact on purchase decision. So H3 is accepted. It mean that if reviews are inconsistent then it is difficult for the consumers to make a purchase decision. As people make both positive and negative reviews, based on their experience with the product. When consumers get inconsistent reviews like mixed of both extreme positive and extreme negative reviews then consumer will get confused. It can be supported by Kexin Zhao, Antonis C. Stylianou, Yiming Zherg, 2020. Perceived review quality had a positive impact on purchase decision. So H4 is accepted. It means that the quality of reviews is very important for consumers when they are making a purchase decision. It means that a positive review about a product from a trust worthy source is more credible to consumers rather than a positive review from someone that the person doesn't trust. It is supported by Wilson and Sherrell (1993) because information from a trustworthy source can lead to greater persuasiveness consumers tend to associate and identify themselves with those who write high quality reviews.

Value expression influence have insignificant impact on purchase decision. So H5 is rejected, it is further supported by Kumar and Benbast, 2006 value expressive influence has no significant impact on purchase decision. It means that do tend to identify themselves with some type of group and want to be like others but it does not bring confidence in consumers to make the purchase decision. If consumer does not know about a product or have a certain amount of knowledge about a product they won't make a purchase decision just to be like others or to belong to a group.

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