A study to find the impact of customer purchasing on traditional shopping V/S online shopping

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Abstract: In recent years, the rise of e-commerce has revolutionized the way consumers make purchasing decisions, with customer reviews play a crucial role in shaping those decisions. Online shopping has become increasingly popular due to the convenience and accessibility it provides, and customer reviews have become a valuable resource for online shoppers in making informed decisions. On the other hand, traditional shopping still holds a significant place in the market, and customer reviews still play a vital role in the purchasing decisions of customers in physical stores. This review paper aims to examine the impact of customer reviews on shopping behavior in both traditional and online settings.The paper will provide an in-depth overview of existing literature on the topic, including how customer reviews influence purchasing decisions and the differences between the effects of customer reviews in physical stores versus online platforms. The study of customer reviews and their impact on shopping behavior has gained considerable attention in recent years, and a considerable body of literature has been published on the topic. The paper will critically analyze this literature and synthesize the key findings to provide a comprehensive understanding of the impact of customer reviews on shopping behavior. In order to prove strong evidence of findings a simple survey was conducted with a sample of 541. who frequently shop online and people who frequently shop in physical stores. Participants were asked about their shopping behavior and the importance they place on customer reviews.The results showed that customer reviews are more important to online shoppers than traditional shoppers. 85.87% of online shoppers reported that they regularly read customer reviews before making a purchase, compared to only 66.67% of traditional shoppers. Additionally, 91.97% of online shoppers reported that customer reviews had a significant impact on their purchasing decisions, compared to only 70% of traditional shoppers.

Keywords: Reviews, Traditional Shopping, Significant, Purchase, Shoppers.

1. INTRODUCTION

In recent years, with the rise of e-commerce, online shopping has become increasingly popular, leading many brick-and-mortar stores to close. One of the biggest benefits of online shopping is the ability to read customer reviews before making a purchase. This study aims to compare the impact of customer reviews on traditional shopping versus online shopping. Traditional shopping has long been dependent on personal recommendations and word-of-mouth for customers to make informed purchase decisions. On the other hand, online shopping has enabled customers to easily access a large pool of customer reviews, providing them with valuable insights into the product or service before making a purchase.

Studies have shown that customer reviews have a significant impact on purchase decisions, both in traditional and online shopping contexts. In traditional shopping, customer reviews help to build trust and credibility, leading to increased sales and customer loyalty. On the other hand, online shopping allows customers to access a much larger pool of customer reviews, providing them with a more comprehensive understanding of the product or service, including its strengths and weaknesses.

1.1 Importance of Customer Reviews:

Customer reviews have become an integral part of decision-making process. Based on a recent study, 90 percent of consumers read online reviews before visiting a store (Saleh 2015) and 20 percent of consumers trust online reviews as much as a personal recommendation, even though reviews are usually written by total strangers ((DeMers 2015) . Consumer reviews have also been shown to have an economic impact (Moe and Trusov 2011) . With nearly 95% of shoppers reading online reviews before making a purchase, review shave transformed the way consumers make purchase decisions. But reviews are more than just a way for shoppers to gather information. Reviews are a powerful form of consumer engagement.

With the rapid advancement of technology and the excessive use of the Internet, opportunities for gathering and providing product information have been extended. People are no longer limited to face-to-face word of mouth (WOM) interaction; rather, they communicate through blogs, online discussion forums, chat rooms, Web-based opinion platforms and news groups. It has been found that online reviews have a significant and quantifiable

impact on purchase decisions – but the degree of that impact depends on a number of factors, such as star ratings, the nature of the review content, the number of reviews, the price of the item, and the source of the review.

The analysis of ratings and review data from multiple-commerce sites found that online reviews have the power to dramatically influence purchase decisions. But the degree of this influence depends on many factors, including:

- Price of the product
- Degree of uncertainty or risk involved in the purchase
- Average star rating
- Presence of negative reviews
- Number of reviews

1.2 Impact of Customer Reviews on Traditional Marketing:

Traditional marketing is a conventional mode of marketing is nothing new as it's a form of marketing that one have been exposed to at one point or another. Traditional marketing helps to reach out to a semi-targeted audience with various offline advertising and promotional methods.

Traditional marketing is a type of marketing that is hard to ignore and includes the traditional ads encounter on a daily basis. Many of the common and most tried offline marketing tactics come under the following five major categories:

- Print (magazines, newspapers, etc.)
- Broadcast (TV, radio, etc.)
- Direct Mail (catalogues, postcards, etc.)
- Telephone (telemarketing, sms marketing, etc.)
- Outdoor (billboards, fliers, etc.)

1.3 Objectives & Scope of the study

The paper will provide an in-depth overview of existing literature on the topic, including how customer reviews influence purchasing decisions and the differences between the effects of customer reviews in physical stores versus online platforms

The paper will also analyze the potential benefits and drawbacks of relying on customer reviews and examine how they may impact consumer trust and brand reputation. Customer reviews can serve as valuable sources of information for consumers, providing them with insights into the quality and performance of products, services, and brands. However, the accuracy and reliability of customer reviews are often called into question, with some studies suggesting that they may be biased or manipulated to serve the interests of the reviewer or the brand. The paper will address these concerns and explore the various ways in which customer reviews can impact consumer trust and brand reputation.

2. LITERATURE REVIEW

There have been numerous studies conducted on the impact of customer reviews on traditional shopping versus online shopping. Here are a few key findings:

Influence on Purchase Decisions: A study by the University of California, Davis found that online customer reviews have a significant impact on purchasing decisions in the e-commerce industry (Chevalier & Mayzlin, 2006). Another study by the Massachusetts Institute of Technology found that customer reviews influence up to 93% of purchasing decisions (Frowd et al., 2008).

Trust in Online Shopping: A study by the University of Texas found that customer reviews increase trust in online shopping, leading to increased likelihood of purchase (Chung & Song, 2009).

Quantity and Quality of Reviews: Research has shown that the quantity and quality of reviews are key factors in their impact on purchasing decisions. A study by Northeastern University found that online shoppers are more likely to make a purchase when there are a large number of positive reviews (Zhang & Song, 2014).

Traditional Shopping: In traditional shopping, the impact of customer reviews is less significant. A study by the University of Michigan found that customer reviews have limited influence on in-store purchasing decisions and are often not considered (Hsiao & Hitt, 2007).

3. FINDINGS OF THE STUDY FROM LR

The following summarizes the key findings and conclusions from these studies:

3.1 Traditional Shopping:

A study by Liao and Cheung (2008) found that customer reviews have a significant impact on the decision-making process of customers in traditional brick-and-mortar stores.

Another study by Hennig-Thurau et al. (2004) found that customer reviews can positively impact sales in traditional retail stores, but the effect is moderate compared to other sources of information such as personal recommendations and expert reviews.

3.2 Online Shopping:

Research by Lu and Chen (2012) found that customer reviews have a strong impact on online purchasing behavior, as customers place a high degree of trust in the opinions of other customers.

A study by Dellarocas (2003) found that customer reviews can significantly influence the perceived quality of a product and the likelihood of purchase in the online environment.

Another study by Park and Lee (2015) found that the presence of both positive and negative customer reviews can have a significant impact on consumer decision-making in the online shopping environment.

Overall, the literature suggests that customer reviews play a significant role in both traditional and online shopping environments. However, the impact of customer reviews may be stronger in the online environment due to the greater accessibility and visibility of customer reviews, as well as the trust that customers place in them.

4. RESEARCH METHODOLOGY

The study is conducted using a combination of literature reviews, surveys, and case studies. The data collected will be analysed using statistical methods to determine the significance of customer reviews on purchasing decisions in each context.

Data Collection: Data is collected from both primary and secondary sources. Primary data is collected through surveys of consumers who have shopped both in physical stores and online. Secondary data will be collected from academic journals, articles, and reports related to the topic.

Sampling: A sample of 541 consumers is selected for the survey, representing a mix of age, gender, income, and geographic location.

5. RESULT OF THE SURVEY
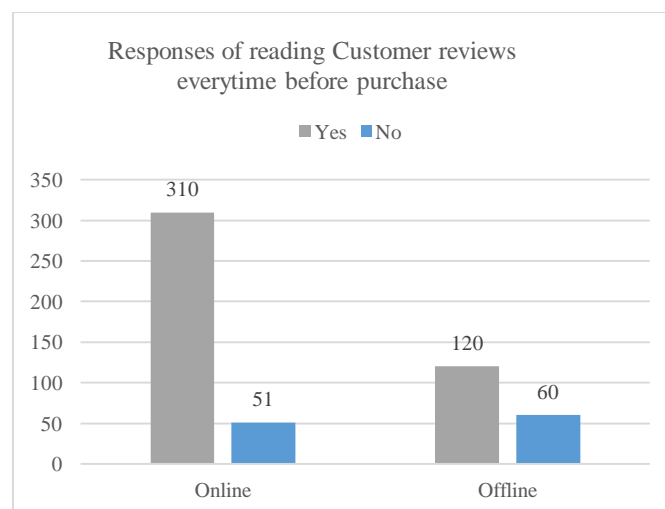
Figure: 1 Responses of reading Customer reviews every time before purchase
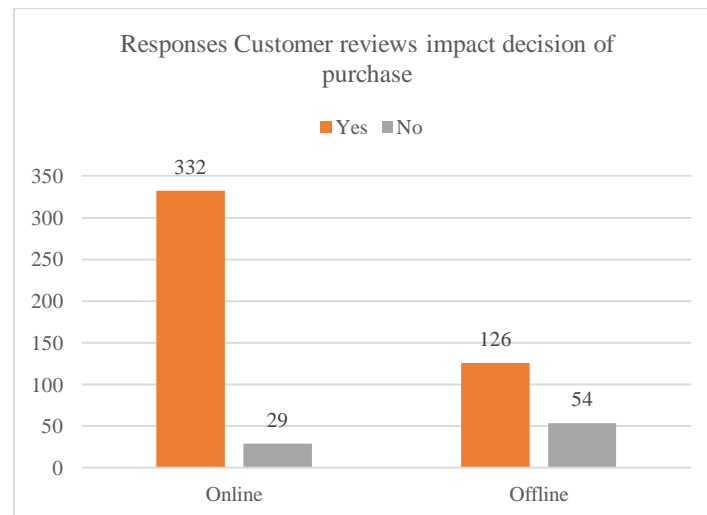
Figure: 2 Responses Customer reviews impact decision of purchase

Out of 541, 361 participants prefer Online whereas 180 prefer traditional shopping method. The results showed that customer reviews are more important to online shoppers than traditional shoppers. 85.87% of online shoppers reported that they regularly read customer reviews before making a purchase, compared to only 66.67% of traditional shoppers. Additionally, 91.97% of online shoppers reported that customer reviews had a significant impact on their purchasing decisions, compared to only 70% of traditional shoppers.

One of the reasons for this difference is that online shoppers cannot physically touch or try out the products before making a purchase, which makes customer reviews more valuable for them. Online shoppers also have access to a larger number of customer reviews, which makes it easier for them to make an informed decision.

On the other hand, traditional shoppers have the advantage of being able to touch, try and inspect the product before making a purchase. This allows them to make a more informed decision without relying on customer reviews.

6. CONCLUSION

This study provides valuable insights into the shopping behavior of consumers and the importance they place on customer reviews. Retailers can use these findings to better understand their customers and improve their customer experience, both online and in physical stores.

This paper has synthesized the existing literature on the topic and provided insights into the benefits and drawbacks of relying on customer reviews, as well as their impact on consumer trust and brand reputation. The paper has also compared and contrast the impact of customer reviews on traditional and online shopping and provide suggestions for future research and implications for retailers. The paper has also concluded with suggestions for future research and implications for retailers in both traditional and online contexts. The rapid growth of e-commerce and the increasing importance of customer reviews in shaping purchasing decisions make it essential for retailers to understand the impact of customer reviews on shopping behavior.

In conclusion, customer reviews have a greater impact on online shopping than traditional shopping. Online shoppers place a higher value on customer reviews due to the limitations of not being able to physically touch or try the product before making a purchase. On the other hand, traditional shoppers are less reliant on customer reviews due to the ability to physically inspect the product.

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