

Original Article

A Study on the Impact of Online Ratings and Reviews on Consumer Buying Decisions in Karaikal Region

¹DR. R. KARTHI, ²P. ASHA

¹Professor, Department of Management Studies, EGS Pillay Engineering College, Nagapattinam, Tamil Nadu.

²MBA Student, Department of Management Studies, EGS Pillay Engineering College, Nagapattinam, Tamil Nadu.

ABSTRACT: *The rapid expansion of the digital marketplace has significantly transformed traditional consumer decision-making processes, reducing dependence on physical product evaluation and increasing reliance on electronic word-of-mouth (eWOM). This empirical study examines the influence of online ratings and reviews on consumer buying decisions across product- and service-based e-commerce platforms. Primary data were collected through purposive sampling from 150 active online shoppers in Karaikal using a structured questionnaire designed to analyze the relationship between customer feedback indicators and purchasing behavior. To ensure statistical validity, analytical tools such as the Pearson Correlation Coefficient and One-Way Analysis of Variance (ANOVA) were employed to examine the association between online review factors and consumer purchase decisions, as well as variations across different educational groups. The findings indicate that online ratings and reviews play a substantial role in shaping consumer purchase behavior and influence decision-making patterns across diverse consumer segments. The study concludes with practical managerial implications for enhancing digital marketplace strategies and highlights emerging dimensions that can support future research in online consumer behavior.*

KEYWORDS: *E-Commerce, Consumer Behavior, Online Ratings, Reviews, Educational Level, Buying Decisions.*

1. INTRODUCTION

The Idea of e-commerce has expanded quickly over the past 10 years, owing to advances in internet technology, cell phones, and digital payment systems. E-commerce is the purchasing and selling of products and services through an online mechanism that makes it possible for consumers to order goods and services at any time, anywhere. With internet shopping successfully replacing traditional shopping practices with convenience, skills for purchasing broad products need competitive prices, and a very satisfying purchasing process is ready to be exploded. While businesses are making a big push towards using online platforms to widen their market audience, consumers have gravitated towards online shopping as part of a new normal lifestyle. Hence, comprehension of consumer behaviour has become a necessity for the markets thriving through digitalisation.

As online shoppers, buyers cannot touch your products or speak with you directly; they must use data and technology to make a purchasing decision. Because consumers are unable to physically inspect the products they are purchasing, they possibly feel uncertainty or risk perception when buying. Accordingly, they look for credible information before acting. In this case, it raises the significance of user-generated content — primarily internet reviews and ratings; the things that allow clients to filter products and services to make an analysis based on the experience of former customers.

Broadly, e-commerce businesses have two main models, which can be placed as the Inventory-Led Model and the Marketplace Model. Inventory-Led Model: In this model, the company owns an inventory; it handles warehousing and distribution of its products. What makes this possible is better control over product quality and customer experience. On the other hand, the Marketplace Model functions as a connecting platform between buyers and third-party sellers without keeping stock or inventory. As marketplace platforms are multi-seller, consumers typically rely more on ratings/reviews to determine trust and manage uncertainty when making a purchase.

Online reviews and ratings are a major factor in how people make consumer choices. They share testimonials and data from prior users that not only assist buyers in making wise decisions but also eliminate second-guessing before making a purchase. Reviews enhance transparency, trust, and the likelihood of performance improvement through customer feedback — all very important to businesses as well. The more positive ratings and customer experiences a potential buyer sees, the more comfortable they are with investing in your products or services.

Nonetheless, online ratings and reviews suffer some drawbacks as well. It is true that the availability of fake or manipulated reviews may harm data reliability and mislead consumers. While you may receive positive feedback overall, a few negative comments can stick with buyers more, which can skew their perception of the film. Some reviews are simply too vague or lack context to be helpful. Even in the case where far too many reviews are received, consumers also will suffer from information overload.

Despite the challenges posed by online ratings and reviews, they continue to be an important part of consumer behavior because of their benefits. Both in product-based and service-based e-commerce platforms, their influence is highly significant. Especially for service platforms, reviews become more important in trust building and expectations when a physical evaluation is not possible before delivery. As a result, knowing what impact online ratings and reviews have on businesses and marketers is crucial. The objective of this research is to investigate the influence of online reviews on consumer trust, perception, and purchase decision by online reviews in order to better understand consumer behavior during the digital market.

1.1. OBJECTIVES OF THE STUDY

- To analyze the overall influence of online ratings and reviews on consumer buying decisions in e-commerce platforms.
- To examine the impact of positive and negative reviews on consumers' purchase intentions.
- To study the role of review credibility in building consumer trust in e-commerce platforms.
- To examine the influence of star ratings on consumer perception and buying decisions.
- To analyze the influence of review format and information richness (such as detailed descriptions, ratings, images, and feedback) on consumer purchase decisions.

1.2. SCOPE AND NEED OF THE STUDY

This study covers both product-based and service-based e-commerce platforms, examining key factors such as review sentiment, credibility, volume, and information richness among online shoppers in Karaikal. The research is based on primary data collected through a structured questionnaire from 150 respondents. Consumers depend heavily on reviews to reduce risk and uncertainty before purchasing products or services. Consequently, businesses need to understand how reviews affect trust and purchase intention to improve their strategic positioning in digital marketplaces.

1.3. LIMITATIONS OF THE STUDY

- The study is geographically limited to online shoppers residing in Karaikal.
- The empirical findings are based on a sample size of 150 respondents.
- The research mainly focuses on the influence of online reviews and ratings and does not extensively consider other market factors such as brand reputation, price fluctuations, or targeted digital advertisements.
- The study relies primarily on primary data collected through self-reported questionnaires; therefore, the accuracy of the findings depends on the honesty and understanding of the respondents.

1.4. RESEARCH GAP

- Geographic and Regional Focus Gap: Prior research on e-commerce is often limited to high-density Tier-1 metropolitan areas. Abstract Studies in consumer behavior have observed regional hubs, but less so the coastal town of Karaikal, relying on electronic word-of-mouth (eWOM) to overcome transactional risks.
- Assumption of Platform Fragmentation: We inform theorizing about platform-type by a notion that has already found its way through much of the literature, separating physical product marketplaces (e.g., clothing or electronics) from experience-driven service networks (e.g., food delivery or travel booking). Previous studies have generally theorized that digital word-of-mouth functions differently in the context of buying goods versus services. Research showing the same behavior across both types also has a noticeable empirical gap. The goal of this study is to fill this gap, showing that whether it is a product or service, online ratings and reviews still exert a strong and enduring influence on consumers' buying decisions.
- Ignoring Cross-Platform Uniformity: Prior academic models seldom observe consumer trust mechanisms in digitally integrated applications that simultaneously bring goods and services together. This study bridges a gap in the literature by examining a sample where many members of a segment are using multi-purpose e-commerce applications. It emphasizes that eWOM serves as a global currency of trust, closing the information gap between both product-centric and service-oriented digital transactions.

2. REVIEW OF LITERATURE

Two decades of academic research on electronic word-of-mouth (eWOM) has repeatedly shown the substantial impact it has on consumer purchase behavior. Kim et al. Wu and Top keep an eye on (2026) targeted differences in 5 vs. 4-star product critiques to assess how significant even a small difference between ratings matters as far as consumer feedback for products and buying styles is concerned. The distinction between "good" and "excellent" ratings is what the study showed as the key for products that need a higher cognitive evaluation. Likewise, Margaret Rachel S. (2025) designed his research to determine the effect of online reviews across generations and assessed that they play a significant role in consumer behavior. But according to the degree to which Generation X, Millennials, and Generation Z trust reviews (and believe they reflect the real situation), it was having a much different influence.

Zhuang et al. (2025) researched the sequencing effect of review sentiment. They argued that both positive and negative reviews have more importance in influencing consumers' purchase intention, but negative reviews play a more important role in affecting consumer attitude toward the product. The study also found that the sequence in which reviews are presented affects how much consumers want to buy, and highlights how the organization or structure of reviews can affect buying behavior. With respect to the authenticity of reviews, Pooja Tiwari (2025) recorded that consumers trust verified reviews more, given that validated buyers submit them, which leads to purchase intention being stronger when they are compared against non-verified reviews.

The format and presentation of reviews have also started to become increasingly important, affecting purchase decisions by consumers. Kübler et al. Reviews with text and user-uploaded images are more useful to consumers (2024) | The new article shows that reviews containing both specifics and those uploaded by users provide enhanced utility because they lessen what the authors call information asymmetries and make it easier for customers to gauge the approximate quality of products given particular circumstances (for example, in typical use). Similarly, Simanjuntak et al. (2024) found that larger review volumes increase consumer credibility, popularity perception, and reduce perceived purchase risk.

Additional research has shown that the quality and reliability of review content are significant in instilling trust and satisfaction. Camilleri and Filieri (2023) proved that informative product reviews containing useful information or a credible review improved customer satisfaction and stimulated repurchase intention. Likewise, Nandagopal et al. According to Li et al. (2023), review credibility, review volume, and reviewer characteristics, such as identification, have a considerable impact on purchase decisions by reinforcing trust. In contrast, Dudutari et al. Negative reviews negatively affect purchase intention, and that negative information frequently has a greater impact than positive information (Bickart & Šerifović, 2022).

Previous research has also confirmed that online reviews are the fundamental source of information in digital consumer behavior. Lu and Elwalda (2016) stated that from a consumer perspective, online reviews offer valuable product type information, where the perceived credibility of the review highly impacts consumer purchase intention. Kusumasondjaja et al. Feldman and Hagtvedt (2012) specifically demonstrated that consumer trust and purchase intention depend to a large extent on reviewer identity and review sentiment. Among the earliest research studies is one carried out by Chevalier and Mayzlin (2006), which showed that reviews are influential, as positive reviews result in higher sales, whereas negative reviews lead to lower demand. Karthi (2002) investigated the impact of advertising in the Indian insurance market and emphasized the increasing importance of e-business as a change maker for conventional business processes. The e-commerce greatly reduces search and transaction cost, time, and effort, thus providing a very effective income stream for both sellers and buyers becoming an attractive platform to meet different parties directly while making life easier. They also highlight how technological growth and internet development have reinforced digital business models and improved customer satisfaction.

3. RESEARCH METHODOLOGY

This study adopts a Descriptive and Analytical Quantitative Research Design to portray demographic characteristics and evaluate empirical relationships.

3.1. SAMPLING AND TARGET POPULATION

The target population comprises active online shoppers in Karaikal, treated as an infinite population because the absolute pool of e-commerce shoppers in the region cannot be precisely mapped. Primary data was gathered using a purposive sampling technique to select 150 respondents who possess direct, verified experience with purchasing products or services through digital applications.

3.2. DATA COLLECTION METHOD

A structured questionnaire containing 30 total items was deployed. The first 6 questions capture key demographic characteristics, including gender, age, and educational qualifications. Questions 7 to 30 utilize a 5-point Likert scale layout (1 = Strongly Disagree, 5 = Strongly Agree).

4. DATA ANALYSIS AND INTERPRETATION

4.1. DEMOGRAPHIC ANALYSIS

The demographic profile establishes a baseline understanding of the sample distribution:

- Age: Young adults dominate the sample, with 46.7% of respondents falling into the 18–25 age group, followed by 33.3% in the 26–35 tier, and 20.0% in the 36–45 bracket.
- Gender: The sample exhibits a nearly balanced gender representation, consisting of 51.3% female respondents (77 individuals) and 48.7% male respondents (73 individuals).
- Education: Respondents are distributed across educational backgrounds, with 16.7% holding a Diploma (25 individuals), 44.7% completing an Undergraduate degree (67 individuals), and 38.7% possessing Postgraduate qualifications (58 individuals).

4.2. BIVARIATE PEARSON CORRELATION ANALYSIS (TESTING HYPOTHESIS 1)

To test the primary linear relationship, the following hypotheses were evaluated:

- Null Hypothesis (H0): There is no significant linear relationship between online ratings and reviews and consumer buying decisions.
- Alternative Hypothesis (H1): There is a statistically significant positive relationship between online ratings and reviews and consumer buying decisions.

TABLE 1 Pearson Correlation Matrix

Continuous Indexes	Statistical Parameters	Online Ratings & Reviews Index	Consumer Buying Decisions Index
Online Ratings & Reviews	Pearson Correlation (r) Sig. (2-tailed) Sample Size (N)	1.000 — 150	0.684** 0.000 150
Consumer Buying Decisions	Pearson Correlation (r) Sig. (2-tailed) Sample Size (N)	0.684** 0.000 150	1.000 — 150

* Correlation is statistically significant at the 0.01 level (2-tailed).

Interpretation: The statistical computation yields a Pearson Correlation Coefficient (r) of 0.684, indicating a strong, positive linear association. This proves that as consumer engagement with online ratings, pre-purchase reading habits, and platform reviews scales upward, their structural consumer buying decision behaviors increase systematically. The observed significance value ($p = 0.000$) is far lower than the standard alpha threshold ($p < 0.05$). Consequently, the null hypothesis (H0) is rejected, and the alternative hypothesis (H1) is accepted.

4.3. ONE-WAY ANALYSIS OF VARIANCE (TESTING HYPOTHESIS 2)

To assess if purchasing evaluations differ across educational strata, the following hypotheses were evaluated:

- Null Hypothesis (H0): The mean scores of consumer buying decisions are equal across all educational qualifications.
- Alternative Hypothesis (H2): At least one educational group mean differs significantly from the others regarding consumer buying decisions.

TABLE 2 One-Way Anova Summary Table

Source of Variance	Sum of Squares (SS)	Degrees of Freedom (df)	Mean Square (MS)	Calculated F-Statistic	Observed Significance (p-Value)
Between Educational Groups	22.450	2	11.225	5.986	0.0031
Within Educational Groups	275.620	147	1.875	—	—
Total Variance Pool	298.070	149	—	—	—

* Statistical Significance Level Alpha Limit: $p < 0.05$

Interpretation: The variance distribution produces a calculated F-statistic of 5.986 with a corresponding probability value of $p = 0.0031$. Because the observed significance (0.0031) is less than the standard threshold (0.05), the variance across groups is statistically significant and cannot be attributed to random sampling error. The null hypothesis (H0) is rejected, and the alternative hypothesis (H2) is formally accepted, confirming that consumer buying decisions vary significantly based on educational levels.

Tukey's post-hoc tracking indicates that Undergraduate shoppers (44.7% of the sample) exhibit the highest mean reliance on fast visual indicators, such as star ratings and uploaded media assets, to optimize their choices. In contrast, Postgraduate shoppers (38.7% of the sample) demonstrate an analytical evaluation model, scrutinizing the balance between mentioned advantages and disadvantages and prioritizing detailed personal descriptions over quick numeric metrics. Diploma holders (16.7%) maintain lower overall interaction indices within the dependent buying decision cluster.

5. FINDINGS

- The findings from Karaikal respondents revealed that online ratings and reviews significantly influence consumer buying decisions in e-commerce platforms.

- The Pearson Correlation analysis identified a strong positive relationship between online ratings and reviews and consumer buying decisions, indicating that consumers increasingly rely on online feedback before making purchase decisions.
- The findings revealed that electronic word-of-mouth (eWOM) acts as an important source of information that reduces uncertainty and perceived risk during online shopping.
- The ANOVA results showed significant differences in consumer buying decisions across educational levels, indicating that educational background affects review interpretation and purchasing behavior.
- Undergraduate consumers showed greater dependence on quick visual indicators such as star ratings and images, while Postgraduate consumers relied more on detailed review content and balanced evaluation.
- Review credibility, review volume, and information richness were found to improve consumer trust and positively influence purchasing decisions.
- The influence of online reviews was observed across both product-based and service-based platforms, confirming their importance in shaping digital consumer behavior.

6. SUGGESTIONS

- E-commerce platforms should strengthen mechanisms for detecting and reducing fake or manipulated reviews to improve consumer trust.
- Businesses should encourage verified customer feedback, as authentic reviews improve credibility and purchase intention.
- Platforms may introduce structured review systems that include images, detailed descriptions, and user experiences to enhance information quality.
- Organizations should actively monitor and respond to customer reviews, especially negative feedback, to maintain transparency and customer satisfaction.
- AI-based filtering systems can be integrated to identify suspicious review patterns and improve the reliability of online review systems.
- Future studies can include additional variables such as brand image, price sensitivity, promotional offers, and platform experience for broader analysis.

7. CONCLUSION

The study concludes that online ratings and reviews play a crucial role in influencing consumer buying decisions within digital marketplaces. Based on responses collected from active online shoppers in **Karaikal**, the findings indicate that consumers increasingly depend on online reviews as a source of information and trust before purchasing products and services. The study confirmed a positive relationship between electronic word-of-mouth and buying behavior, showing that customer feedback significantly influences decision-making processes. It also identified that educational background affects how consumers interpret and utilize review information. Overall, online reviews have become an essential trust-building mechanism in both product-based and service-based e-commerce platforms, highlighting the importance of maintaining transparent and credible review systems.

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