

“Influence of online reviews on consumer decisions: A Study of Nykaa and Tira”

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Abstract:

Digital commerce has majorly transformed the consumer buying behavior, most especially in information-based products like those in the beauty and personal care category. The online reviews have become very important source of product review where consumers can determine the quality, suitability, and credibility of products before making buying decisions. This paper will analyze how online reviews affect consumer behavior, particularly of Nykaa and Tira within Indian e-commerce market. The study embraces a descriptive quantitative study design whereby the researcher used a structured questionnaire to gather primary data on 100 respondents. The review addresses review consultation behavior, assigning credibility and effects of ratings, detailed feedback and customer-generated content on purchase intention. The results have shown that online reviews have a significant influence on consumer attitudes and ultimate purchasing decisions. Although a relatively low percentage of the respondents showed concerns with authenticity, the attitude towards online reviews is universally positive. The paper concludes that online reviews play a critical role as a trust-building and risk-reducing tool and have a great impact on consumer decisions in the field of online beauty retail.

Keywords: Online Reviews, Electronic Word-of-Mouth, Consumer Behavior, Purchase Intention, Trust, Beauty E-commerce, Nykaa, Tira.

INTRODUCTION

The intensive development of digital technology has changed the environment of consumer purchasing behavior. As the online retail platforms continue to expand, consumers have the option of receiving so much product related information before they can make a purchase. Customer reviews have become one of the most powerful sources of information that affect the consumer perceptions and choices among the other sources of information accessible on the Internet. In contrast to the conventional advertising, online reviews can be represented as the experiences of other consumers, which is more relatable and can be more credible. Online reviews are even more important in the world of the beauty and personal care industry.

The products under this category are highly related to personal tastes, skin complexions and personal expectations. Consumers therefore do not have a chance to physically test products prior to their purchase on the internet, they mainly use peer reviews to establish the quality, suitability and performance of the products. The ratings, comments, pictures, and in-depth experiences are informative and the uncertainty decreases, and confidence to buy products is enhanced.

Social networks like Nykaa and Tira have established good digital ecosystems, where customer reviews are a component of the buying process. Through these platforms, the user is able to read extensive

information on feedback, evaluate alternatives and make quality decisions. With the competition in the beauty e-commerce market growing, the interactions between online reviews and consumer behavior are becoming an important issue to both the marketer and the researcher. This paper will be an analysis of how online reviews affect consumer decision-making in the case of Nykaa and Tira.

Through primary data analysis of perceptions and behavioral reactions of the consumers, the study aims at learning how much online reviews influence purchase intentions and confidence towards shopping in the digital market.

1. LITERATURE REVIEW

Electronic word-of-mouth (eWOM) can be defined as consumer opinions, experiences, and evaluations which are distributed digitally about products or services. The internet reviews are publicly available unlike the face-to-face communication where the message is delivered through word of mouth and the same can affect large number of people at the same time. Researchers explain that eWOM refers to either positive or negative comments posted by customers on the internet that are deemed to be more credible since they are posted by fellow consumers, as opposed to being posted by marketers (Hennig-Thurau et al., 2004). Internet based review systems also serve as reputation-enhancing tools in the online marketplace, which help decrease the information asymmetry between buyers and sellers and build confidence in online-Customer interactions (Dellarocas, 2003).

There exists a substantial amount of research that proves the presence of an impact on consumer purchasing decisions on the basis of online reviews. The positive reviews have been associated with high sales of products, and this proves the quantifiable effect of consumer reviews on the performance in the market (Chevalier and Mayzlin, 2006). The number of reviews and their quality is also significant in influencing consumer attitudes. The more reviews are the better it is considered to be popular and accepted whereas the more detailed and informative the feedback the better perceived usefulness (Park et al., 2007). Research also shows that credibility and informativeness are viable predictors of purchase intention since consumers expect meaningful and organized feedback to decide on the performance of the product (Filieri and McLeay, 2014). Among other things, moderately detailed reviews are frequently viewed to be more useful than extremely brief and overly long reviews, according to which clarity and balance enhance consumer confidence (Mudambi & Schuff, 2010).

In online shopping settings, trust is an essential factor as customers do not have the opportunity to see products before buying. The writing style, authenticity, and specificity of online reviews are some of the factors that determine their credibility (Baek et al., 2012). The reviews that are related to the confirmed purchases are more likely to be construed as more trustworthy. Once the consumers feel that the feedback is authentic and experience-driven, it affects the product attitudes positively and augments the purchase intention (Park et al., 2007). Therefore, believability is one of the important links between online reviews and consumer decision making. Online review is even more influential in high involvement product category that has more uncertainty and perceived risk.

Despite the great impact of online reviews, the issues of authenticity and manipulation have been indicated. There are some studies indicating that companies can potentially get fraudulent reviews with the intention to affect ratings, which can potentially impact consumer trust (Luca & Zervas, 2016). Nevertheless, the concept of credibility and the adverse effects of misleading content can be mitigated with the help of verification systems and moderation practices.

On the whole, current literature provides a strong argument on the opinion that online reviews constitute the crucial factor in consumer decision-making. These findings give a good foundation on the study of the impact of online reviews on purchasing behavior with regards to Nykaa and Tira.

STUDY AREA BACKGROUND

The personal care and beauty market in the country is developing at an extremely high pace during the recent years due to the increased disposable income, the increased use of the internet, and the need to find out more about the skincare and wellness. The consumers are now informed, and they rely on the online channel to read, compare, and even purchase beauty products through it. Online shopping has also expanded the range of the local and global brand and converted it to a centre of information with rating, review, tutorial and product description options on top of the sales channels.

The two stakeholders that have a role to play in the Indian beauty e-commerce business in this developing environment are Nykaa and Tira. Nykaa has acquired a decent consumer trust since its launch in 2012 because of the diversity of its products, the structured system of reviews with its ratings, textual remarks, photographs, and verified tags of purchase. Tira is a newer entrant which was developed by Reliance Retail and focuses on the prepared high-quality brands and technologies shopping experience. Both platforms also have customer review systems as their core element in enhancing transparency and interactivity.

Since beauty products are personal and highly involved, the competitive environment between Nykaa and Tira provides a good environment to research the influence of online reviews on consumer purchasing behavior in the Indian online beauty store.

RESEARCH METHODOLOGY

1.1 Research Design

The research design used in the study was a descriptive quantitative design to determine how online reviews affect consumer buying behavior in the beauty and personal care category. The following design was selected to conduct a systematic research on the attitude of consumers, their behavioral patterns and the degree to which digital reviews affect their purchase decisions.

1.2 Population of the Study

The population under study was made of people who use online platforms to buy beauty and personal care products, namely, Nykaa and Tira users in India. It centered on those consumers who are active to read and take into consideration online reviews prior to making a purchase decision.

1.3 Sample Size and Sampling Technique

The research was chosen using a sample of 100 respondents. The convenience sampling was used because of the convenience and accessibility of participants who visit beauty e-commerce websites on a regular basis. The sample was a representation of the various age brackets and purchasing experience to take diverse opinions of consumers.

1.4 Data Collection Methods

The primary data were collected using an online questionnaire that comprised of close ended questions in a structured form. The purpose of the survey was to determine the review-reading behavior, the perceived trustworthiness, the effect of the ratings and the impact of the review in creating the ultimate

purchase decisions. Further, the secondary data was gathered on the basis of academic articles, journals and reliable industry reports in order to enhance the theoretical base of the study

DATA ANALYSIS

1.5 Overview of Analysis

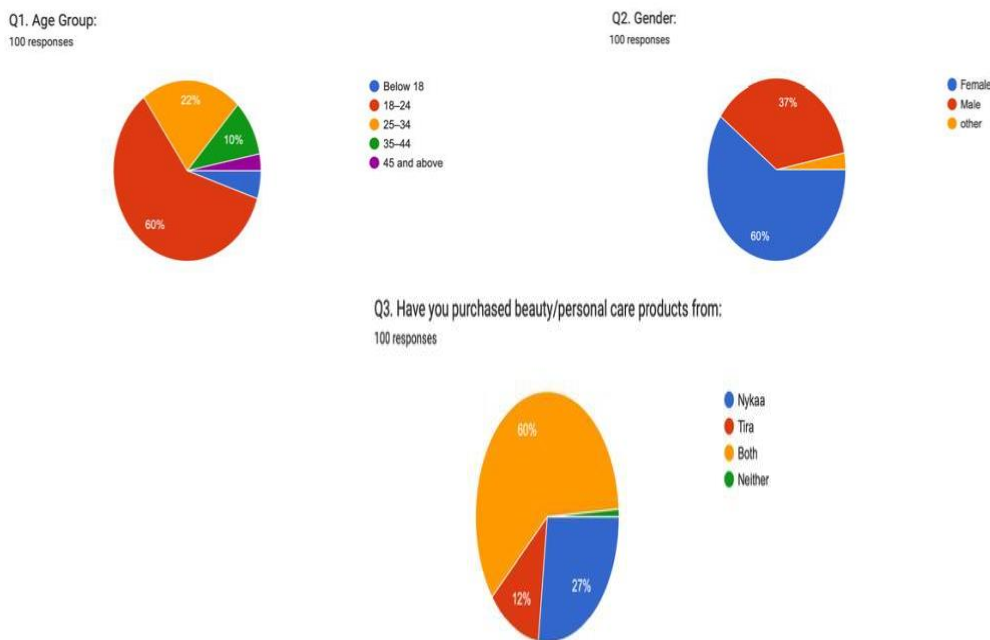
The chapter outlines the discussion of primary data gathered on 100 respondents on how online reviews affected customer purchasing behavior in the beauty and personal care sector with specific references to Nykaa and Tira. This analysis aims to compare the review-reading behavior, perceived credibility, rating and feedback effects, level of trust and how extensive reviews are in influencing buying behavior.

The responses have been interpreted by percentages and a graphical representation (pie charts). To make the questions clear and structured to be interpreted, they will be categorized into demographic profile, review engagement behavior, perceived influence, trust factors and behavioral impact.

1.6 Analysis

Figure 1: Demographic Characteristics and platform usage (n = 100)

Questions 1, 2, and 3 are aimed at demographic traits and familiarity of the platform of the respondents.



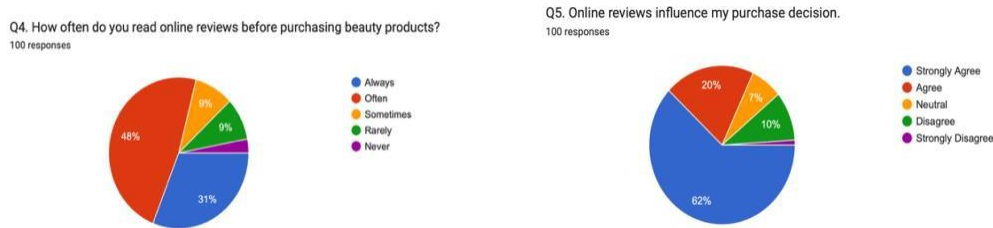
Most of the respondents (60) are aged between 18-24, which means that most of the sample is made up of young and digitally savvy consumers. The percentage that is in the 25-34 age group is approximately 22% with some lower percentages that are in the other age groups. This implies that online beauty sites are mostly consumed by young people.

Regarding the gender break-up, the percentages are 60 and 37 and other at a small percentage. As the personal care products and beauty belong to the category of the products that are more linked to the female consumers, this distribution is expected to follow the market trends.

Concerning the use of platform, 60% of respondents asked that they purchased both Nykaa and Tira and 27% only from Nykaa and 12% only form Tira. This means that consumers have a high level of cross-platform interaction and are aware.

Figure 2: Reading Behavior Review and Impact Purchase Decision (n = 100)

Question 4 and question 5 consider the frequency of reading the reviews and whether the reviews persuade the respondents to buy the product or not.

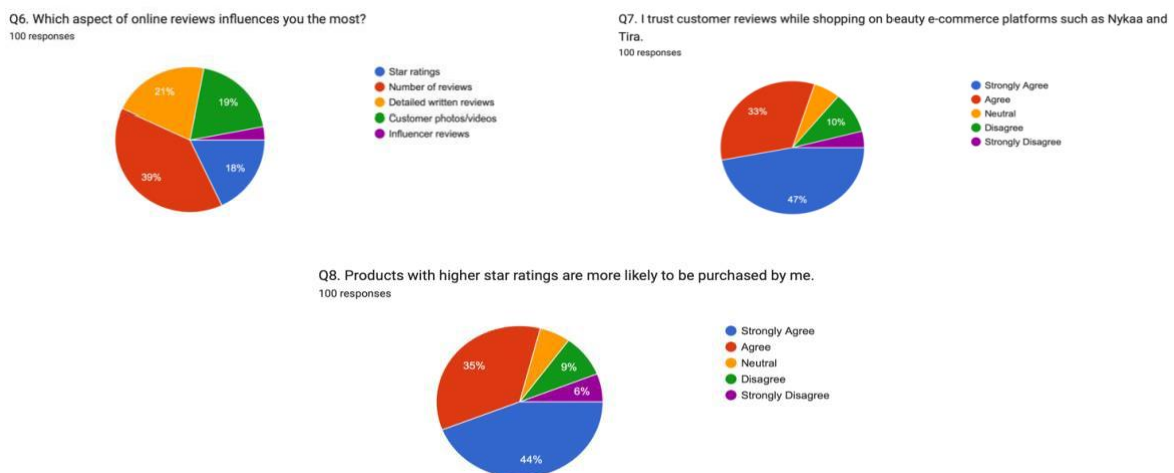


Considerable numbers of the respondents (48 percent) claimed that they tend to read online reviews before purchasing beauty products, and 31 percent stated that they always read them. This proves that consultation review is a routine process of decision making.

Moreover, 62 percent of online consumers strongly agreed, and 20 percent agreed that online reviews affected their purchasing choice. The number of those who disagreed was very low. This is a clear indication that reviews are not just informational, but they actively affect the decisions of purchasing the product.

Figure 3: Review Factors and Trust Perception (n=100)

Key Questions 6, 7, and 8 are devoted to the things that are the most important in reviews and the amount of trust that consumers put on them.



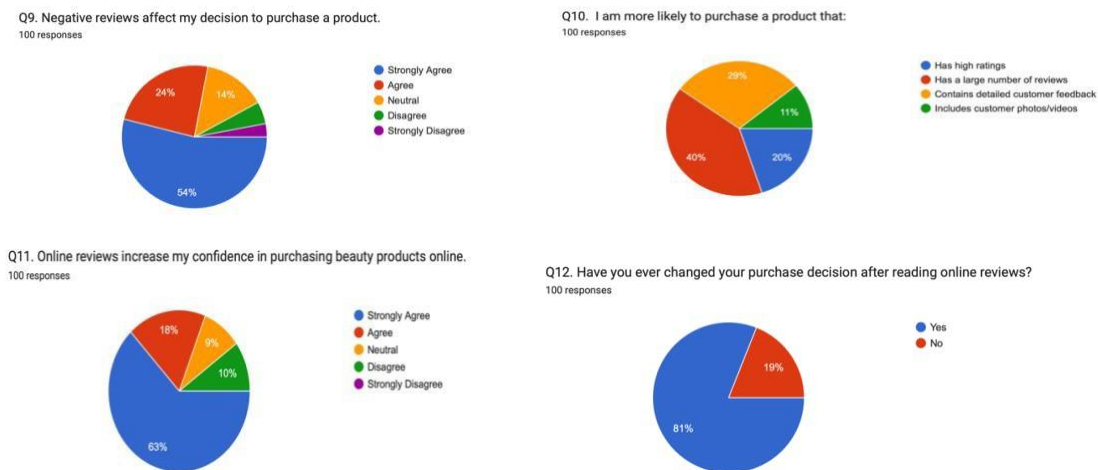
The most important factor was found to be the number of reviews (39per cent), then detailed written feedback (21per cent), customer photos/videos (19 per cent), and star ratings (18 per cent). This implies that the consumers do not just focus on the rating only but appreciate volume and elaborated experiences.

On the trust factor, 47% strongly agreed and 33% agreed that they put their trust on the customer reviews on websites such as Nykaa and Tira. This indicates that there is typically great trust in the content created by peers.

On the same note, 44% strongly concurred and 35% concurred that high star products have higher

chances of being bought. This is in line with the relevance of the visible rating indicators in making snap decisions.

Figure 4: Effect of Negative Reviews and Purchase Confidence (n = 100). The questions 9, 10, 11 and 12 are focused on the outcomes of behavior and the level of confidence.



Most of them (54% strongly, and 24% agreed) stated that negative reviews influence their decision to make a purchase. This brings out the fact that negative feedback is very useful in risk assessment and product evaluation.

On asked which of these two affects them more, 40% of the respondents said a large number of reviews, then detailed customer feedback (29%), and high rating (20%). This adds weight to the significance of review volume and depth.

Also, 63 percent vehemently concurred that online reviews give them more confidence to buy beauty products online. This proves the role of reviews in building trust.

Above all, 81 percent of the surveyed respondents indicated that they have modified their buying judgement after reading online reviews. This is a direct indication of the behavioral effects of e-feedback.

1.7 Overall Interpretation

The evaluation indicates clearly that the online reviews have a great impact on the consumer behavior in the segment of beauty and personal care. Reviews are read, believed, and influencing the final buying decisions by the respondents. The number of reviews, extensive feedback, ratings, and even the negative comments are all decision-support tools. The results go a long way in achieving the research purpose that online reviews are very important in terms of lowering the level of uncertainty, enhancing confidence and drawing informed purchasing choices on websites such as Nykaa and Tira.

CONCLUSION

The study results also show a clear indication that online reviews have a great effect on the consumer buying behavior within the beauty and personal care segment. The number of respondents that read reviews, trust customer comments and consider ratings and comments on comments before concluding their purchases on Nykaa and Tira has a significant percentage. The evidence also indicates that a significant proportion of buyers have shifted their purchasing behavior because of examining online

reviews, which indicates that the review systems directly influence behavior.

Though there is a minor percentage of respondents who were neutral or to a lesser degree skeptical, probably because they thought of the biased or sponsored content, the general impression is very favorable. Online reviews serve as a valuable source of knowledge, decrease uncertainty, and increase trust in online shopping backgrounds.

To sum up, it can be concluded that online reviews have emerged as an influential decision-support tool in e-commerce of beauty products in India. They do not act as mere products assessment, but also lead to trust-building, informed decision-making, and enhanced satisfaction of consumers, when it comes to online stores.

LIMITATIONS

- The 100 sampled respondents are not necessarily reflective of the beauty e-commerce market in general.
- The fact that convenience sampling is used does not allow generalizing the findings.
- The answers are perceptual and can contain subjective bias.
- The paper concentrates on Nykaa and Tira.

FINDINGS

- The majority of the respondents read online reviews frequently before they make a purchase. Online reviews are very strong in purchase decision.
- Major influencing factors include star ratings and the amount of reviews.
- The purchase behavior is also influenced by negative reviews.
- Reviews boost the confidence and in most cases make consumers switch fronts.

RECOMMENDATIONS

- Enhance honesty by means of validating acquisition programs.
- Request extensive feedback by customers.
- Be open and show both positive and negative reviews.
- Make review filtering options more favorable to decision making.

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