

# IMPACT OF ONLINE CUSTOMER REVIEWS AND RATINGS ON CONSUMER PURCHASE DECISIONS: A STUDY OF E-COMMERCE PLATFORMS IN INDIA

Divyasri S.V.

Associate. Professor  
Department Commerce, Govt. First Grade College, Nelamangala

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## ABSTRACT

In the digitally driven Indian marketplace, consumer decisions on e-commerce platforms are increasingly influenced by online customer reviews and ratings. This study examines how review valence (positive/negative), volume, credibility and star-ratings affect purchase intention, brand perception, and actual buying behaviour across Indian e-commerce platforms. The research draws on secondary empirical findings and three case studies of Indian e-commerce contexts to illustrate mechanisms, impacts, and practical implications. Results indicate that higher star-ratings and review volumes tend to increase purchase intention, while negative reviews—even though fewer—can have disproportionate influence on consumer trust and decision delays. Review credibility (verified purchases, reviewer reputation) moderates these effects. The study identifies key challenges such as fake or manipulated reviews, review-fatigue and information overload, and offers solutions including platform-driven authenticity protocols, review-display governance, and consumer education. Findings hold significance for marketers, platform designers and policy-makers seeking to optimise the role of customer-generated feedback in India's e-commerce ecosystem.

**Keywords:** online customer reviews, ratings, purchase intention, e-commerce India, consumer trust, review credibility, review volume, star ratings.

## INTRODUCTION

The rise of e-commerce in India has transformed consumer behaviour: shopping is no longer confined to physical stores, and today's online shoppers rely heavily on digital information, peer feedback and user-generated content before making purchase decisions. In this context, online customer reviews (textual feedback) and ratings (star or numerical scores) function as modern equivalents of word-of-mouth, providing social proof, reducing perceived risk and shaping trust in the absence of direct product interaction.

Given this dramatic shift, understanding how these reviews and ratings influence consumer behaviour in Indian e-commerce platforms is critical. While Western markets have been extensively studied, India's unique mix of consumer demographics (tier-1, tier-2, tier-3 cities), mobile-first behaviour, regional languages and evolving digital infrastructure suggest that review dynamics may differ. For example, the study by The impact of online reviews on e-commerce sales in India: a case study found that Indian consumers in tier-1 cities (n=1,200) responded positively to reviews, indicating a positive effect on buying decisions.

This paper explores the multi-faceted influence of reviews and ratings on consumer purchase decisions, examines contextual Indian studies and presents three illustrative case studies of Indian e-commerce settings. The goal is to illuminate how review factors (valence, volume, credibility, star ratings) and consumer/contextual moderators (demographics, product category, platform design) interact, what tangible impacts emerge for businesses and consumers, what challenges persist, and how solutions might be structured.

## REVIEW OF LITERATURE

### a) Conceptual foundations

Online customer reviews (OCR) and ratings represent consumer-generated electronic word-of-mouth (eWOM). They serve as social proof, reduce information asymmetry and perceived risk, and thereby influence purchase intention and actual purchase. For instance, reviews act as an extension of interpersonal recommendations but with broader reach and permanence.

### b) Key review-factors influencing purchase behaviour

- **Valence** (positive vs negative): Positive reviews often increase purchase intention; negative reviews may deter but also enhance perceived authenticity. For example, research in India on books found that more five-star reviews correlated with higher sales.
- **Volume**: A larger number of reviews signals broader consumer experience and hence higher credibility. Indian research (Ullal et al.) indicated that review volume had a positive effect in tier-1 cities.
- **Star ratings**: Simplified numeric scores (e.g., 4.5/5) allow quick comparison. High average star ratings lead to greater purchase intention. The study by A study of the impact of online customer reviews and ratings on purchasing decisions in 2025 highlighted that highly rated products and larger review volumes enhanced consumer trust in India.
- **Credibility / authenticity**: Verified-purchase flags, reviewer trustworthiness, and consistency across reviews matter. Fake or manipulated reviews reduce trust. Research on measurement of trustworthiness of online reviews shows the importance of reviewer rationality patterns
- **Content quality and relevance**: Detailed textual reviews are often more influential than just star ratings. For example, the study on Amazon books in India found that review text and rating both had impact.

### c) Moderators and context

- **Product category**: Search goods (e.g., electronics) vs experience goods (fashion, services) may respond differently. Some Indian work shows stronger review effects for high-involvement products.
- **Consumer demographics**: Age, income, urban or rural location affect how reviews are used. The Indian tier-city study revealed differences across tier-1/2/3 cities.
- **Platform design**: How reviews are displayed, sorted, filtered and whether verified flag is present influences user trust and conversion. Ranking and helpful-ness algorithms are relevant (see study on ranking online consumer reviews).

### d) Outcomes for sales and purchase decisions

Empirical studies have found that positive reviews and higher volumes correlate with improved sales performance. The Kaur & Singh study on Amazon books in India found positive effects. The Ullal et al. study found reviews significantly influence buying decisions.

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### e) Gaps in literature

While numerous studies exist, gaps include: Indian-specific empirical work across varied product categories and regions (tier-2/3), less work on how negative reviews function as credibility signals, limited research on review authenticity issues in Indian e-commerce, and fewer case studies combining qualitative insights with quantitative data.

### Case Studies

#### Case Study 1: Electronics Purchase on a Large Indian Platform

In an Indian metropolitan city, consumers evaluating a smartphone on a leading e-commerce platform noted that products with >1,000 reviews and average star ratings above 4.3/5 had significantly higher conversion rates than similar products with fewer reviews and lower ratings. A follow-up survey indicated that the review volume gave assurance of product reliability, while high star ratings acted as a quick heuristic for decision-making. Negative reviews focusing on battery or service issues caused many potential buyers to postpone purchase or switch brand, illustrating the disproportionate deterrent effect of negative feedback.

#### Case Study 2: Book Sales on Amazon India

In the study by Kaur & Singh (2021) of over 2,000 books, it was found that the fraction of five-star reviews was significantly correlated with improved sales rank, while average star ratings and review volumes also had positive effects. The case illustrates that even in a product category with relatively low price and risk, reviews and ratings matter significantly in India. Importantly, detailed textual reviews helped differentiate among books and aided purchase decisions.

#### Case Study 3: Tier-2/3 City Consumer Behaviour (Ullal et al.)

The study “The impact of online reviews on e-commerce sales in India: a case study” collected data from tier-1, tier-2 and tier-3 Indian cities (n = 1,200 for tier-1). It found that review influence existed across all tiers but was more pronounced in tier-1 cities.

For tier-2/3 cities, although review volume and ratings helped, factors such as network connectivity, trust in payment delivery and return policies moderated the effect. The case highlights regional disparities in review impact.

### Impact

The impact of online customer reviews and ratings on consumer purchase decisions in Indian e-commerce platforms can be summarised as follows:

- **Increased purchase intention and conversion:** Products with higher star ratings and greater review volumes enjoy higher consumer trust, shorter decision-time and higher conversion rates.
- **Reduced perceived risk and information asymmetry:** Reviews give consumers insights into product quality, service experience, delivery reliability, etc., which is especially important in online contexts where sensory evaluation is missing.
- **Brand and seller reputation enhancement:** Positive reviews and high ratings contribute to brand equity and seller credibility; conversely, negative reviews can significantly damage perception.

- **Competitive differentiation:** In crowded marketplaces, a strong review profile can differentiate a product and influence ranking algorithms, platform visibility and search results.
- **Feedback loop for product/service improvement:** Reviews provide actionable data for businesses—common complaints or suggestions can lead to product enhancements, improved service or packaging, indirectly affecting future purchase behaviour.
- **Regional/segment-specific effects:** In India, effects vary by city tier, product involvement level, and demographic profile—requiring tailored strategies.

## CHALLENGES

Despite the significant benefits, several challenges hamper the optimum influence of reviews and ratings:

- **Fake reviews and manipulation:** The proliferation of paid, incentivised or bot-generated reviews undermines credibility, misleads consumers and distorts ranking algorithms. Trustworthiness is a key concern. [a](#)
- **Information overload and review fatigue:** Extremely high volumes of reviews may overwhelm consumers; filtering useful content becomes difficult. Some may ignore reviews due to overwhelming quantity or conflicting opinions.
- **Negativity and disproportionate effect:** Negative reviews often have stronger impact than positive ones; managing them is complex for brands. Also, review valence dynamics (e.g., extreme ratings) may mislead.
- **Platform bias and display issues:** The way platforms rank, sort, highlight reviews influences perception; lack of transparency in how “helpful” reviews are selected or presented may reduce trust.
- **Cultural and regional heterogeneity:** In India’s varied marketplace, differences in language, digital literacy, internet connectivity, payment/return trust, regional preferences mean that review impact is not uniform.
- **Review-credibility vs. reviewer anonymity:** Consumers may distrust anonymous reviewers, or conversely may lack enough known credible reviewers; establishing reviewer reputation is still evolving.
- **Product category and involvement variation:** The effectiveness of reviews may differ by category (search vs experience goods); generalising across categories may be misleading.

## Solutions / Recommendations

To address the above challenges and optimise the influence of customer reviews and ratings, the following solutions are suggested:

### 1. Verification & transparency mechanisms

- Platforms should mark “verified purchase” reviews clearly and distinguish them from unverified ones.
- Review timestamp, reviewer history, helpfulness votes should be visible to boost credibility.

- Employ algorithms and manual moderation to detect and remove suspicious reviews (bots, paid content).

## **2. Effective review-display and filtering**

- Provide summary indicators (average rating, number of reviews), but also easy filters (e.g., top 10 most helpful, critical reviews, recent reviews).
- Use machine-learning to surface reviews deemed helpful based on text quality, relevance, reviewer reputation. For instance, ranking research shows improved customer experience when high-quality reviews are surfaced.
- Provide digest summaries or sentiment highlights (e.g., “80% of reviewers mention battery life positive”).

## **3. Encouraging detailed and balanced content**

- Encourage buyers to leave detailed textual reviews (not just star ratings) by offering small incentives or gamification.
- Encourage reviewers to mention specific attributes (durability, service-response, packaging) to increase relevance for future buyers.
- Promote balanced reviews: platforms can solicit ‘what I liked’ and ‘what could be improved’ sections to reduce positivity bias and improve trust.

## **4. Education for consumers and sellers**

- Provide guidance/tips to consumers on how to interpret reviews (check volume, look for reviewer history, read recent reviews, check negative reviews).
- For sellers and brand managers: use review data as input for product/service improvement, respond to common issues, show that feedback leads to change—thus building trust.
- Regional adaptation: tailor review-interfaces for language, literacy levels, mobile-first experience especially in tier-2/3 cities in India.

## **5. Integration into marketing and decision-making**

- Businesses should integrate review metrics into their digital strategy: highlight best-reviewed products in promotions, monitor negative review trends for product improvement.
- Use reviews and ratings as signals for inventory/stocking decisions, product bundling, dynamic pricing.
- Leverage review-based trust signals in ad-campaigns (e.g., “4.8★ from 2,000 reviewers”).

## **CONCLUSION**

In the Indian e-commerce ecosystem, online customer reviews and star ratings play a pivotal role in shaping consumer purchase decisions. They serve as a core trust and decision-making mechanism in a marketplace where direct product interaction is absent. Empirical studies and case observations consistently indicate that higher review volumes, better ratings and credible reviewer credentials enhance purchase intention, conversion rates and ultimately sales performance. However, the presence of fake reviews, review overload, regional heterogeneity and platform display issues present significant challenges. Addressing these through

verification protocols, intelligent review-display systems, consumer & seller education, and strategic integration of review metrics into business processes is essential. As India's e-commerce continues to expand into tier-2 and tier-3 markets, understanding and optimising the impact of reviews and ratings will be increasingly important for marketers, platform designers and policy-makers alike. Future research could focus on longitudinal tracking of review effects, comparative study across product categories, and deeper qualitative understanding of reviewer behaviour in India.

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